

THE HOUR GLASS LIMITED
Co. Registration No: 197901972D

Unaudited Third Quarter And Nine Months Financial Statement For The Period Ended 31 December 2011

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 11	31 Dec 10	Change	31 Dec 11	31 Dec 10	Change
		\$'000	\$'000	%	\$'000	\$'000	%
	Revenue	169,674	144,211	18%	449,562	377,109	19%
	Other Income	887	1,085	-18%	2,901	5,311	-45%
	Total revenue and other income	170,561	145,296	17%	452,463	382,420	18%
	Cost of goods sold	126,366	113,935	11%	344,630	298,983	15%
	Salaries and employees benefits	10,707	8,629	24%	29,144	23,543	24%
	Depreciation of property, plant and equipment	1,401	1,058	32%	4,286	2,994	43%
	Selling and promotion expenses	4,159	2,339	78%	11,165	8,177	37%
	Rental expenses	4,007	2,976	35%	11,031	9,530	16%
	Finance costs	97	163	-40%	232	399	-42%
	Foreign exchange (gain)/loss	(180)	162	NM	48	(234)	NM
	Other operating expenses	1,540	1,735	-11%	4,736	4,877	-3%
	Total costs and expenses	148,097	130,997	13%	405,272	348,269	16%
	Share of results of an associate	406	168	142%	770	480	60%
	Profit before taxation	22,870	14,467	58%	47,961	34,631	38%
	Taxation	4,449	3,364	32%	9,485	7,537	26%
	Profit for the period	18,421	11,103	66%	38,476	27,094	42%
	Profit attributable to:						
	Owners of the parent	18,079	10,940	65%	37,356	26,554	41%
	Non-controlling interests	342	163	110%	1,120	540	107%
		18,421	11,103	66%	38,476	27,094	42%

Note:

(i) Other income

		Group					
		Third Quarter ended			Nine Months ended		
		31 Dec 11	31 Dec 10	Change	31 Dec 11	31 Dec 10	Change
		\$'000	\$'000	%	\$'000	\$'000	%
	Rental income	263	253	4%	778	687	13%
	Interest income	207	97	113%	588	228	158%
	(Loss)/gain on disposal of property, plant and equipment, net	(2)	340	NM	94	402	-77%
	Fair value gain on investment property	-	-	0%	-	3,093	-100%
	Management fee	145	127	14%	414	337	23%
	Others	274	268	2%	1,027	564	82%
		887	1,085	-18%	2,901	5,311	-45%

NM – Not Meaningful

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					
Third Quarter ended			Nine Months ended		
31 Dec 11 \$'000	31 Dec 10 \$'000	Change %	31 Dec 11 \$'000	31 Dec 10 \$'000	Change %
37	82	-55%	51	125	-59%

1(a)(iii) Statement of Comprehensive Income

Profit for the period

Other comprehensive income

Foreign currency translation

Net surplus on revaluation of leasehold premises

Net change in fair value of investment security

Other comprehensive income/(loss) for the period, net of tax

Total comprehensive income for the period

Total comprehensive income attributable to:

Owners of the parent

Non-controlling interests

Group					
Third Quarter ended			Nine Months ended		
31 Dec 11 \$'000	31 Dec 10 \$'000	Change %	31 Dec 11 \$'000	31 Dec 10 \$'000	Change %
18,421	11,103	66%	38,476	27,094	42%
1,892	(42)	NM	2,628	(1,798)	NM
-	-	0%	69	-	NM
124	(206)	NM	(701)	(619)	13%
2,016	(248)	NM	1,996	(2,417)	NM
20,437	10,855	88%	40,472	24,677	64%
20,091	10,706	88%	39,366	24,149	63%
346	149	132%	1,106	528	109%
20,437	10,855	88%	40,472	24,677	64%

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 Dec 11	31 Mar 11	31 Dec 11	31 Mar 11
Assets				
Non-current assets	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	22,107	25,076	12,694	14,655
Investment properties	19,819	18,739	8,850	8,850
Investment in subsidiaries	-	-	20,459	20,459
Investment in an associate	3,481	2,788	-	-
Loan to an associate	2,033	2,084	-	-
Loan to a subsidiary	-	-	8,000	-
Investment security	536	1,236	536	1,236
Other receivables	5,755	5,330	1,760	1,671
Deferred tax assets	474	513	-	-
	54,205	55,766	52,299	46,871
Current assets				
Stocks	232,670	190,742	140,646	117,340
Trade and other receivables	22,338	15,950	13,964	9,879
Prepaid operating expenses	1,130	477	722	275
Amount due from an associate	615	866	-	-
Amount due from subsidiaries	-	-	5,839	3,946
Cash and cash equivalents	64,731	50,708	16,048	13,267
	321,484	258,743	177,219	144,707
Total assets	375,689	314,509	229,518	191,578
Equity and liabilities				
Current liabilities				
Loans and borrowings	32,797	14,292	24,000	-
Trade and other payables	44,660	33,068	27,795	21,087
Amount due to subsidiaries	-	-	66	16
Provision for taxation	9,803	8,111	5,912	5,802
	87,260	55,471	57,773	26,905
Net current assets	234,224	203,272	119,446	117,802
Non-current liabilities				
Provisions	133	145	-	-
Deferred income	113	152	-	-
Deferred tax liabilities	1,307	1,280	702	702
	1,553	1,577	702	702
Total liabilities	88,813	57,048	58,475	27,607
Net assets	286,876	257,461	171,043	163,971
Equity attributable to owners of the parent				
Share capital	67,638	66,826	67,638	66,826
Reserves	210,402	182,754	103,405	97,145
	278,040	249,580	171,043	163,971
Non-controlling interests	8,836	7,881	-	-
Total equity	286,876	257,461	171,043	163,971
Total equity and liabilities	375,689	314,509	229,518	191,578

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 11		As at 31 Mar 11	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	32,797	-	14,292

Amount repayable after one year

As at 31 Dec 11		As at 31 Mar 11	
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.

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 11	31 Dec 10	31 Dec 11	31 Dec 10
	\$'000	\$'000	\$'000	\$'000
Cash flow from operating activities				
Profit before taxation	22,870	14,467	47,961	34,631
Adjustments for:				
Finance costs	97	163	232	399
Interest income	(207)	(97)	(588)	(228)
Depreciation of property, plant and equipment	1,401	1,058	4,286	2,994
Foreign currency translation adjustment	15	317	525	(547)
Loss/(gain) on disposal of property, plant and equipment, net	2	(340)	(94)	(402)
Fair value gain on investment property	-	-	-	(3,093)
Share of results of an associate	(406)	(168)	(770)	(480)
Operating cash flow before changes in working capital	23,772	15,400	51,552	33,274
Increase in stocks	(13,246)	(13,464)	(41,440)	(38,894)
Increase in receivables	(3,699)	(84)	(6,387)	(1,216)
Decrease/(increase) in prepaid operating expenses	67	350	(643)	(21)
(Increase)/decrease in amount due from an associate	(63)	193	230	944
Increase in payables	7,798	9,245	11,373	8,784
Cash flow used in operations	14,629	11,640	14,685	2,871
Income taxes paid	(2,909)	(2,553)	(7,908)	(6,052)
Interest paid	(97)	(163)	(232)	(399)
Interest received	207	97	588	228
Net cash flow used in operating activities	11,830	9,021	7,133	(3,352)
Cash flow from investing activities				
Proceeds from disposal of property, plant and equipment	1	684	110	993
Purchase of property, plant and equipment	(235)	(4,451)	(1,514)	(9,966)
Net cash flow used in investing activities	(234)	(3,767)	(1,404)	(8,973)
Cash flow from financing activities				
Proceeds from loans and borrowings	2,434	7,675	26,933	17,532
Repayment of loans and borrowings	(34)	(778)	(8,913)	(809)
Proceeds from issue of shares pursuant to scrip dividend scheme	-	-	812	312
Dividend paid to non-controlling interests of a subsidiary	(72)	(72)	(152)	(136)
Dividend paid on ordinary shares	-	-	(11,717)	(8,188)
Net cash flow from financing activities	2,328	6,825	6,963	8,711
Net decrease in cash and cash equivalents	13,924	12,079	12,692	(3,614)
Effects of exchange rate changes	459	(417)	1,331	(1,070)
Cash and cash equivalents at beginning of financial period	50,348	34,106	50,708	50,452
Cash and cash equivalents at end of financial period	64,731	45,768	64,731	45,768

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

	31 Dec 11	31 Dec 10
	\$'000	\$'000
Cash and bank balances	33,146	33,358
Fixed deposits with banks	31,585	12,410
	64,731	45,768

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.

Group	Share capital \$'000	Foreign currency translation reserve \$'000	Fair value adjustment reserve \$'000	Asset revaluation reserve \$'000	Revenue reserve \$'000	Total attributable to owners of the parent \$'000	Minority interests \$'000	Total equity \$'000
Balance at 1 April 2010	66,514	6,157	825	-	143,047	216,543	7,278	223,821
Profit for the period	-	-	-	-	5,235	5,235	151	5,386
Other comprehensive income	-	(2,278)	(206)	-	-	(2,484)	2	(2,482)
Total comprehensive income for the period	-	(2,278)	(206)	-	5,235	2,751	153	2,904
Balance at 30 June 2010	66,514	3,879	619	-	148,282	219,294	7,431	226,725
Balance as at 1 July 2010	66,514	3,879	619	-	148,282	219,294	7,431	226,725
Profit for the period	-	-	-	-	10,379	10,379	229	10,608
Other comprehensive income	-	520	(207)	-	-	313	(3)	310
Total comprehensive income for the period	-	520	(207)	-	10,379	10,692	226	10,918
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)
Balance at 30 September 2010	66,826	4,399	412	-	150,473	222,110	7,593	229,703
Balance at 1 October 2010	66,826	4,399	412	-	150,473	222,110	7,593	229,703
Profit for the period	-	-	-	-	10,940	10,940	163	11,103
Other comprehensive income	-	(28)	(206)	-	-	(234)	(14)	(248)
Total comprehensive income for the period	-	(28)	(206)	-	10,940	10,706	149	10,855
Payment of dividend by a subsidiary	-	-	-	-	-	-	(72)	(72)
Balance at 31 December 2010	66,826	4,371	206	-	161,413	232,816	7,670	240,486

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

Group	Share capital \$'000	Foreign currency translation reserve \$'000	Fair value adjustment reserve \$'000	Asset revaluation reserve \$'000	Revenue reserve \$'000	Total attributable to owners of the parent \$'000	Minority interests \$'000	Total equity \$'000
Balance at 1 April 2011	66,826	3,194	(206)	2,532	177,234	249,580	7,881	257,461
Profit for the period	-	-	-	-	8,614	8,614	498	9,112
Other comprehensive income	-	(1,049)	(618)	-	-	(1,667)	(18)	(1,685)
Total comprehensive income for the period	-	(1,049)	(618)	-	8,614	6,947	480	7,427
Payment of dividend by a subsidiary	-	-	-	-	-	-	(80)	(80)
Balance at 30 June 2011	66,826	2,145	(824)	2,532	185,848	256,527	8,281	264,808
Balance at 1 July 2011	66,826	2,145	(824)	2,532	185,848	256,527	8,281	264,808
Profit for the period	-	-	-	-	10,663	10,663	280	10,943
Other comprehensive income	-	1,802	(206)	69	-	1,665	-	1,665
Total comprehensive income for the period	-	1,802	(206)	69	10,663	12,328	280	12,608
Issuance of new shares pursuant to scrip dividend scheme	812	-	-	-	-	812	-	812
Dividends on ordinary shares	-	-	-	-	(11,717)	(11,717)	-	(11,717)
Balance at 30 September 2011	67,638	3,947	(1,030)	2,601	184,794	257,950	8,561	266,511
Balance at 1 October 2011	67,638	3,947	(1,030)	2,601	184,794	257,950	8,561	266,511
Profit for the period	-	-	-	-	18,079	18,079	342	18,421
Other comprehensive income	-	1,887	124	-	-	2,011	5	2,016
Total comprehensive income for the period	-	1,887	124	-	18,079	20,090	347	20,437
Payment of dividend by a subsidiary	-	-	-	-	-	-	(72)	(72)
Balance at 31 December 2011	67,638	5,834	(906)	2,601	202,873	278,040	8,836	286,876

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

Company	Share capital \$'000	Fair value adjustment reserve \$'000	Revenue reserve \$'000	Total equity \$'000
Balance at 1 April 2010	66,514	825	76,068	143,407
Profit for the period	-	-	10,537	10,537
Other comprehensive income	-	(206)	-	(206)
Total comprehensive income for the period	-	(206)	10,537	10,331
Balance at 30 June 2010	66,514	619	86,605	153,738
Balance at 1 July 2010	66,514	619	86,605	153,738
Profit for the period	-	-	3,758	3,758
Other comprehensive income	-	(207)	-	(207)
Total comprehensive income for the period	-	(207)	3,758	3,551
Issuance of new shares pursuant to scrip dividend scheme	312	-	-	312
Dividends on ordinary shares	-	-	(8,188)	(8,188)
Balance at 30 September 2010	66,826	412	82,175	149,413
Balance at 1 October 2010	66,826	412	82,175	149,413
Profit for the period	-	-	4,212	4,212
Other comprehensive income	-	(206)	-	(206)
Total comprehensive income for the period	-	(206)	4,212	4,006
Balance at 31 December 2010	66,826	206	86,387	153,419
Balance at 1 April 2011	66,826	(206)	97,351	163,971
Profit for the period	-	-	3,404	3,404
Other comprehensive income	-	(618)	-	(618)
Total comprehensive income for the period	-	(618)	3,404	2,786
Balance at 30 June 2011	66,826	(824)	100,755	166,757
Balance at 1 July 2011	66,826	(824)	100,755	166,757
Profit for the period	-	-	5,172	5,172
Other comprehensive income	-	(206)	-	(206)
Total comprehensive income for the period	-	(206)	5,172	4,966
Issuance of new shares pursuant to scrip dividend scheme	812	-	-	812
Dividends on ordinary shares	-	-	(11,717)	(11,717)
Balance at 30 September 2011	67,638	(1,030)	94,210	160,818
Balance at 1 October 2011	67,638	(1,030)	94,210	160,818
Profit for the period	-	-	10,101	10,101
Other comprehensive income	-	124	-	124
Total comprehensive income for the period	-	124	10,101	10,225
Balance at 31 December 2011	67,638	(906)	104,311	171,043

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 11	31 Mar 11
235,003,960	234,331,711

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 period consistent with those of the audited financial statements for the year ended 31 March 2011, 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 2011, including revised FRS24 – Related party disclosures. FRS24 is a disclosure standard, it has no material impact on the financial statements of the Group.

6. **Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Group			
	Third Quarter ended		Nine Months ended	
	31 Dec 11	31 Dec 10	31 Dec 11	31 Dec 10
(a) Weighted average number of ordinary shares for calculation of basic and diluted earnings per share	235,003,960	234,331,711	234,593,277	234,098,664
(b) Basic and diluted earnings per share (cents)	7.69	4.67	15.92	11.34

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 2011.

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 issuer at the end of the**

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

	Group		Company	
	31 Dec 11	31 Mar 11	31 Dec 11	31 Mar 11
Number of issued shares	235,003,960	234,331,711	235,003,960	234,331,711
Net asset value per ordinary share (in \$)	1.18	1.07	0.73	0.70

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 FY2012 vs 3Q FY2011

Due to stronger performance across the Group, revenue for the third quarter ended 31 December 2011 ("3Q FY2012") was \$169.7 million, an increase of 18% from \$144.2 million registered in the corresponding quarter last year. Gross margin was 25.5% versus 21.0%. Operating expenses, including advertising and promotion expenses, were higher due to increased business activities. Profit after tax was \$18.4 million, compared to \$11.1 million for 3Q FY2011.

9M FY2012 vs 9M FY2011

For the nine months ended 31 December 2011 ("9M FY2012"), revenue grew by 19% to \$449.6 million, compared to \$377.1 million achieved in the same period last year. The merchandise sales mix had enhanced gross margins to 23.3% versus 20.7%. Profit after tax increased by 42% to \$38.5 million.

As at 31 December 2011, consolidated net assets were \$278.0 million or \$1.18 per ordinary 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 September 2011.

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

Despite the global economic uncertainty, we are cautiously optimistic that consumer sentiment will remain positive in the luxury retail segment.

Barring any unforeseen circumstances, the Group expects to be profitable for the financial year.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(c) Date Payable

Not applicable

(d) Books Closure Date

Not applicable

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

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

13. **If the Company has obtained a general mandate from shareholders for interested person transactions (“IPT mandate”), the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Company does not have an IPT mandate.

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

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and the Company (comprising the statements of financial position, statements of changes in equity, consolidated income statement, consolidated statement of comprehensive income, and consolidated statement of cash flow together with their accompanying notes) for the nine months ended 31 December 2011 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
14 February 2012


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 nine months ended 31 December 2011 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
14 February 2012