

THE HOUR GLASS

THE HOUR GLASS LIMITED

Co. Registration No: 197901972D

Unaudited Full Year Financial Statement and Dividend Announcement For The Year Ended 31 March 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		
		Full Year ended		
Note		31 Mar 16	31 Mar 15	Change
		\$'000	\$'000	%
	Revenue	707,525	734,938	-4%
	Other income	6,504	5,866	11%
	Total revenue and other income	714,029	740,804	-4%
	Cost of goods sold	540,067	569,011	-5%
	Salaries and employees benefits	44,280	42,365	5%
	Depreciation of property, plant and equipment	6,586	7,646	-14%
	Selling and promotion expenses	17,559	17,698	-1%
	Rental expenses	28,132	24,930	13%
	Finance costs	1,693	901	88%
	Foreign exchange loss/(gain)	541	(551)	NM
	Other operating expenses	14,752	9,135	61%
	Total costs and expenses	653,610	671,135	-3%
	Share of results of associates	6,549	5,735	14%
	Profit before taxation	66,968	75,404	-11%
	Taxation	13,425	15,689	-14%
	Profit for the year	53,543	59,715	-10%
	Profit attributable to:			
	Owners of the Company	52,324	57,946	-10%
	Non-controlling interests	1,219	1,769	-31%
		53,543	59,715	-10%

Note:

(i) Other income

		Group		
		Full Year ended		
		31 Mar 16	31 Mar 15	Change
		\$'000	\$'000	%
	Rental income	2,674	1,459	83%
	Interest income	547	679	-19%
	Net gain on disposal of property, plant and equipment	12	-	NM
	Fair value gain on investment properties	1,988	1,394	43%
	Management fee	713	632	13%
	Others	570	1,702	-67%
		6,504	5,866	11%

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		
Full Year ended		
31 Mar 16	31 Mar 15	Change
\$'000	\$'000	%
71	(82)	NM

1(a)(iii) Statement of comprehensive income

Profit for the year

Other comprehensive income:

Item that will not be reclassified to profit or loss:

Net surplus on revaluation of an investment property

Item that may be reclassified subsequently to profit or loss:

Foreign currency translation

Other comprehensive loss for the year, net of tax

Total comprehensive income for the year

Total comprehensive income attributable to:

Owners of the Company

Non-controlling interests

Group		
Full Year ended		
31 Mar 16	31 Mar 15	Change
\$'000	\$'000	%
53,543	59,715	-10%
271	-	NM
271	-	NM
(6,159)	(96)	6316%
(6,159)	(96)	6316%
(5,888)	(96)	6033%
47,655	59,619	-20%
46,794	56,970	-18%
861	2,649	-67%
47,655	59,619	-20%

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	
	31 Mar 16 \$'000	31 Mar 15 \$'000	31 Mar 16 \$'000	31 Mar 15 \$'000
Assets				
Non-current assets				
Property, plant and equipment	34,962	31,504	13,109	11,986
Investment properties	66,682	65,442	12,719	13,576
Intangible assets	4,619	4,796	156	237
Investment in subsidiaries	-	-	52,074	50,459
Investment in associates	20,082	15,110	-	-
Loan to subsidiaries	-	-	762	836
Loan to an associate	2,095	2,297	-	-
Other receivables	7,806	5,486	3,696	2,846
Deferred tax assets	490	1,133	353	274
	136,736	125,768	82,869	80,214
Current assets				
Stocks	320,127	297,940	184,485	175,158
Trade and other receivables	15,391	15,718	3,789	3,800
Prepaid operating expenses	518	615	148	198
Amount due from associates	76	49	-	-
Amount due from subsidiaries	-	-	8,725	5,386
Cash and cash equivalents	93,898	98,332	32,092	34,109
	430,010	412,654	229,239	218,651
Total assets	566,746	538,422	312,108	298,865
Equity and liabilities				
Current liabilities				
Loans and borrowings	39,060	36,265	36,000	31,000
Trade and other payables	45,110	44,445	20,226	22,029
Provision for taxation	4,200	9,872	1,585	5,086
	88,370	90,582	57,811	58,115
Net current assets	341,640	322,072	171,428	160,536
Non-current liabilities				
Loans and borrowings	24,362	24,922	-	-
Provisions	282	232	-	-
Deferred tax liabilities	764	730	-	-
Other non-current liabilities	722	-	722	-
	26,130	25,884	722	-
Total liabilities	114,500	116,466	58,533	58,115
Net assets	452,246	421,956	253,575	240,750
Equity attributable to owners of the Company				
Share capital	67,638	67,638	67,638	67,638
Reserves	372,234	341,092	185,937	173,112
	439,872	408,730	253,575	240,750
Non-controlling interests	12,374	13,226	-	-
Total equity	452,246	421,956	253,575	240,750
Total equity and liabilities	566,746	538,422	312,108	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 31 Mar 16		As at 31 Mar 15	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	39,060	-	36,265

Amount repayable after one year

As at 31 Mar 16		As at 31 Mar 15	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
24,362	-	24,922	-

Details of any collateral

The unsecured term loans of subsidiaries are covered by corporate guarantees given by the Company. Loans of \$24,362,450 (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	
	Full Year ended	
	31 Mar 16	31 Mar 15
	\$'000	\$'000
Operating activities		
Profit before taxation	66,968	75,404
Adjustments for:		
Finance costs	1,693	901
Interest income	(547)	(679)
Depreciation of property, plant and equipment	6,586	7,646
Amortisation of intangible assets	177	116
Foreign currency translation adjustment	471	(2,304)
Net gain on disposal of property, plant and equipment	(12)	-
Fair value gain on investment properties	(1,988)	(1,394)
Gain on disposal of investment in quoted shares	-	(168)
Share of results of associates	(6,549)	(5,735)
Operating cash flows before changes in working capital	66,799	73,787
Increase in stocks	(25,320)	(23,726)
(Increase)/decrease in receivables	(2,074)	5,679
Decrease/(increase) in prepaid operating expenses	94	(137)
Increase in amount due from associates	(30)	(13)
Increase/(decrease) in payables	1,644	(3,478)
Cash flows from operations	41,113	52,112
Income taxes paid	(18,648)	(14,745)
Interest paid	(1,693)	(901)
Interest received	547	679
Net cash flows from operating activities	21,319	37,145
Investing activities		
Acquisition of subsidiary, net of cash acquired	-	(12,828)
Proceeds from disposal of property, plant and equipment	182	95
Purchase of investment properties	-	(43,567)
Proceeds on disposal of investment of quoted shares	-	192
Purchase of property, plant and equipment	(10,866)	(6,604)
Net cash flows used in investing activities	(10,684)	(62,712)
Financing activities		
Proceeds from loans and borrowings	23,767	55,787
Repayment of loans and borrowings	(20,583)	(35,762)
Acquisition of non-controlling interests	(1,615)	-
Dividends paid to non-controlling interests	(240)	(300)
Dividends paid on ordinary shares	(15,510)	(14,100)
Net cash flows (used in)/from financing activities	(14,181)	5,625
Net decrease in cash and cash equivalents	(3,546)	(19,942)
Effects of exchange rate changes on cash and cash equivalents	(888)	1,895
Cash and cash equivalents at beginning of financial year	98,332	116,379
Cash and cash equivalents at end of financial year	93,898	98,332

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

	Group	
	31 Mar 16	31 Mar 15
	\$'000	\$'000
Cash and bank balances	74,909	62,569
Fixed deposits with banks	18,989	35,763
	93,898	98,332

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 2014	67,638	(7,095)	-	3,101	302,216	365,860	10,877	376,737
Total comprehensive income								
Profit for the year	-	-	-	-	57,946	57,946	1,769	59,715
Other comprehensive income								
Foreign currency translation	-	(976)	-	-	-	(976)	880	(96)
Total other comprehensive (loss)/income	-	(976)	-	-	-	(976)	880	(96)
Total comprehensive (loss)/income	-	(976)	-	-	57,946	56,970	2,649	59,619
Contributions by and distributions to owners								
Dividends on ordinary shares	-	-	-	-	(14,100)	(14,100)	-	(14,100)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(300)	(300)
Total transactions with owners	-	-	-	-	(14,100)	(14,100)	(300)	(14,400)
Balance at 31 March 2015	67,638	(8,071)	-	3,101	346,062	408,730	13,226	421,956

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 year	-	-	-	-	52,324	52,324	1,219	53,543
Other comprehensive income								
Net surplus on revaluation of an investment property	-	-	-	271	-	271	-	271
Foreign currency translation	-	(5,801)	-	-	-	(5,801)	(358)	(6,159)
Total other comprehensive (loss)/income	-	(5,801)	-	271	-	(5,530)	(358)	(5,888)
Total comprehensive (loss)/income	-	(5,801)	-	271	52,324	46,794	861	47,655
Contributions by and distributions to owners								
Dividends on ordinary shares	-	-	-	-	(15,510)	(15,510)	-	(15,510)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(240)	(240)
Total contributions by and distributions to owners	-	-	-	-	(15,510)	(15,510)	(240)	(15,750)
Change in ownership interest in a subsidiary								
Acquisition of non-controlling interest without a change in control	-	-	(142)	-	-	(142)	(1,473)	(1,615)
Total change in ownership interest in a subsidiary	-	-	(142)	-	-	(142)	(1,473)	(1,615)
Total transactions with owners	-	-	(142)	-	(15,510)	(15,652)	(1,713)	(17,365)
Balance at 31 March 2016	67,638	(13,872)	(142)	3,372	382,876	439,872	12,374	452,246

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 year	-	50,442	50,442
Total comprehensive income for the year	-	50,442	50,442
Contributions by and distributions to owners			
Dividends on ordinary shares	-	(14,100)	(14,100)
Total transactions with owners	-	(14,100)	(14,100)
Balance at 31 March 2015	67,638	173,112	240,750

Balance at 1 April 2015	67,638	173,112	240,750
Total comprehensive income			
Profit for the year	-	28,335	28,335
Total comprehensive income for the year	-	28,335	28,335
Contributions by and distributions to owners			
Dividends on ordinary shares	-	(15,510)	(15,510)
Total transactions with owners	-	(15,510)	(15,510)
Balance at 31 March 2016	67,638	185,937	253,575

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

31 Mar 16	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

		Group	
		Full Year ended	
		31 Mar 16	31 Mar 15
(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)	7.42	8.22

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 31 March 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	
	31 Mar 16	31 Mar 15	31 Mar 16	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 \$)	0.62	0.58	0.36	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**

For the year ended 31 March 2016 ("FY2016"), revenue declined 4% to \$707.5 million compared to \$734.9 million achieved in the prior year.

Gross margins improved to 23.7% (FY2015: 22.6%) whilst operating expenses increased as a result of an expanded retail network. During the year, a one time donation of \$5.0 million was made to 3 charitable institutions in Singapore namely the National Heritage Board, the Community Chest and the National Kidney Foundation to commemorate Singapore's 50th anniversary. Our share of results of associates improved by 14% to \$6.5 million due to the successful implementation of all its developmental plans.

Profit after tax was \$53.5 million (FY2015: \$59.7 million).

The Group's inventory was \$320.1 million resulting from an expanded retail network. Cash and cash equivalents stood at \$93.9 million (FY2015: \$98.3 million) and consolidated net assets was \$439.9 million or \$0.62 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 year under review is in line with the prospect statement in the results announcement for the period ended 31 December 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**

Uncertainty in the global economic outlook has impaired overall sentiment affecting discretionary consumption and in particular, the luxury and specialty watch sector. We anticipate a tightening of global demand for luxury goods and a rebalancing of supply to these new market conditions.

Barring any unforeseen circumstances, the Group remains cautiously optimistic and expects to remain profitable for the next financial year.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

Yes

Name of Dividend	Proposed First and Final Dividend
Dividend Type	Cash
Dividend amount per Ordinary Share	2.00 cents
Tax Rate	(one-tier)

No scrip alternative will be offered for this year's first and final dividend.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes

Name of Dividend	First and Final Dividend
Dividend Type	Cash
Dividend amount per Ordinary Share	2.20 cents
Tax Rate	(one-tier)

(c) Date Payable

The Directors have recommended a first and final dividend of 2.00 cents per ordinary share (one-tier) ("FY2016 Dividend") amounting to approximately \$14,100,238. This is subject to the approval of the shareholders of the Company at the Annual General Meeting to be held on 20 July 2016.

(d) Books Closure Date

The book closure and payment dates in respect of the FY2016 Dividend will be announced on a later date.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

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

Not applicable for full year results announcement.

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.

Part II – Additional Information required for Full Year Announcement

16. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the Company's most recently audited annual financial statements, with comparative information for the immediately preceding year.

FY2016	South East Asia & Australia	North East Asia	Total	Eliminations	Group
	\$'000	\$'000			
Segment revenue:					
Sales to external customers	602,633	104,892	707,525	-	707,525
Inter-segment sales	1	8,248	8,249	(8,249)	-
Interest income	495	52	547	-	547
Other income	21,186	5	21,191	(15,234)	5,957
Total revenue and other income	624,315	113,197	737,512	(23,483)	714,029
Segment results:					
Segment results	59,142	16,108	75,250	(15,126)	60,124
Finance costs					(1,693)
Fair value gain on investment properties					1,988
Share of results of associates					6,549
Profit before taxation					66,968
Taxation					(13,425)
Profit for the year					53,543
Other segment information:					
Segment assets	476,307	69,867	546,174	-	546,174
Investment in associates	20,082	-	20,082	-	20,082
Unallocated corporate assets					490
					566,746
Segment liabilities	103,045	6,491	109,536	-	109,536
Unallocated corporate liabilities					4,964
					114,500
Capital expenditure for the year	10,443	423	10,866	-	10,866
Depreciation and amortisation	6,311	452	6,763	-	6,763

FY2015	South East Asia & Australia	North East Asia	Total	Eliminations	Group
	\$'000	\$'000			
Segment revenue:					
Sales to external customers	633,930	101,008	734,938	-	734,938
Inter-segment sales	103	7,523	7,626	(7,626)	-
Interest income	503	176	679	-	679
Other income	32,992	28	33,020	(27,833)	5,187
Total revenue and other income	667,528	108,735	776,263	(35,459)	740,804
Segment results:					
Segment results	81,362	15,631	96,993	(27,817)	69,176
Finance costs					(901)
Fair value gain on investment properties					1,394
Share of results of associates					5,735
Profit before taxation					75,404
Taxation					(15,689)
Profit for the year					59,715
Other segment information:					
Segment assets	447,838	74,341	522,179	-	522,179
Investment in associates	15,110	-	15,110	-	15,110
Unallocated corporate assets					1,133
					538,422
Segment liabilities	98,186	7,678	105,864	-	105,864
Unallocated corporate liabilities					10,602
					116,466
Capital expenditure for the year	50,155	16	50,171	-	50,171
Depreciation and amortisation	7,190	572	7,762	-	7,762

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Refer to Paragraph 8.

18. A breakdown of sales as follows:

	Group		
	2016 \$'000	2015 \$'000	Change %
Revenue for first half year	334,659	321,842	4%
Profit after tax for first half year	20,722	21,227	-2%
Revenue for second half year	372,866	413,096	-10%
Profit after tax for second half year	32,821	38,488	-15%

19. A breakdown of the total annual dividend (in dollar value) for the Company's latest full year and its previous full year as follows: -

Total Annual Dividend

	Latest Full Year \$'000	Previous Full Year \$'000
Ordinary	14,100	15,510
Preference	-	-
Total	<u>14,100</u>	<u>15,510</u>

20. Disclosure of persons occupying managerial positions in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(13).

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Mrs Choy Siew Sen	65	Sister of Dato' Dr Jannie Chan Siew Lee and Dr Kenny Chan Swee Kheng. Aunt of Mr Michael Tay Wee Jin.	Manager (since 1997) - Melbourne Boutique (The Hour Glass Australia Pty Ltd). This position was re-designated to Senior Retail Manager from 1 April 2016. Responsible for operations of the retail outlet in Melbourne, Australia.	Nil.
Mr Chen Choong Hian	65	Brother-in-law of Dr Henry Tay Yun Chwan. Uncle of Mr Michael Tay Wee Jin.	Assistant General Manager (since 2012) - (The Hour Glass Australia Pty Ltd). Responsible for operations in Australia including managing the retail boutique in Brisbane.	Nil.

Note:

Dr Henry Tay Yun Chwan is the Executive Chairman and a substantial shareholder of The Hour Glass Limited. Dato' Dr Jannie Chan Siew Lee is a Non-Independent, Non-Executive Director and a substantial shareholder of The Hour Glass Limited.

Dr Kenny Chan Swee Kheng is a Group Managing Director of The Hour Glass Limited. He is the brother of Dato' Dr Jannie Chan Siew Lee.

Mr Michael Tay Wee Jin is a Group Managing Director of The Hour Glass Limited. He is the son of Dr Henry Tay Yun Chwan and Dato' Dr Jannie Chan Siew Lee.

BY ORDER OF THE BOARD

Christine Chan
Company Secretary
24 May 2016