



# THE HOUR GLASS LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No: 197901972D)

## Unaudited Third Quarter And Nine-Month Financial Statement For The Period Ended 31 December 2010

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					
		Third Quarter ended			Nine Months ended		
Note	31 Dec '10	31 Dec '09	Change	31 Dec '10	31 Dec '09	Change	
	\$'000	\$'000	%	\$'000	\$'000	%	
	144,211	142,270	1%	377,109	366,499	3%	
	1,085	521	108%	5,311	1,308	306%	
	<b>145,296</b>	<b>142,791</b>	<b>2%</b>	<b>382,420</b>	<b>367,807</b>	<b>4%</b>	
	113,935	114,166	0%	298,983	297,102	1%	
	8,629	8,219	5%	23,543	21,729	8%	
	1,058	861	23%	2,994	2,309	30%	
	2,339	3,114	-25%	8,177	7,820	5%	
	2,976	3,341	-11%	9,530	8,463	13%	
	163	106	54%	399	319	25%	
	162	(159)	NM	(234)	159	NM	
	1,735	1,579	10%	4,877	4,022	21%	
	<b>130,997</b>	<b>131,227</b>	<b>0%</b>	<b>348,269</b>	<b>341,923</b>	<b>2%</b>	
	168	112	50%	480	463	4%	
	<b>14,467</b>	<b>11,676</b>	<b>24%</b>	<b>34,631</b>	<b>26,347</b>	<b>31%</b>	
	3,364	2,492	35%	7,537	5,532	36%	
	<b>11,103</b>	<b>9,184</b>	<b>21%</b>	<b>27,094</b>	<b>20,815</b>	<b>30%</b>	
	<b>10,940</b>	<b>8,998</b>	<b>22%</b>	<b>26,554</b>	<b>20,339</b>	<b>31%</b>	
	163	186	-12%	540	476	13%	
	<b>11,103</b>	<b>9,184</b>	<b>21%</b>	<b>27,094</b>	<b>20,815</b>	<b>30%</b>	

Note:

(i) Other income

		Group					
		Third Quarter ended			Nine Months ended		
	31 Dec '10	31 Dec '09	Change	31 Dec '10	31 Dec '09	Change	
	\$'000	\$'000	%	\$'000	\$'000	%	
	253	161	57%	687	449	53%	
	97	98	-1%	228	215	6%	
	340	-	NM	402	-	NM	
	-	-	-	3,093	-	NM	
	127	109	17%	337	303	11%	
	268	153	75%	564	341	65%	
	<b>1,085</b>	<b>521</b>	<b>108%</b>	<b>5,311</b>	<b>1,308</b>	<b>306%</b>	

NM – Not Meaningful

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

Group					
Third Quarter ended			Nine Months ended		
31 Dec '10	31 Dec '09	Change	31 Dec '10	31 Dec '09	Change
\$'000	\$'000	%	\$'000	\$'000	%
<b>Income tax</b>					
- Under/(over) provision of tax in respect of prior years					
82	36	128%	125	(213)	NM

**1(a)(iii) Statement of Comprehensive Income**

Group					
Third Quarter ended			Nine Months ended		
31 Dec '10	31 Dec '09	Change	31 Dec '10	31 Dec '09	Change
\$'000	\$'000	%	\$'000	\$'000	%
<b>Profit for the period</b>					
11,103	9,184	21%	27,094	20,815	30%
<b>Other comprehensive income</b>					
Foreign currency translation					
(42)	(13)	-223%	(1,798)	2,879	NM
Net change in fair value of investment security					
(206)	(619)	67%	(619)	2,060	NM
<b>Total comprehensive income for the period</b>					
10,855	8,552	27%	24,677	25,754	-4%
Total comprehensive income attributable to:					
<b>Owners of the parent</b>					
10,706	8,360	28%	24,149	25,287	-5%
Minority interests					
149	192	-22%	528	467	13%
10,855	8,552	27%	24,677	25,754	-4%

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	<b>Group</b>		<b>Company</b>	
	<b>31 Dec '10</b>	<b>31 Mar '10</b>	<b>31 Dec '10</b>	<b>31 Mar '10</b>
<b>Assets</b>				
<b>Non-current assets</b>	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	24,408	18,819	13,567	9,606
Investment properties	17,477	13,715	8,350	8,350
Investment in subsidiaries	-	-	19,959	19,959
Investment in an associate	2,630	2,183	-	-
Loan to an associate	2,146	2,172	-	-
Investment security	1,648	2,267	1,648	2,267
Other receivables	1,671	956	1,671	956
Deferred tax assets	295	297	-	-
	<u>50,275</u>	<u>40,409</u>	<u>45,195</u>	<u>41,138</u>
<b>Current assets</b>				
Stocks	197,902	159,008	114,937	82,319
Trade debtors	13,517	9,340	8,222	4,386
Other debtors	9,130	12,806	4,005	3,256
Prepaid operating expenses	751	730	328	259
Amount due from an associate	1,077	2,021	-	-
Amount due from subsidiaries	-	-	4,627	9,440
Cash and cash equivalents	45,768	50,452	14,960	24,451
	<u>268,145</u>	<u>234,357</u>	<u>147,079</u>	<u>124,111</u>
<b>Total assets</b>	<b><u>318,420</u></b>	<b><u>274,766</u></b>	<b><u>192,274</u></b>	<b><u>165,249</u></b>
<b>Equity and liabilities</b>				
<b>Current liabilities</b>				
Loans and borrowings	30,909	14,186	11,000	-
Trade creditors	16,725	10,087	9,381	3,649
Other creditors	22,210	20,096	13,644	13,655
Amount due to subsidiaries	-	-	405	62
Provision for taxation	6,869	5,872	3,944	3,995
	<u>76,713</u>	<u>50,241</u>	<u>38,374</u>	<u>21,361</u>
<b>Net current assets</b>	<b>191,432</b>	<b>184,116</b>	<b>108,705</b>	<b>102,750</b>
<b>Non-current liabilities</b>				
Provisions	145	223	-	-
Deferred income	110	-	-	-
Deferred tax liabilities	966	481	481	481
	<u>1,221</u>	<u>704</u>	<u>481</u>	<u>481</u>
<b>Total liabilities</b>	<b><u>77,934</u></b>	<b><u>50,945</u></b>	<b><u>38,855</u></b>	<b><u>21,842</u></b>
<b>Net assets</b>	<b><u>240,486</u></b>	<b><u>223,821</u></b>	<b><u>153,419</u></b>	<b><u>143,407</u></b>
<b>Equity attributable to owners of the parent</b>				
Share capital	66,826	66,514	66,826	66,514
Reserves	165,990	150,029	86,593	76,893
	<u>232,816</u>	<u>216,543</u>	<u>153,419</u>	<u>143,407</u>
<b>Minority interests</b>	7,670	7,278	-	-
<b>Total equity</b>	<b><u>240,486</u></b>	<b><u>223,821</u></b>	<b><u>153,419</u></b>	<b><u>143,407</u></b>
<b>Total equity and liabilities</b>	<b><u>318,420</u></b>	<b><u>274,766</u></b>	<b><u>192,274</u></b>	<b><u>165,249</u></b>

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 Dec '10		As at 31 Mar '10	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	30,909	-	14,186

**Amount repayable after one year**

As at 31 Dec '10		As at 31 Mar '10	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	-	-	-

**Details of any collateral**

The unsecured term loans of certain subsidiaries are covered by corporate guarantees given by the Company and minority shareholders.

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			
	Third Quarter ended		Nine Months ended	
	31 Dec '10	31 Dec '09	31 Dec '10	31 Dec '09
	\$'000	\$'000	\$'000	\$'000
<b>Operating activities:</b>				
Profit before taxation	14,467	11,676	34,631	26,347
Adjustments for:				
Finance costs	163	106	399	319
Interest income	(97)	(98)	(228)	(215)
Depreciation of property, plant and equipment	1,058	861	2,994	2,309
Foreign currency translation adjustment	317	(67)	(547)	699
(Gain)/loss on disposal of property, plant and equipment	(340)	5	(402)	43
Fair value gain on investment property	-	-	(3,093)	-
Share of results of an associate	(168)	(112)	(480)	(463)
<b>Operating cash flow before changes in working capital</b>	<b>15,400</b>	<b>12,371</b>	<b>33,274</b>	<b>29,039</b>
Increase in stocks	(13,464)	(6,045)	(38,894)	(23,384)
Increase in debtors	(41)	(4,353)	(501)	(8,994)
Decrease/(increase) in prepaid operating expenses	350	148	(21)	(464)
Decrease in amount due from an associate	193	214	944	1,491
Increase in long term receivables	(43)	-	(715)	-
Increase in creditors	9,245	5,229	8,784	15,374
<b>Cash flow from operations</b>	<b>11,640</b>	<b>7,564</b>	<b>2,871</b>	<b>13,062</b>
Income taxes paid	(2,553)	(2,249)	(6,052)	(5,407)
Interest paid	(163)	(106)	(399)	(319)
Interest received	97	98	228	215
<b>Net cash flow from/(used in) operating activities</b>	<b>9,021</b>	<b>5,307</b>	<b>(3,352)</b>	<b>7,551</b>
<b>Investing activities:</b>				
Proceeds from disposal of property, plant and equipment	684	-	993	8
Purchase of property, plant and equipment	(4,451)	(1,910)	(9,966)	(4,358)
Investment in an associate	-	-	-	(1,370)
<b>Net cash flow used in investing activities</b>	<b>(3,767)</b>	<b>(1,910)</b>	<b>(8,973)</b>	<b>(5,720)</b>
<b>Financing activities:</b>				
Proceeds from loans and borrowings	7,675	1,897	17,532	2,820
Repayment of loans and borrowings	(778)	(13)	(809)	(2,881)
Proceeds from issue of shares pursuant to scrip dividend scheme	-	-	312	1,308
Dividend paid to minority shareholders of a subsidiary	(72)	(72)	(136)	(128)
Dividend paid on ordinary shares	-	-	(8,188)	(5,798)
<b>Net cash flow from/(used in) financing activities</b>	<b>6,825</b>	<b>1,812</b>	<b>8,711</b>	<b>(4,679)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>12,079</b>	<b>5,209</b>	<b>(3,614)</b>	<b>(2,848)</b>
Effects of exchange rate changes	(417)	(84)	(1,070)	565
Cash and cash equivalents at beginning of period	34,106	34,709	50,452	42,117
<b>Cash and cash equivalents at end of period</b>	<b>45,768</b>	<b>39,834</b>	<b>45,768</b>	<b>39,834</b>

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

	31 Dec '10	31 Dec '09
	\$'000	\$'000
Cash and bank balances	33,358	27,173
Fixed deposits with banks	12,410	12,661
	<b>45,768</b>	<b>39,834</b>

**1(d)(i) A statement (for the issuer 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.**

**Statement of Changes in Equity**

**Group**

	Share capital \$'000	Foreign currency translation reserve \$'000	Fair value adjustment reserve \$'000	Revenue reserve \$'000	Total attributable to owners of the parent \$'000	Minority interests \$'000	Total equity \$'000
<b>Balance at 1 April 2009</b>	65,206	2,080	(412)	116,028	182,902	6,800	189,702
Total comprehensive income for the period	-	1,680	2,267	4,748	8,695	97	8,792
<b>Balance at 30 June 2009</b>	65,206	3,760	1,855	120,776	191,597	6,897	198,494
<b>Balance as at 1 July 2009</b>	65,206	3,760	1,855	120,776	191,597	6,897	198,494
Issuance of new shares pursuant to scrip dividend scheme	1,308	-	-	-	1,308	-	1,308
Dividends on ordinary shares	-	-	-	(5,798)	(5,798)	-	(5,798)
Payment of dividend by a subsidiary	-	-	-	-	-	(56)	(56)
Total comprehensive income for the period	-	1,227	412	6,593	8,232	178	8,410
<b>Balance at 30 September 2009</b>	66,514	4,987	2,267	121,571	195,339	7,019	202,358
<b>Balance at 1 October 2009</b>	66,514	4,987	2,267	121,571	195,339	7,019	202,358
Payment of dividend by a subsidiary	-	-	-	-	-	(72)	(72)
Total comprehensive income for the period	-	(19)	(619)	8,998	8,360	192	8,552
<b>Balance at 31 December 2009</b>	66,514	4,968	1,648	130,569	203,699	7,139	210,838
<b>Balance at 1 April 2010</b>	66,514	6,157	825	143,047	216,543	7,278	223,821
Total comprehensive income for the period	-	(2,278)	(206)	5,235	2,751	153	2,904
<b>Balance at 30 June 2010</b>	66,514	3,879	619	148,282	219,294	7,431	226,725
<b>Balance at 1 July 2010</b>	66,514	3,879	619	148,282	219,294	7,431	226,725
Issuance of new shares pursuant to scrip dividend scheme	312	-	-	-	312	-	312
Dividends on ordinary shares	-	-	-	(8,188)	(8,188)	-	(8,188)
Payment of dividend by a subsidiary	-	-	-	-	-	(64)	(64)
Total comprehensive income for the period	-	520	(207)	10,379	10,692	226	10,918
<b>Balance at 30 September 2010</b>	66,826	4,399	412	150,473	222,110	7,593	229,703
<b>Balance at 1 October 2010</b>	66,826	4,399	412	150,473	222,110	7,593	229,703
Payment of dividend by a subsidiary	-	-	-	-	-	(72)	(72)
Total comprehensive income for the period	-	(28)	(206)	10,940	10,706	149	10,855
<b>Balance at 31 December 2010</b>	66,826	4,371	206	161,413	232,816	7,670	240,486

**Statement of Changes in Equity  
Company**

	Share capital \$'000	Fair value adjustment reserve \$'000	Revenue reserve \$'000	Total equity \$'000
<b>Balance at 1 April 2009</b>	65,206	(412)	66,989	<b>131,783</b>
Total comprehensive income for the period	-	2,267	1,317	<b>3,584</b>
<b>Balance at 30 June 2009</b>	65,206	1,855	68,306	<b>135,367</b>
<b>Balance at 1 July 2009</b>	65,206	1,855	68,306	<b>135,367</b>
Issuance of new shares pursuant to scrip dividend scheme	1,308	-	-	<b>1,308</b>
Dividends on ordinary shares	-	-	(5,798)	<b>(5,798)</b>
Total comprehensive income for the period	-	412	3,335	<b>3,747</b>
<b>Balance at 30 September 2009</b>	66,514	2,267	65,843	<b>134,624</b>
<b>Balance at 1 October 2009</b>	66,514	2,267	65,843	<b>134,624</b>
Total comprehensive income for the period	-	(619)	3,976	<b>3,357</b>
<b>Balance at 31 December 2009</b>	66,514	1,648	69,819	<b>137,981</b>
<b>Balance at 1 April 2010</b>	66,514	825	76,068	<b>143,407</b>
Total comprehensive income for the period	-	(206)	10,537	<b>10,331</b>
<b>Balance at 30 June 2010</b>	66,514	619	86,605	<b>153,738</b>
<b>Balance at 1 July 2010</b>	66,514	619	86,605	<b>153,738</b>
Issuance of new shares pursuant to scrip dividend scheme	312	-	-	<b>312</b>
Dividends on ordinary shares	-	-	(8,188)	<b>(8,188)</b>
Total comprehensive income for the period	-	(207)	3,758	<b>3,551</b>
<b>Balance at 30 September 2010</b>	66,826	412	82,175	<b>149,413</b>
Balance at 1 October 2010	66,826	412	82,175	<b>149,413</b>
Total comprehensive income for the period	-	(206)	4,212	<b>4,006</b>
<b>Balance at 31 December 2010</b>	66,826	206	86,387	<b>153,419</b>

**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 issuer, 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 in the period under review.

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 Dec '10	31 Mar '10
234,331,711	233,954,723

**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 issuer’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 2010, 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 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 or after 1 January 2010. The adoption of these new/revised FRSs and INT FRSs does not result in any material effect on the financial statements for 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			
	Third Quarter ended		Nine Months ended	
	31 Dec '10	31 Dec '09	31 Dec '10	31 Dec '09
(a) Weighted average number of ordinary shares for calculation of basic and diluted earnings per share	234,331,711	233,954,723	234,098,664	232,696,232
(b) Basic and diluted earnings per share (cents)	4.67	3.85	11.34	8.74

EPS is calculated by dividing the Group's profits after tax and minority interest 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 December 2010.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the**

- (a) **current financial period reported on; and**  
 (b) **immediately preceding financial year**

	Group		Company	
	31 Dec '10	31 Mar '10	31 Dec '10	31 Mar '10
Number of issued shares	234,331,711	233,954,723	234,331,711	233,954,723
Net asset value per ordinary share (cents)	99.35	92.56	65.47	61.30

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**

**3Q FY2011 vs 3Q FY2010**

For the third quarter ended 31 December 2010 ("3Q FY2011"), Group revenue was \$144.2 million, registering a slight increase from \$142.3 million from the last corresponding quarter. Net profit after tax improved by 21% to \$11.1 million on higher gross margins attained.

**9M FY2011 vs 9M FY2010**

The Group registered revenue of \$377.1 million for the nine months ended 31 December 2010 ("9M FY2011"), compared to \$366.5 million for the same period last year. Improved margins from all brands resulted in higher gross margins of 20.7%. Profit after tax increased 30% to \$27.1 million.

As at 31 December 2010, consolidated net assets were \$232.8 million or 99.35 cents per ordinary share. Stocks amounted to \$197.9 million, following additional inventory purchases for new boutiques.

**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 September 2010.

**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**

Consumer sentiment remains positive with an improving economic growth in the region. The Group will capitalize on its premium retail network and enhanced merchandising portfolio to leverage on the higher number of tourists expected.

In Singapore, the Group opened its 8,000 square feet first-of-its-kind luxury concept store at Knightsbridge. "Malmaison by The Hour Glass", draws distinction from its unique concept, celebrated brand selection and premium service offerings.

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/recommendeded, a statement to that effect.**

No dividend is declared or recommended in respect of the current financial period reported on.

**13. 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 statement of financial position, consolidated income statement, consolidated statement of cash flow and statements of changes in equity, together with their accompanying notes) as at 31 December 2010 and the results of the business, changes in equity and cash flows of the Group for the nine months ended on that date, 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.

**BY ORDER OF THE BOARD**

Christine Chan  
Company Secretary  
01 February 2011



# THE HOUR GLASS

## 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 statement of financial position, consolidated income statement, consolidated cash flow statements and statements of changes in equity, together with their accompanying notes) as at 31 December 2010 and the results of the business, changes in equity and cash flows of the Group for the nine months ended on that date, to be false or misleading in any material respect.

On behalf of the Board of Directors

Michael Tay Wee Jin  
Executive Director

Kenny Chan Swee Kheng  
Group Managing Director

Singapore  
01 February 2011