

THE HOUR GLASS LIMITED

Co. Registration No: 197901972D

Unaudited First Quarter Financial Statement For The Period Ended 30 June 2018

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 18	30 Jun 17	Change
		\$'000	\$'000	%
Revenue		180,726	164,373	10%
Other income	(i)	1,399	1,494	-6%
Total revenue and other income		182,125	165,867	10%
Cost of goods sold		136,696	129,580	5%
Salaries and employees benefits		11,720	9,803	20%
Depreciation of property, plant and equipment		1,634	1,865	-12%
Selling and promotion expenses		4,801	4,399	9%
Rental expenses		7,626	7,261	5%
Finance costs		286	344	-17%
Foreign exchange (gain)/loss		(349)	180	NM
Other operating expenses		2,452	3,960	-38%
Total costs and expenses		164,866	157,392	5%
Share of results of associates		1,290	517	150%
Profit before taxation		18,549	8,992	106%
Taxation		4,091	1,876	118%
Profit for the period		14,458	7,116	103%
Profit attributable to:				
Owners of the Company		14,294	6,977	105%
Non-controlling interests		164	139	18%
		14,458	7,116	103%

Note:

(i) Other income

		Group		
		First Quarter ended		
		30 Jun 18	30 Jun 17	Change
		\$'000	\$'000	%
Rental income		458	334	37%
Interest income		400	188	113%
Net gain on disposal of property, plant and equipment		78	-	NM
Management fee		211	168	26%
Others		252	804	-69%
		1,399	1,494	-6%

NM – Not Meaningful

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

Income Tax

- Over provision of tax in respect of prior years

Group		
First Quarter ended		
30 Jun 18	30 Jun 17	Change
\$'000	\$'000	%
(1)	-	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 profit/(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		
First Quarter ended		
30 Jun 18	30 Jun 17	Change
\$'000	\$'000	%
14,458	7,116	103%
2,857	(1,323)	NM
2,857	(1,323)	NM
17,315	5,793	199%
16,677	5,743	190%
638	50	1176%
17,315	5,793	199%

NM – Not Meaningful

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 18	31 Mar 18	30 Jun 18	31 Mar 18
	\$'000	\$'000	\$'000	\$'000
Assets				
Non-current assets				
Property, plant and equipment	35,210	34,066	8,221	8,933
Investment properties	67,240	67,202	11,181	11,181
Intangible assets	5,213	5,216	956	936
Investment in subsidiaries	-	-	52,074	52,074
Investment in associates	29,532	28,744	68	68
Other receivables	6,938	6,878	3,651	3,566
Deferred tax assets	441	441	211	211
	144,574	142,547	76,362	76,969
Current assets				
Inventories	277,797	282,479	161,767	164,196
Trade and other receivables	22,852	16,839	11,175	6,707
Prepaid operating expenses	1,144	968	751	469
Amount due from associates	2,877	2,751	2,837	2,720
Amount due from subsidiaries	-	-	4,682	5,610
Cash and cash equivalents	187,956	180,496	71,746	76,120
	492,626	483,533	252,958	255,822
Total assets	637,200	626,080	329,320	332,791
Equity and liabilities				
Current liabilities				
Loans and borrowings	47,015	49,655	21,000	26,000
Trade and other payables	40,993	45,651	17,721	22,716
Amount due to subsidiaries	-	-	5,405	5,327
Provision for taxation	9,594	8,049	5,583	4,603
	97,602	103,355	49,709	58,646
Net current assets	395,024	380,178	203,249	197,176
Non-current liabilities				
Provisions	257	241	-	-
Deferred tax liabilities	1,410	1,413	-	-
Other non-current liabilities	1,519	1,474	1,519	1,474
	3,186	3,128	1,519	1,474
Total liabilities	100,788	106,483	51,228	60,120
Net assets	536,412	519,597	278,092	272,671
Equity attributable to owners of the Company				
Share capital	67,638	67,638	67,638	67,638
Reserves	456,179	439,502	210,454	205,033
	523,817	507,140	278,092	272,671
Non-controlling interests	12,595	12,457	-	-
Total equity	536,412	519,597	278,092	272,671
Total equity and liabilities	637,200	626,080	329,320	332,791

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 18		As at 31 Mar 18	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
23,672	23,343	23,655	26,000

Amount repayable after one year

As at 30 Jun 18		As at 31 Mar 18	
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.

Loans of \$23,672,000 (31 March 2018: \$23,655,000) 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 18	30 Jun 17
	\$'000	\$'000
Operating activities		
Profit before taxation	18,549	8,992
Adjustments for:		
Finance costs	286	344
Interest income	(400)	(188)
Depreciation of property, plant and equipment	1,634	1,865
Amortisation of intangible assets	140	43
Foreign currency translation adjustment	(51)	24
Net gain on disposal of property, plant and equipment	(78)	-
Share of results of associates	(1,290)	(517)
Operating cash flows before changes in working capital	18,790	10,563
Decrease/(increase) in inventories	6,032	(9,166)
Increase in receivables	(5,800)	(694)
Increase in prepaid operating expenses	(173)	(193)
(Increase)/decrease in amount due from associates	(17)	4
Decrease in payables	(4,845)	(11,062)
Cash flows from/(used in) operations	13,987	(10,548)
Income taxes paid	(2,502)	(1,661)
Interest paid	(286)	(344)
Interest received	400	188
Net cash flows from/(used in) operating activities	11,599	(12,365)
Investing activities		
Additions to intangible assets	(138)	-
Proceeds from disposal of property, plant and equipment	91	-
Purchase of property, plant and equipment	(2,584)	(519)
Net cash flows used in investing activities	(2,631)	(519)
Financing activities		
Proceeds from loans and borrowings	20,343	6,386
Repayment of loans and borrowings	(23,000)	(5,000)
Dividends paid to non-controlling interests	(500)	(500)
Net cash flows (used in)/from financing activities	(3,157)	886
Net increase/(decrease) in cash and cash equivalents	5,811	(11,998)
Effects of exchange rate changes on cash and cash equivalents	1,649	(632)
Cash and cash equivalents at 1 April	180,496	124,849
Cash and cash equivalents at 30 June	187,956	112,219

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

	Group	
	30 Jun 18	30 Jun 17
	\$'000	\$'000
Cash and bank balances	115,669	86,492
Fixed deposits with banks	72,287	25,727
	187,956	112,219

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 2017								
- As previously reported	67,638	(9,865)	(142)	3,372	417,474	478,477	13,321	491,798
- Effects of adopting SFRS (I) 1	-	9,865	-	-	(9,865)	-	-	-
- Restated opening balance	67,638	-	(142)	3,372	407,609	478,477	13,321	491,798
Total comprehensive income								
Profit for the period	-	-	-	-	6,977	6,977	139	7,116
Other comprehensive income								
Foreign currency translation	-	(1,234)	-	-	-	(1,234)	(89)	(1,323)
Total other comprehensive loss	-	(1,234)	-	-	-	(1,234)	(89)	(1,323)
Total comprehensive (loss)/income	-	(1,234)	-	-	6,977	5,743	50	5,793
Contributions by and distributions to owners								
Dividends paid to non-controlling interests	-	-	-	-	-	-	(500)	(500)
Total transactions with owners	-	-	-	-	-	-	(500)	(500)
Balance at 30 June 2017	67,638	(1,234)	(142)	3,372	414,586	484,220	12,871	497,091

Balance at 1 April 2018								
- As previously reported	67,638	(16,919)	(142)	3,372	453,191	507,140	12,457	519,597
- Effects of adopting SFRS (I) 1	-	9,865	-	-	(9,865)	-	-	-
- Restated opening balance	67,638	(7,054)	(142)	3,372	443,326	507,140	12,457	519,597
Total comprehensive income								
Profit for the period	-	-	-	-	14,294	14,294	164	14,458
Other comprehensive income								
Foreign currency translation	-	2,383	-	-	-	2,383	474	2,857
Total other comprehensive income	-	2,383	-	-	-	2,383	474	2,857
Total comprehensive income	-	2,383	-	-	14,294	16,677	638	17,315
Contributions by and distributions to owners								
Dividends paid to non-controlling interests	-	-	-	-	-	-	(500)	(500)
Total transactions with owners	-	-	-	-	-	-	(500)	(500)
Balance at 30 June 2018	67,638	(4,671)	(142)	3,372	457,620	523,817	12,595	536,412

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 2017	67,638	199,445	267,083
Total comprehensive income			
Profit for the period	-	3,393	3,393
Total comprehensive income for the period	-	3,393	3,393
Balance at 30 June 2017	67,638	202,838	270,476

Balance at 1 April 2018	67,638	205,033	272,671
Total comprehensive income			
Profit for the period	-	5,421	5,421
Total comprehensive income for the period	-	5,421	5,421
Balance at 30 June 2018	67,638	210,454	278,092

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

None of the Company's subsidiaries hold any shares in the Company 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 18	31 Mar 18
705,011,880	705,011,880

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

Not applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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 2018, 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

The Group's financial statements for the financial period beginning 1 April 2018 is prepared in accordance with the Singapore Financial Reporting Standards (International) (SFRS(I)).

In adopting the new SFRS(I) framework from 1 April 2018, the Group is required to apply the specific transaction requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*.

Adoption of SFRS(I) 1

The Group has elected the option to reset its cumulative translation differences for foreign operations to nil as at 1 April 2017, the date of transition. As a result, cumulative translation losses of \$9,865,000 were reclassified from foreign currency translation reserve to revenue reserve as at 1 April 2017.

Adoption of SFRS(I)s

The Group has adopted all the new SFRS(I)s, amendments and interpretations of SFR(I)s that are relevant to its operations and effective during the current financial year.

Except for SFRS(I) 1 as disclosed above, the adoption of these SFRS(I)s and interpretation of SFRS(I)s did not have any significant impact to the financial statements of the Group.

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 18	30 Jun 17
(a)	Weighted average number of ordinary shares for calculation of basic and diluted earnings per share	705,011,880	705,011,880
(b)	Basic and diluted earnings per share (cents)	2.03	0.99

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 2018.

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 18	31 Mar 18	30 Jun 18	31 Mar 18
Number of issued shares	705,011,880	705,011,880	705,011,880	705,011,880
Net asset value per ordinary share (in \$)	0.74	0.72	0.39	0.39

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 2018 ("1Q FY2019") increased by 10.0% to \$180.7 million compared to \$164.4 million achieved in the same period last year ("1Q FY2018") as sentiment improved in selective markets in the region.

Gross margin improved to 24.4% (1Q FY2018: 21.2%) and resulted in higher profit after tax to \$14.5 million, a 103% increase compared to \$7.1 million for 1Q FY2018.

As at 30 June 2018, group inventory was \$277.8 million. Cash and cash equivalents stood at \$188.0 million. Consolidated net assets were \$523.8 million or \$0.74 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 statement in the results announcement for the year ended 31 March 2018.

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 watch sector is experiencing better consumer sentiment which has led to improved overall business of the Group.

Barring any unforeseen circumstances, the Group expects to be 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 2018 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
1 August 2018

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

THE HOUR GLASS

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 2018 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
1 August 2018