

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 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					
		Second Quarter ended			Half Year ended		
Note		30 Sep 15	30 Sep 14	Change	30 Sep 15	30 Sep 14	Change
		\$'000	\$'000	%	\$'000	\$'000	%
	Revenue	175,316	164,828	6%	334,659	321,842	4%
	Other income	993	954	4%	2,270	2,551	-11%
	Total revenue and other income	176,309	165,782	6%	336,929	324,393	4%
	Cost of goods sold	136,960	128,800	6%	259,950	253,391	3%
	Salaries and employees benefits	10,914	10,071	8%	21,247	18,947	12%
	Depreciation of property, plant and equipment	1,673	2,008	-17%	3,247	3,900	-17%
	Selling and promotion expenses	3,521	3,667	-4%	8,029	7,991	0%
	Rental expenses	6,777	5,844	16%	13,188	11,400	16%
	Finance costs	402	148	172%	805	271	197%
	Foreign exchange loss/(gain)	462	(265)	NM	685	(184)	NM
	Other operating expenses	5,579	1,616	245%	7,948	3,889	104%
	Total costs and expenses	166,288	151,889	9%	315,099	299,605	5%
	Share of results of associates	1,374	1,130	22%	3,219	1,802	79%
	Profit before taxation	11,395	15,023	-24%	25,049	26,590	-6%
	Taxation	1,463	2,848	-49%	4,327	5,363	-19%
	Profit for the period	9,932	12,175	-18%	20,722	21,227	-2%
	Profit attributable to:						
	Owners of the Company	9,647	11,746	-18%	20,121	20,115	0%
	Non-controlling interests	285	429	-34%	601	1,112	-46%
		9,932	12,175	-18%	20,722	21,227	-2%

Note:

(i) Other income

		Group					
		Second Quarter ended			Half Year ended		
		30 Sep 15	30 Sep 14	Change	30 Sep 15	30 Sep 14	Change
		\$'000	\$'000	%	\$'000	\$'000	%
	Rental income	688	216	219%	1,388	461	201%
	Interest income	127	216	-41%	260	391	-34%
	Management fee	158	167	-5%	329	316	4%
	Others	20	355	-94%	293	1,383	-79%
		993	954	4%	2,270	2,551	-11%

NM – Not Meaningful

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

Group					
Second Quarter ended			Half Year ended		
30 Sep 15 \$'000	30 Sep 14 \$'000	Change %	30 Sep 15 \$'000	30 Sep 14 \$'000	Change %
(5)	-	NM	(5)	-	NM

Income Tax

- Over provision of tax in respect of prior years

NM – Not Meaningful

1(a)(iii) Statement of comprehensive income

	Group					
	Second Quarter Ended			Half Year ended		
	30 Sep 15 \$'000	30 Sep 14 \$'000	Change %	30 Sep 15 \$'000	30 Sep 14 \$'000	Change %
Profit for the period	9,932	12,175	-18%	20,722	21,227	-2%
Other comprehensive income:						
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Foreign currency translation	(925)	(1,459)	-37%	(6,448)	(1,561)	313%
Other comprehensive loss for the period, net of tax	(925)	(1,459)	-37%	(6,448)	(1,561)	313%
Total comprehensive income for the period	9,007	10,716	-16%	14,274	19,666	-27%
Total comprehensive income attributable to:						
Owners of the Company	8,244	10,069	-18%	13,421	18,412	-27%
Non-controlling interests	763	647	18%	853	1,254	-32%
	9,007	10,716	-16%	14,274	19,666	-27%

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 15	31 Mar 15	30 Sep 15	31 Mar 15
	\$'000	\$'000	\$'000	\$'000
Assets				
Non-current assets				
Property, plant and equipment	30,919	31,504	11,632	11,986
Investment properties	62,610	65,442	13,576	13,576
Intangible assets	4,705	4,796	197	237
Investment in subsidiaries	-	-	50,459	50,459
Investment in associates	17,325	15,110	-	-
Loan to subsidiaries	-	-	783	836
Loan to an associate	2,153	2,297	-	-
Other receivables	7,780	5,486	3,525	2,846
Deferred tax assets	2,107	1,133	1,294	274
	127,599	125,768	81,466	80,214
Current assets				
Stocks	318,795	297,940	186,721	175,158
Trade and other receivables	18,162	15,718	7,084	3,800
Prepaid operating expenses	1,360	615	609	198
Amount due from associates	69	49	-	-
Amount due from subsidiaries	-	-	6,552	5,386
Cash and cash equivalents	76,009	98,332	30,776	34,109
	414,395	412,654	231,742	218,651
Total assets	541,994	538,422	313,208	298,865
Equity and liabilities				
Current liabilities				
Loans and borrowings	41,186	36,265	36,000	31,000
Trade and other payables	48,128	44,445	28,649	22,029
Provision for taxation	7,539	9,872	3,427	5,086
	96,853	90,582	68,076	58,115
Net current assets	317,542	322,072	163,666	160,536
Non-current liabilities				
Loans and borrowings	23,561	24,922	-	-
Provisions	248	232	-	-
Deferred tax liabilities	680	730	-	-
	24,489	25,884	-	-
Total liabilities	121,342	116,466	68,076	58,115
Net assets	420,652	421,956	245,132	240,750
Equity attributable to owners of the Company				
Share capital	67,638	67,638	67,638	67,638
Reserves	339,003	341,092	177,494	173,112
	406,641	408,730	245,132	240,750
Non-controlling interests	14,011	13,226	-	-
Total equity	420,652	421,956	245,132	240,750
Total equity and liabilities	541,994	538,422	313,208	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 Sept 15		As at 31 Mar 15	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	41,186	-	36,265

Amount repayable after one year

As at 30 Sept 15		As at 31 Mar 15	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
23,561	-	24,922	-

Details of any collateral

The unsecured term loans of subsidiaries are covered by corporate guarantees given by the Company. Loans of \$23,561,100 (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			
	Second Quarter ended		Half Year ended	
	30 Sep 15	30 Sep 14	30 Sep 15	30 Sep 14
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit before taxation	11,395	15,023	25,049	26,590
Adjustments for:				
Finance costs	402	148	805	271
Interest income	(127)	(216)	(260)	(391)
Depreciation of property, plant and equipment	1,673	2,008	3,247	3,900
Amortisation of intangible assets	44	21	91	41
Foreign currency translation adjustment	(1,202)	(408)	(449)	(289)
Gain on disposal of investment in quoted shares	-	(168)	-	(168)
Share of results of associates	(1,374)	(1,130)	(3,219)	(1,802)
Operating cash flows before changes in working capital	10,811	15,278	25,264	28,152
Decrease/(increase) in stocks	6,781	(2,894)	(23,824)	(33,349)
Decrease/(increase) in receivables	1,168	2,786	(4,642)	5,163
Increase in prepaid operating expenses	(385)	(141)	(754)	(556)
Decrease/(increase) in amount due from associates	22	7	(22)	(37)
Increase/(decrease) in payables	1,564	8,551	4,107	(3,756)
Cash flows from/(used in) operations	19,961	23,587	129	(4,383)
Income taxes paid	(4,506)	(4,101)	(7,731)	(6,901)
Interest paid	(402)	(148)	(805)	(271)
Interest received	127	216	260	391
Net cash flows from/(used in) operating activities	15,180	19,554	(8,147)	(11,164)
Investing activities				
Proceeds on disposal of investment of quoted shares	-	192	-	192
Purchase of property, plant and equipment	(2,770)	(2,277)	(3,378)	(4,190)
Net cash flows used in investing activities	(2,770)	(2,085)	(3,378)	(3,998)
Financing activities				
Proceeds from loans and borrowings	6,150	1,430	8,872	2,203
Repayment of loans and borrowings	(3,099)	-	(3,576)	-
Dividends paid to non-controlling interests	(68)	(228)	(68)	(228)
Dividends paid on ordinary shares	(15,510)	(14,100)	(15,510)	(14,100)
Net cash flows used in financing activities	(12,527)	(12,898)	(10,282)	(12,125)
Net (decrease)/increase in cash and cash equivalents	(117)	4,571	(21,807)	(27,287)
Effects of exchange rate changes on cash and cash equivalents	1,599	(267)	(516)	(493)
Cash and cash equivalents at beginning of financial period	74,527	84,295	98,332	116,379
Cash and cash equivalents at end of financial period	76,009	88,599	76,009	88,599

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

	Group	
	30 Sep 15	30 Sep 14
	\$'000	\$'000
Cash and bank balances	61,297	66,184
Fixed Deposits with banks	14,712	22,415
	76,009	88,599

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 July 2014	67,638	(7,121)	3,101	310,585	374,203	11,484	385,687
Total comprehensive income							
Profit for the period	-	-	-	11,746	11,746	429	12,175
Other comprehensive income							
Foreign currency translation	-	(1,677)	-	-	(1,677)	218	(1,459)
Total other comprehensive income	-	(1,677)	-	-	(1,677)	218	(1,459)
Total comprehensive income	-	(1,677)	-	11,746	10,069	647	10,716
Contributions by and distributions to owners							
Dividends on ordinary shares	-	-	-	(14,100)	(14,100)	-	(14,100)
Dividends paid to non-controlling interests	-	-	-	-	-	(228)	(228)
Total transactions with owners	-	-	-	(14,100)	(14,100)	(228)	(14,328)
Balance at 30 September 2014	67,638	(8,798)	3,101	308,231	370,172	11,903	382,075

1(d)(i) Statement of Changes in equity (Cont'd)

Group	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
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
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 income	-	(1,403)	-	-	(1,403)	478	(925)
Total comprehensive 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>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 July 2014	67,638	137,603	205,241
Total comprehensive income			
Profit for the period	-	17,089	17,089
Total comprehensive income	-	17,089	17,089
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 2014	67,638	140,592	208,230
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

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 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

	Group			
	Second Quarter Ended		Half Year ended	
	30 Sep 15	30 Sep 14	30 Sep 15	30 Sep 14
(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)	1.37	1.67	2.85	2.85

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 September 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 Sep 15	31 Mar 15	30 Sep 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 \$)	0.58	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**

2Q FY2016 vs 2Q FY2015

Revenue for the quarter ended 30 September 2015 ("2Q FY2016") was 6% higher at \$175.3 million, compared to \$164.8 million achieved in the same period last year ("2Q FY2015").

Gross margin was maintained at 21.9% (2Q FY2015: 21.9%). Operating expenses were higher due to the expanded retail network and a \$3.0 million donation to commemorate the celebration of Singapore's 50th anniversary. Profit after tax was \$9.9 million, a decrease of 18% compared to 2Q FY2015.

1H FY2016 vs 1H FY2015

For the 6 month period ended 30 September 2015 ("1H FY2016"), revenue was \$334.7 million (1H FY2015: \$321.8 million).

Gross margin was 22.3% (1H FY2015: 21.3%). Operating expenses were higher due to the expanded retail network and a \$3.0 million donation in celebration of SG50.

Profit after tax was \$20.7 million (1H FY2015: \$21.2 million).

As at 30 September 2015, group inventory was \$318.8 million resulting from the expanded retail network. Cash and cash equivalents were \$76.0 million. Consolidated net assets were \$406.6 million or \$0.58 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 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**

Weak global economic factors are expected to affect consumer sentiment and the demand for luxury goods, including watches.

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 2015 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.

BY ORDER OF THE BOARD

Christine Chan
Company Secretary
12 November 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 six months ended 30 September 2015 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
12 November 2015