

# THE HOUR GLASS

## THE HOUR GLASS LIMITED

Co. Registration No: 197901972D

### Unaudited First Quarter Financial Statement For The Period Ended 30 June 2016

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 16	30 Jun 15	Change
	\$'000	\$'000	%
Revenue	148,189	159,343	-7%
Other income	1,236	1,277	-3%
<b>Total revenue and other income</b>	<b>149,425</b>	<b>160,620</b>	<b>-7%</b>
Cost of goods sold	114,235	122,990	-7%
Salaries and employees benefits	9,548	10,334	-8%
Depreciation of property, plant and equipment	1,759	1,574	12%
Selling and promotion expenses	3,867	4,522	-14%
Rental expenses	7,056	6,411	10%
Finance costs	430	403	7%
Foreign exchange loss	296	222	33%
Other operating expenses	2,365	2,355	0%
<b>Total costs and expenses</b>	<b>139,556</b>	<b>148,811</b>	<b>-6%</b>
Share of results of associates	870	1,845	-53%
<b>Profit before taxation</b>	<b>10,739</b>	<b>13,654</b>	<b>-21%</b>
Taxation	2,437	2,864	-15%
<b>Profit for the period</b>	<b>8,302</b>	<b>10,790</b>	<b>-23%</b>
<b>Profit attributable to:</b>			
Owners of the Company	8,188	10,474	-22%
Non-controlling interests	114	316	-64%
	<b>8,302</b>	<b>10,790</b>	<b>-23%</b>

Note:

(i) Other income

Group			
First Quarter ended			
	30 Jun 16	30 Jun 15	Change
	\$'000	\$'000	%
Rental income	574	700	-18%
Interest income	146	133	10%
Management fee	154	171	-10%
Others	362	273	33%
	<b>1,236</b>	<b>1,277</b>	<b>-3%</b>

**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 2016 and 30 June 2015.

**1(a)(iii) Statement of comprehensive income**

	Group		
	First Quarter ended		
	30 Jun 16	30 Jun 15	Change
	\$'000	\$'000	%
<b>Profit for the period</b>	<b>8,302</b>	<b>10,790</b>	<b>-23%</b>
<b>Other comprehensive income:</b>			
<u>Item that may be reclassified subsequently to profit or loss:</u>			
Foreign currency translation	(2,511)	(5,523)	-55%
Other comprehensive loss for the period, net of tax	(2,511)	(5,523)	-55%
<b>Total comprehensive income for the period</b>	<b>5,791</b>	<b>5,267</b>	<b>10%</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	5,710	5,177	10%
Non-controlling interests	81	90	-10%
	<b>5,791</b>	<b>5,267</b>	<b>10%</b>

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 16 \$'000	31 Mar 16 \$'000	30 Jun 16 \$'000	31 Mar 16 \$'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	37,124	34,962	13,566	13,109
Investment properties	64,828	66,682	12,719	12,719
Intangible assets	4,576	4,619	136	156
Investment in subsidiaries	-	-	52,074	52,074
Investment in associates	20,989	20,082	-	-
Loan to subsidiaries	-	-	763	762
Loan to an associate	2,098	2,095	-	-
Other receivables	7,968	7,806	3,694	3,696
Deferred tax assets	485	490	353	353
	138,068	136,736	83,305	82,869
<b>Current assets</b>				
Stocks	331,451	320,127	192,033	184,485
Trade and other receivables	13,455	15,391	5,094	3,789
Prepaid operating expenses	697	518	363	148
Amount due from associates	64	76	-	-
Amount due from subsidiaries	-	-	6,865	8,725
Cash and cash equivalents	80,694	93,898	23,160	32,092
	426,361	430,010	227,515	229,239
<b>Total assets</b>	<b>564,429</b>	<b>566,746</b>	<b>310,820</b>	<b>312,108</b>
<b>Equity and liabilities</b>				
<b>Current liabilities</b>				
Loans and borrowings	40,342	39,060	36,000	36,000
Trade and other payables	36,424	45,110	15,631	20,226
Provision for taxation	4,392	4,200	2,128	1,585
	81,158	88,370	53,759	57,811
<b>Net current assets</b>	<b>345,203</b>	<b>341,640</b>	<b>173,756</b>	<b>171,428</b>
<b>Non-current liabilities</b>				
Loans and borrowings	23,524	24,362	-	-
Provisions	298	282	-	-
Deferred tax liabilities	758	764	-	-
Other non-current liabilities	842	722	842	722
	25,422	26,130	842	722
<b>Total liabilities</b>	<b>106,580</b>	<b>114,500</b>	<b>54,601</b>	<b>58,533</b>
<b>Net assets</b>	<b>457,849</b>	<b>452,246</b>	<b>256,219</b>	<b>253,575</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	67,638	67,638	67,638	67,638
Reserves	377,944	372,234	188,581	185,937
	445,582	439,872	256,219	253,575
<b>Non-controlling interests</b>	12,267	12,374	-	-
<b>Total equity</b>	<b>457,849</b>	<b>452,246</b>	<b>256,219</b>	<b>253,575</b>
<b>Total equity and liabilities</b>	<b>564,429</b>	<b>566,746</b>	<b>310,820</b>	<b>312,108</b>

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 16		As at 31 Mar 16	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	40,342	-	39,060

**Amount repayable after one year**

As at 30 Jun 16		As at 31 Mar 16	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
23,524	-	24,362	-

**Details of any collateral**

The unsecured term loans of subsidiaries are covered by corporate guarantees given by the Company. Loans of \$23,524,000 (31 March 2016: \$24,362,450) 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.

	<b>Group</b>	
	<b>First Quarter ended</b>	
	<b>30 Jun 16</b>	<b>30 Jun 15</b>
	\$'000	\$'000
<b>Operating activities</b>		
Profit before taxation	10,739	13,654
Adjustments for:		
Finance costs	430	403
Interest income	(146)	(133)
Depreciation of property, plant and equipment	1,759	1,574
Amortisation of intangible assets	43	47
Foreign currency translation adjustment	121	107
Net loss on disposal of property, plant and equipment	61	-
Share of results of associates	(870)	(1,845)
<b>Operating cash flows before changes in working capital</b>	<b>12,137</b>	<b>13,807</b>
Increase in stocks	(12,817)	(30,605)
Decrease/(increase) in receivables	2,077	(5,810)
Increase in prepaid operating expenses	(179)	(369)
Decrease/(increase) in amount due from associates	11	(44)
(Decrease)/increase in payables	(8,594)	2,543
<b>Cash flows used in operations</b>	<b>(7,365)</b>	<b>(20,478)</b>
Income taxes paid	(2,318)	(3,225)
Interest paid	(430)	(403)
Interest received	146	133
<b>Net cash flows used in operating activities</b>	<b>(9,967)</b>	<b>(23,973)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(4,450)	(608)
<b>Net cash flows used in investing activities</b>	<b>(4,450)</b>	<b>(608)</b>
<b>Financing activities</b>		
Proceeds from loans and borrowings	2,019	2,722
Repayment of loans and borrowings	(664)	(477)
Dividends paid to non-controlling interests	(188)	-
<b>Net cash flows from financing activities</b>	<b>1,167</b>	<b>2,245</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(13,250)</b>	<b>(22,336)</b>
Effects of exchange rate changes on cash and cash equivalents	46	(1,469)
Cash and cash equivalents at 1 April	93,898	98,332
<b>Cash and cash equivalents at 30 June</b>	<b>80,694</b>	<b>74,527</b>

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

	<b>Group</b>	
	<b>30 Jun 16</b>	<b>30 Jun 15</b>
	\$'000	\$'000
Cash and bank balances	57,309	50,829
Fixed Deposits with banks	23,385	23,698
	<b>80,694</b>	<b>74,527</b>

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
<b>Group</b>								
Balance at 1 April 2015	67,638	(8,071)	-	3,101	346,062	408,730	13,226	421,956
<b>Total comprehensive income</b>								
Profit for the period	-	-	-	-	10,474	10,474	316	10,790
<b>Other comprehensive income</b>								
Foreign currency translation	-	(5,297)	-	-	-	(5,297)	(226)	(5,523)
<b>Total other comprehensive loss</b>	-	(5,297)	-	-	-	(5,297)	(226)	(5,523)
<b>Total comprehensive (loss)/income</b>	-	(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

Balance at 1 April 2016	67,638	(13,872)	(142)	3,372	382,876	439,872	12,374	452,246
<b>Total comprehensive income</b>								
Profit for the period	-	-	-	-	8,188	8,188	114	8,302
<b>Other comprehensive income</b>								
Foreign currency translation	-	(2,478)	-	-	-	(2,478)	(33)	(2,511)
<b>Total other comprehensive loss</b>	-	(2,478)	-	-	-	(2,478)	(33)	(2,511)
<b>Total comprehensive (loss)/income</b>	-	(2,478)	-	-	8,188	5,710	81	5,791
<b>Contributions by and distributions to owners</b>								
Dividends paid to non-controlling interests	-	-	-	-	-	-	(188)	(188)
<b>Total transactions with owners</b>	-	-	-	-	-	-	(188)	(188)
Balance at 30 June 2016	67,638	(16,350)	(142)	3,372	391,064	445,582	12,267	457,849

**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 2015	67,638	173,112	240,750
Total comprehensive income			
Profit for the period	-	2,629	2,629
Total comprehensive income for the period	-	2,629	2,629
Balance at 30 June 2015	67,638	175,741	243,379
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 for the period	-	2,644	2,644
Balance at 30 June 2016	67,638	188,581	256,219

**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 16	31 Mar 16
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 2016, 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 2016. 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 16	30 Jun 15
705,011,880	705,011,880
1.16	1.49

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 2016.



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 16	31 Mar 16	30 Jun 16	31 Mar 16
Number of issued shares	705,011,880	705,011,880	705,011,880	705,011,880
Net asset value per ordinary share (in \$)	0.63	0.62	0.36	0.36

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 2016 ("1Q FY2017") was \$148.2 million compared to \$159.3 million achieved in the same period last year ("1Q FY2016") reflecting the slowdown and increased competition in the region.

Gross margin was 22.9% (1Q FY2016: 22.8%). Rental costs were higher due to the expanded retail network. Profit after tax of \$8.3 million, a decline of 23% compared to 1Q FY2016.

As at 30 June 2016, group inventory was \$331.5 million. Cash and cash equivalents were \$80.7 million. Consolidated net assets were \$445.6 million or \$0.63 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 2016.

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 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

**11. Dividend (Cont'd)**

**(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 2016 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.

**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.

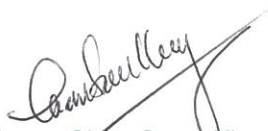
**BY ORDER OF THE BOARD**

Christine Chan  
Company Secretary  
12 August 2016

## 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 2016 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  
12 August 2016