

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 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					
		Second Quarter ended			Half Year ended		
Note		30 Sep 16	30 Sep 15	Change	30 Sep 16	30 Sep 15	Change
		\$'000	\$'000	%	\$'000	\$'000	%
	Revenue	163,109	175,316	-7%	311,298	334,659	-7%
	Other income	937	993	-6%	2,173	2,270	-4%
	Total revenue and other income	164,046	176,309	-7%	313,471	336,929	-7%
	Cost of goods sold	128,256	136,960	-6%	242,491	259,950	-7%
	Salaries and employees benefits	10,156	10,914	-7%	19,704	21,247	-7%
	Depreciation of property, plant and equipment	1,794	1,673	7%	3,553	3,247	9%
	Selling and promotion expenses	3,674	3,521	4%	7,541	8,029	-6%
	Rental expenses	7,385	6,777	9%	14,441	13,188	10%
	Finance costs	426	402	6%	856	805	6%
	Foreign exchange (gain)/loss	(74)	462	NM	222	685	-68%
	Other operating expenses	2,595	5,579	-53%	4,960	7,948	-38%
	Total costs and expenses	154,212	166,288	-7%	293,768	315,099	-7%
	Share of results of associates	1,161	1,374	-16%	2,031	3,219	-37%
	Profit before taxation	10,995	11,395	-4%	21,734	25,049	-13%
	Taxation	2,412	1,463	65%	4,849	4,327	12%
	Profit for the period	8,583	9,932	-14%	16,885	20,722	-19%
	Profit attributable to:						
	Owners of the Company	8,317	9,647	-14%	16,505	20,121	-18%
	Non-controlling interests	266	285	-7%	380	601	-37%
		8,583	9,932	-14%	16,885	20,722	-19%

Note:

(i) Other income

		Group					
		Second Quarter ended			Half Year ended		
		30 Sep 16	30 Sep 15	Change	30 Sep 16	30 Sep 15	Change
		\$'000	\$'000	%	\$'000	\$'000	%
	Rental income	586	688	-15%	1,160	1,388	-16%
	Interest income	148	127	17%	294	260	13%
	Management fee	181	158	15%	335	329	2%
	Others	22	20	10%	384	293	31%
		937	993	-6%	2,173	2,270	-4%

NM – Not Meaningful

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

Income Tax

- Under/(over) provision of tax in respect of prior years

NM – Not Meaningful

Group					
Second Quarter ended			Half Year ended		
30 Sep 16	30 Sep 15	Change	30 Sep 16	30 Sep 15	Change
\$'000	\$'000	%	\$'000	\$'000	%
102	(5)	NM	102	(5)	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 income/(loss) 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 16	30 Sep 15	Change	30 Sep 16	30 Sep 15	Change
\$'000	\$'000	%	\$'000	\$'000	%
8,583	9,932	-14%	16,885	20,722	-19%
4,490	(925)	NM	1,979	(6,448)	NM
4,490	(925)	NM	1,979	(6,448)	NM
13,073	9,007	45%	18,864	14,274	32%
12,747	8,244	55%	18,457	13,421	38%
326	763	-57%	407	853	-52%
13,073	9,007	45%	18,864	14,274	32%

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 16	31 Mar 16	30 Sep 16	31 Mar 16
	\$'000	\$'000	\$'000	\$'000
Assets				
Non-current assets				
Property, plant and equipment	37,609	34,962	12,943	13,109
Investment properties	67,035	66,682	12,719	12,719
Intangible assets	4,533	4,619	116	156
Investment in subsidiaries	-	-	52,074	52,074
Investment in associates	22,673	20,082	-	-
Loan to subsidiaries	-	-	782	762
Loan to an associate	2,149	2,095	-	-
Other receivables	8,695	7,806	3,695	3,696
Deferred tax assets	491	490	353	353
	143,185	136,736	82,682	82,869
Current assets				
Stocks	311,917	320,127	178,149	184,485
Trade and other receivables	15,746	15,391	4,901	3,789
Prepaid operating expenses	1,169	518	551	148
Amount due from associates	71	76	-	-
Amount due from subsidiaries	-	-	9,876	8,725
Cash and cash equivalents	85,260	93,898	26,688	32,092
	414,163	430,010	220,165	229,239
Total assets	557,348	566,746	302,847	312,108
Equity and liabilities				
Current liabilities				
Loans and borrowings	30,311	39,060	26,000	36,000
Trade and other payables	39,475	45,110	18,900	20,226
Provision for taxation	4,219	4,200	2,257	1,585
	74,005	88,370	47,157	57,811
Net current assets	340,158	341,640	173,008	171,428
Non-current liabilities				
Loans and borrowings	24,529	24,362	-	-
Provisions	275	282	-	-
Deferred tax liabilities	754	764	-	-
Other non-current liabilities	963	722	963	722
	26,521	26,130	963	722
Total liabilities	100,526	114,500	48,120	58,533
Net assets	456,822	452,246	254,727	253,575
Equity attributable to owners of the Company				
Share capital	67,638	67,638	67,638	67,638
Reserves	376,591	372,234	187,089	185,937
	444,229	439,872	254,727	253,575
Non-controlling interests	12,593	12,374	-	-
Total equity	456,822	452,246	254,727	253,575
Total equity and liabilities	557,348	566,746	302,847	312,108

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 16		As at 31 Mar 16	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	30,311	-	39,060

Amount repayable after one year

As at 30 Sep 16		As at 31 Mar 16	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
24,529	-	24,362	-

Details of any collateral

The unsecured term loans of subsidiaries are covered by corporate guarantees given by the Company. Loans of \$24,529,000 (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.

	Group			
	Second Quarter ended		Half Year ended	
	30 Sep 16	30 Sep 15	30 Sep 16	30 Sep 15
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit before taxation	10,995	11,395	21,734	25,049
Adjustments for:				
Finance costs	426	402	856	805
Interest income	(148)	(127)	(294)	(260)
Depreciation of property, plant and equipment	1,794	1,673	3,553	3,247
Amortisation of intangible assets	43	44	86	91
Foreign currency translation adjustment	(144)	(1,202)	(41)	(449)
Net loss on disposal of property, plant and equipment	15	-	76	-
Share of results of associates	(1,161)	(1,374)	(2,031)	(3,219)
Operating cash flows before changes in working capital	11,820	10,811	23,939	25,264
Decrease/(increase) in stocks	21,084	6,781	8,267	(23,824)
(Increase)/decrease in receivables	(2,854)	1,168	(777)	(4,642)
Increase in prepaid operating expenses	(460)	(385)	(639)	(754)
(Increase)/decrease in amount due from associates	(4)	22	7	(22)
Increase/(decrease) in payables	2,712	1,564	(5,882)	4,107
Cash flows from operations	32,298	19,961	24,915	129
Income taxes paid	(2,549)	(4,506)	(4,867)	(7,731)
Interest paid	(426)	(402)	(856)	(805)
Interest received	148	127	294	260
Net cash flows from/(used in) operating activities	29,471	15,180	19,486	(8,147)
Investing activities				
Purchase of property, plant and equipment	(1,837)	(2,770)	(6,287)	(3,378)
Net cash flows used in investing activities	(1,837)	(2,770)	(6,287)	(3,378)
Financing activities				
Proceeds from loans and borrowings	5,000	6,150	7,019	8,872
Repayment of loans and borrowings	(15,000)	(3,099)	(15,664)	(3,576)
Dividends paid to non-controlling interests	-	(68)	(188)	(68)
Dividends paid on ordinary shares	(14,100)	(15,510)	(14,100)	(15,510)
Net cash flows used in financing activities	(24,100)	(12,527)	(22,933)	(10,282)
Net increase/(decrease) in cash and cash equivalents	3,534	(117)	(9,734)	(21,807)
Effects of exchange rate changes on cash and cash equivalents	1,032	1,599	1,096	(516)
Cash and cash equivalents at beginning of financial period	80,694	74,527	93,898	98,332
Cash and cash equivalents at end of financial period	85,260	76,009	85,260	76,009

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

	Group	
	30 Sep 16	30 Sep 15
	\$'000	\$'000
Cash and bank balances	60,449	61,297
Fixed Deposits with banks	24,811	14,712
	85,260	76,009

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 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 loss	-	(5,297)	-	-	-	(5,297)	(226)	(5,523)
Total comprehensive (loss)/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
Balance at 1 July 2015	67,638	(13,368)	-	3,101	356,536	413,907	13,316	427,223
Total comprehensive income								
Profit for the period	-	-	-	-	9,647	9,647	285	9,932
Other comprehensive income								
Foreign currency translation	-	(1,403)	-	-	-	(1,403)	478	(925)
Total other comprehensive (loss)/income	-	(1,403)	-	-	-	(1,403)	478	(925)
Total comprehensive (loss)/income	-	(1,403)	-	-	9,647	8,244	763	9,007
Contributions by and distributions to owners								
Dividends on ordinary shares	-	-	-	-	(15,510)	(15,510)	-	(15,510)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(68)	(68)
Total transactions with owners	-	-	-	-	(15,510)	(15,510)	(68)	(15,578)
Balance at 30 September 2015	67,638	(14,771)	-	3,101	350,673	406,641	14,011	420,652

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 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>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	-	2,629	2,629
Balance at 30 June 2015	67,638	175,741	243,379
Balance at 1 July 2015	67,638	175,741	243,379
Total comprehensive income			
Profit for the period	-	17,263	17,263
Total comprehensive income	-	17,263	17,263
Contributions by and distributions to owners			
Dividends on ordinary shares	-	(15,510)	(15,510)
Total transactions with owners	-	(15,510)	(15,510)
Balance at 30 September 2015	67,638	177,494	245,132

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

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 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

	Group			
	Second Quarter ended		Half Year ended	
	30 Sep 16	30 Sep 15	30 Sep 16	30 Sep 15
(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)	1.18	1.37	2.34	2.85

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 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 Sep 16	31 Mar 16	30 Sep 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**

2Q FY2017 vs 2Q FY2016

Revenue for the quarter ended 30 September 2016 ("2Q FY2017") was 7% lower at \$163.1 million compared to \$175.3 million achieved in the same period last year ("2Q FY2016"). This softening in sales can be attributed to dampened consumer sentiment and hence demand.

Gross margin was 21.4% (2Q FY2016: 21.9%). Operating expenses were lower mainly due to a one-time donation made in the first half last year. Profit after tax was \$8.6 million, a decrease of 14% compared to 2Q FY2016.

1H FY2017 vs 1H FY2016

For the 6 month period ended 30 September 2016 ("1H FY2017"), revenue was \$311.3 million (1H FY2016: \$334.7 million) with gross margin holding at 22.1% (1H FY2016: 22.3%) whilst profit after tax was \$16.9 million (1H FY2016: \$20.7 million).

As at 30 September 2016, group inventory was lower at \$311.9 million despite an expanded retail network. Cash and cash equivalents grew to \$85.3 million (30 September 2015: \$76.0 million) whilst total debt declined by \$10.0 million compared to 30 September 2015. Consolidated net assets were \$444.2 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 period ended 30 June 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 slowdown in the global economy continues to impact consumer sentiment and discretionary spending.

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 six months ended 30 September 2016 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
10 November 2016

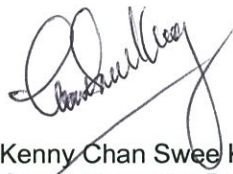
Statement Pursuant to Rule 705(5) of the Listing Manual

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 six months ended 30 September 2016 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
10 November 2016