

THE HOUR GLASS

THE HOUR GLASS LIMITED

Co. Registration No: 197901972D

Unaudited Half Year Financial Statement For The Period Ended 30 September 2020

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		
		Half Year ended		
	Note	30 Sep 20 \$'000	30 Sep 19 \$'000	Change %
Revenue		289,821	381,078	-24%
Other income	(i)	5,049	3,001	68%
Total revenue and other income		294,870	384,079	-23%
Cost of goods sold		213,989	279,136	-23%
Salaries and employees benefits		16,636	26,346	-37%
Selling and promotion expenses		6,468	11,320	-43%
Depreciation of property, plant and equipment		2,823	2,473	14%
Depreciation of right-of-use assets		13,683	13,917	-2%
Rental expenses		(848)	2,555	NM
Finance costs	(ii)	1,694	1,734	-2%
Foreign exchange loss/(gain)		462	(238)	NM
Other expenses		5,303	5,790	-8%
Total costs and expenses		260,210	343,033	-24%
Share of results of associates		3,372	3,553	-5%
Profit before taxation		38,032	44,599	-15%
Taxation		7,721	9,072	-15%
Profit for the period		30,311	35,527	-15%
Profit attributable to:				
Owners of the Company		29,719	34,977	-15%
Non-controlling interests		592	550	8%
		30,311	35,527	-15%

Note:

(i) Other income

		Group		
		Half Year ended		
		30 Sep 20 \$'000	30 Sep 19 \$'000	Change %
Rental income		2,459	1,011	>100%
Interest income		329	949	-65%
Net gain on disposal of property, plant and equipment		-	97	NM
Gain on de-recognition of right-of-use assets		221	-	NM
Management fee		562	568	-1%
Others		1,478	376	>100%
		5,049	3,001	68%

NM – Not Meaningful

1(a)(i) An income statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd).

Note:

(ii) Finance costs

Interest on bank loans and overdrafts

Interest on lease liabilities

Group		
Half Year ended		
30 Sep 20 \$'000	30 Sep 19 \$'000	Change %
499	309	61%
1,195	1,425	-16%
1,694	1,734	-2%

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

Income Tax

- Under provision of tax in respect of prior years

Group		
Half Year ended		
30 Sep 20 \$'000	30 Sep 19 \$'000	Change %
58	-	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 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		
Half Year ended		
30 Sep 20 \$'000	30 Sep 19 \$'000	Change %
30,311	35,527	-15%
10,966	1,064	>100%
10,966	1,064	>100%
41,277	36,591	13%
41,405	35,723	16%
(128)	868	NM
41,277	36,591	13%

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 Sep 20 \$'000	31 Mar 20 \$'000	30 Sep 20 \$'000	31 Mar 20 \$'000
Assets		(Restated)*		
Non-current assets				
Property, plant and equipment	111,197	96,714	11,355	11,802
Right-of-use assets	98,577	103,313	57,416	63,683
Investment properties	104,467	96,511	11,287	11,287
Intangible assets	15,453	15,287	605	875
Investment in subsidiaries	-	-	87,864	87,864
Investment in associates	43,040	40,303	-	-
Loan to an associate	-	2,896	-	2,896
Other receivables	8,424	8,037	4,358	4,101
Deferred tax assets	2,559	2,349	452	452
	383,717	365,410	173,337	182,960
Current assets				
Inventories	282,985	286,425	171,845	175,035
Trade and other receivables	17,458	20,301	6,978	12,233
Prepaid operating expenses	1,478	1,229	666	582
Amount due from associates	73	74	3	45
Amount due from subsidiaries	-	-	8,827	9,465
Cash and cash equivalents	206,937	183,131	118,467	94,248
	508,931	491,160	306,786	291,608
Total assets	892,648	856,570	480,123	474,568
Equity and liabilities				
Current liabilities				
Loans and borrowings	70,708	64,467	-	-
Trade and other payables	55,567	49,307	25,163	23,498
Amount due to associates	161	-	161	-
Amount due to subsidiaries	-	-	9,015	9,624
Lease liabilities	25,416	25,856	15,713	15,192
Provision for taxation	11,845	11,592	6,867	7,466
	163,697	151,222	56,919	55,780
Net current assets	345,234	339,938	249,867	235,828
Non-current liabilities				
Provisions	347	310	-	-
Lease liabilities	78,068	81,487	45,481	51,569
Deferred tax liabilities	708	768	-	-
	79,123	82,565	45,481	51,569
Total liabilities	242,820	233,787	102,400	107,349
Net assets	649,828	622,783	377,723	367,219
Equity attributable to owners of the Company				
Share capital	67,638	67,638	67,638	67,638
Treasury shares	(590)	(590)	(590)	(590)
Reserves	568,029	540,704	310,675	300,171
	635,077	607,752	377,723	367,219
Non-controlling interests	14,751	15,031	-	-
Total equity	649,828	622,783	377,723	367,219
Total equity and liabilities	892,648	856,570	480,123	474,568

* Prior year comparatives are restated. Please refer to Paragraph 5 for more details.

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 20		As at 31 Mar 20	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
58,975	11,733	53,486	10,981

Amount repayable after one year

As at 30 Sep 20		As at 31 Mar 20	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	-	-	-

Details of any collateral

The unsecured term loans of subsidiaries are covered by corporate guarantees given by the Company.

Loans of \$58,975,000 (31 March 2020: \$53,486,000) are secured on certain properties of subsidiaries 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	
	Half Year ended	
	30 Sep 20	30 Sep 19
	\$'000	\$'000
Operating activities		
Profit before taxation	38,032	44,599
Adjustments for:		
Finance costs	1,694	1,734
Interest income	(329)	(949)
Depreciation of property, plant and equipment	2,823	2,473
Depreciation of right-of-use assets	13,683	13,917
Amortisation of intangible assets	652	365
Foreign currency translation adjustment	(1,177)	10
Net loss/(gain) on disposal of property, plant and equipment	36	(97)
Gain on de-recognition of right-of-use assets	(221)	-
Share of results of associates	(3,372)	(3,553)
Operating cash flows before changes in working capital	51,821	58,499
Decrease/(increase) in inventories	4,666	(3,698)
Decrease/(increase) in receivables	2,169	(2,304)
Increase in prepaid operating expenses	(204)	(246)
Decrease in amount due from associates	2,840	2,795
Increase/(decrease) in payables	6,123	(9,481)
Increase in amount due to associates	161	-
Cash flows from operations	67,576	45,565
Income taxes paid	(7,537)	(9,602)
Interest paid	(1,694)	(1,734)
Interest received	329	949
Net cash flows from operating activities	58,674	35,178
Investing activities		
Additions to intangible assets	(111)	(320)
Dividend received from an associate	-	817
Proceeds from disposal of property, plant and equipment	64	97
Purchase of investment property	-	(32,292)
Purchase of unquoted security	-	(500)
Purchase of property, plant and equipment	(7,447)	(11,817)
Net cash flows used in investing activities	(7,494)	(44,015)
Financing activities		
Proceeds from loans and borrowings	-	21,711
Repayment of loans and borrowings	-	(2,068)
Payment of lease liabilities	(12,485)	(12,527)
Dividends paid to non-controlling interests	(152)	(128)
Dividends paid on ordinary shares	(14,080)	(21,150)
Net cash flows used in financing activities	(26,717)	(14,162)
Net increase/(decrease) in cash and cash equivalents	24,463	(22,999)
Effects of exchange rate changes on cash and cash equivalents	(657)	1,159
Cash and cash equivalents at beginning of financial period	183,131	180,971
Cash and cash equivalents at end of financial period	206,937	159,131

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

	Group	
	30 Sep 20	30 Sep 19
	\$'000	\$'000
Cash and bank balances	189,508	109,696
Fixed deposits with banks	17,429	49,435
	206,937	159,131

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	Treasury shares \$'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 2019	67,638	-	(10,281)	(142)	3,372	499,657	560,244	12,780	573,024
Total comprehensive income									
Profit for the period	-	-	-	-	-	34,977	34,977	550	35,527
Other comprehensive income									
Foreign currency translation	-	-	746	-	-	-	746	318	1,064
Total other comprehensive income	-	-	746	-	-	-	746	318	1,064
Total comprehensive income	-	-	746	-	-	34,977	35,723	868	36,591
Contributions by and distributions to owners									
Dividends on ordinary shares	-	-	-	-	-	(21,150)	(21,150)	-	(21,150)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(128)	(128)
Total transactions with owners	-	-	-	-	-	(21,150)	(21,150)	(128)	(21,278)
Balance at 30 September 2019	67,638	-	(9,535)	(142)	3,372	513,484	574,817	13,520	588,337

	Share capital \$'000	Treasury shares \$'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 2020									
- As previously reported	67,638	(590)	(17,086)	(142)	3,372	554,689	607,881	15,031	622,912
- Adjustments*	-	-	2	-	-	(131)	(129)	-	(129)
Restated opening balance	67,638	(590)	(17,084)	(142)	3,372	554,558	607,752	15,031	622,783
Total comprehensive income									
Profit for the period	-	-	-	-	-	29,719	29,719	592	30,311
Other comprehensive income									
Foreign currency translation	-	-	11,686	-	-	-	11,686	(720)	10,966
Total other comprehensive income/(loss)	-	-	11,686	-	-	-	11,686	(720)	10,966
Total comprehensive income/(loss)	-	-	11,686	-	-	29,719	41,405	(128)	41,277
Contributions by and distributions to owners									
Dividends on ordinary shares	-	-	-	-	-	(14,080)	(14,080)	-	(14,080)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(152)	(152)
Total transactions with owners	-	-	-	-	-	(14,080)	(14,080)	(152)	(14,232)
Balance at 30 September 2020	67,638	(590)	(5,398)	(142)	3,372	570,197	635,077	14,751	649,828

* Please refer to Paragraph 5 for more details.

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

<u>Company</u>	Share capital \$'000	Treasury shares \$'000	Revenue reserve \$'000	Total equity \$'000
Balance at 1 April 2019	67,638	-	250,382	318,020
Total comprehensive income				
Profit for the period	-	-	47,246	47,246
Total comprehensive income	-	-	47,246	47,246
Contributions by and distributions to owners				
Dividends on ordinary shares	-	-	(21,150)	(21,150)
Total transactions with owners	-	-	(21,150)	(21,150)
Balance at 30 September 2019	67,638	-	276,478	344,116
Balance at 1 April 2020	67,638	(590)	300,171	367,219
Total comprehensive income				
Profit for the period	-	-	24,584	24,584
Total comprehensive income	-	-	24,584	24,584
Contributions by and distributions to owners				
Dividends on ordinary shares	-	-	(14,080)	(14,080)
Total transactions with owners	-	-	(14,080)	(14,080)
Balance at 30 September 2020	67,638	(590)	310,675	377,723

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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.

As at 30 September 2020, the Company's total issued shares is 703,981,880 ordinary shares (31 March 2020: 703,981,880) excluding 1,030,000 shares held as treasury shares (31 March 2020: 1,030,000).

As at 30 September 2020, the Company held 1,030,000 treasury shares (30 September 2019: Nil) which represents 0.146% of the total number of issued shares (excluding treasury shares).

The Company does not have any outstanding share convertibles 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 Sep 20	31 Mar 20
703,981,880	703,981,880

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.

There were no sales, transfers, cancellation and/or use of treasury shares as at the end of the period under review. As at 30 September 2020, the Company held 1,030,000 shares (31 March 2020: 1,030,000) as treasury shares.

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 modifications or emphasis of a matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

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 2020, 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 Singapore Financial Reporting Standards (International) (“SFRS(I)”) and Interpretations of SFRS(I) (“INT SFRS(I)”) that are relevant to its operations and effective for annual periods beginning on 1 April 2020. The adoption of these new/revised “SFRS(I)” and “INT SFRS(I)” 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.

Amendment to SFRS(I) 16: Covid-19 Related Rent Concessions

The Group early adopted Amendment to SFRS(I) 16: Covid-19-Related Rent Concessions that is effective for annual periods beginning on or after 1 June 2020.

As a practical expedient, the amendment to SFRS(I) 16 allows a lessee to elect not to assess whether a rent concession that meets the conditions in paragraph 46B is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this standard if the change were not a lease modification.

Adjustments to initial accounting for a business combination that was determined provisionally in the previous financial year

On 31 January 2020, the Group’s wholly owned subsidiary, The Hour Glass (NZ) Limited, acquired the business of Mansors Jewellers Limited, a luxury watch and jewellery retailer in New Zealand.

The identifiable assets and liabilities from the acquisition had initially been determined based on provisional fair values. The Group completed the purchase price allocation of the acquisition in the current financial year and the effects is summarised below. These adjustments are accounted for as if they had been recognised on acquisition date and adjusted in the comparative financial statements as prior year adjustments. The effects on the Group’s statement of financial position as at 31 March 2020 is as follows:

	As at 31 March 2020		
	As previously reported	Adjustments	As restated
	\$'000	\$'000	\$'000
Assets			
Goodwill	11,147	(1,783)	9,364
Intangible assets, excluding goodwill	4,971	952	5,923
Deferred tax assets	2,456	(107)	2,349
Inventories	285,456	969	286,425
Equity and liabilities			
Deferred tax liabilities	608	160	768
Reserves	540,833	(129)	540,704

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	
		Half Year ended	
		30 Sep 20	30 Sep 19
(a)	Weighted average number of ordinary shares for calculation of basic and diluted earnings per share	703,981,880	705,011,880
(b)	Basic and diluted earnings per share (cents)	4.22	4.96

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 or bought back 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 2020.

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 20	31 Mar 20	30 Sep 20	31 Mar 20
Number of issued shares	703,981,880	703,981,880	703,981,880	703,981,880
Net asset value per ordinary share (in \$)	0.90	0.86	0.54	0.52

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 6 months ended 30 September 2020 ("1H FY2021") was \$289.8 million, a 24% decline compared to \$381.1 million achieved in 1H FY2020. The decrease was due to the COVID-19 pandemic which disrupted the business operations throughout the Group.

Gross margin was 26.2% (1H FY2020: 26.8%). Operating expenses were reduced as a result of the implementation of cost containment measures. In addition, the introduction of government support schemes for wage costs and rental rebates from landlords contributed to the reduced expenses. Profit after tax was 15% lower at \$30.3 million (1H FY2020: \$35.5 million).

As at 30 September 2020, cash and cash equivalents stood at \$206.9 million whilst consolidated net assets were \$635.1 million or \$0.90 per share.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast was previously provided for 1H FY2021.

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 COVID-19 pandemic has led to unprecedented global economic uncertainties. The Group's retail operations and its financial results may be adversely impacted by business disruptions. The Group has practised financial prudence by continuing to generate positive cash flow and maintain strong cash reserves. The full impact of the COVID-19 outbreak is difficult to quantify at this juncture.

11. **Dividend**

The Board of Directors has approved an interim dividend of 2.00 cents per ordinary share (2019: Nil) for the half year ended 30 September 2020, amounting to approximately \$14,080,000.

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

Yes.

Name of Dividend	Interim Dividend
Dividend Type	Cash
Dividend amount per Ordinary Share	2.00 cents
Tax Rate	(one-tier) tax exempt

No scrip alternative will be offered for this interim dividend.

(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

27 November 2020

(d) Record Date

5.00 p.m. on 18 November 2020

Please refer to the Company's announcement on Notice of Record Date for Interim Dividend dated 5 November 2020 for details on the books closure for the interim dividend.

12. **If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

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

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 2020 to be false or misleading in any material respect.

Signed by Dr Henry Tay Yun Chwan 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
5 November 2020

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 2020 to be false or misleading in any material respect.

On behalf of the Board of Directors



Henry Tay Yun Chwan
Executive Chairman



Michael Tay Wee Jin
Group Managing Director

Singapore
5 November 2020