

THE HOUR GLASS

THE HOUR GLASS LIMITED
Co. Registration No: 197901972D

Unaudited Full Year Financial Statement and Dividend Announcement For The Year Ended 31 March 2012

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

		Group		
		Full Year ended		
	Note	31 Mar 12	31 Mar 11	Change
		\$'000	\$'000	%
Revenue		607,009	517,617	17%
Other Income	(i)	4,771	4,217	13%
Total revenue and other income		611,780	521,834	17%
Cost of goods sold		460,654	401,462	15%
Salaries and employees benefits		40,264	32,415	24%
Depreciation of property, plant and equipment		5,853	4,381	34%
Selling and promotion expenses		13,650	10,100	35%
Rental expenses		15,087	12,513	21%
Finance costs		316	552	-43%
Foreign exchange loss/(gain)		67	(262)	NM
Impairment loss on investment security		659	-	NM
Other operating expenses		7,062	7,105	-1%
Total costs and expenses		543,612	468,266	16%
Share of results of an associate		1,170	715	64%
Profit before taxation		69,338	54,283	28%
Taxation		13,171	11,102	19%
Profit for the year		56,167	43,181	30%
Profit attributable to:				
Owners of the Company		54,711	42,375	29%
Non-controlling interests		1,456	806	81%
		56,167	43,181	30%

Note:

(i) Other income

		Group		
		Full Year ended		
		31 Mar 12	31 Mar 11	Change
		\$'000	\$'000	%
Rental income		1,055	952	11%
Interest income		886	373	138%
Gain on disposal of property, plant and equipment, net		148	383	-61%
Fair value gain on investment property		1,107	1,370	-19%
Management fee		539	457	18%
Others		1,036	682	52%
		4,771	4,217	13%

NM – Not Meaningful

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

	Group		
	Full Year ended		
	31 Mar 12	31 Mar 11	Change
	\$'000	\$'000	%
Income tax			
- (Over) / under provision of tax in respect of prior years	(291)	107	NM

1(a)(iii) Statement of Comprehensive Income

	Group		
	Full Year ended		
	31 Mar 12	31 Mar 11	Change
	\$'000	\$'000	%
Profit for the year	56,167	43,181	30%
Other comprehensive income			
Foreign currency translation	(458)	(2,982)	-85%
Net surplus on revaluation of premises	69	2,532	-97%
Net change in fair value of investment security	(453)	(1,031)	-56%
Other comprehensive loss for the year, net of tax	(842)	(1,481)	-43%
Total comprehensive income for the year	55,325	41,700	33%
Total comprehensive income attributable to:			
Owners of the Company	53,881	40,913	32%
Non-controlling interests	1,444	787	83%
	55,325	41,700	33%

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

	Group		Company	
	31 Mar 12	31 Mar 11	31 Mar 12	31 Mar 11
Assets				
Non-current assets	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	22,248	25,076	13,448	14,655
Investment properties	20,629	18,739	9,100	8,850
Investment in subsidiaries	-	-	20,459	20,459
Investment in an associate	3,864	2,788	-	-
Loan to a subsidiary	-	-	8,000	-
Loan to an associate	2,023	2,084	-	-
Investment security	783	1,236	783	1,236
Other receivables	5,637	5,330	1,945	1,671
Deferred tax assets	786	513	-	-
	<u>55,970</u>	<u>55,766</u>	<u>53,735</u>	<u>46,871</u>
Current assets				
Stocks	230,954	190,742	141,582	117,340
Trade and other receivables	17,393	15,950	10,538	9,879
Prepaid operating expenses	530	477	292	275
Amount due from an associate	170	866	-	-
Amount due from subsidiaries	-	-	5,276	3,946
Cash and cash equivalents	53,701	50,708	5,598	13,267
	<u>302,748</u>	<u>258,743</u>	<u>163,286</u>	<u>144,707</u>
Total assets	<u>358,718</u>	<u>314,509</u>	<u>217,021</u>	<u>191,578</u>
Equity and liabilities				
Current liabilities				
Loans and borrowings	3,069	14,292	-	-
Trade and other payables	41,995	33,068	26,365	21,087
Amount due to subsidiaries	-	-	10	16
Provision for taxation	9,602	8,111	7,523	5,802
	<u>54,666</u>	<u>55,471</u>	<u>33,898</u>	<u>26,905</u>
Net current assets	<u>248,082</u>	<u>203,272</u>	<u>129,388</u>	<u>117,802</u>
Non-current liabilities				
Provisions	133	145	-	-
Deferred income	93	152	-	-
Deferred tax liabilities	1,538	1,280	961	702
	<u>1,764</u>	<u>1,577</u>	<u>961</u>	<u>702</u>
Total liabilities	<u>56,430</u>	<u>57,048</u>	<u>34,859</u>	<u>27,607</u>
Net assets	<u>302,288</u>	<u>257,461</u>	<u>182,162</u>	<u>163,971</u>
Equity attributable to owners of the Company				
Share capital	67,638	66,826	67,638	66,826
Reserves	225,577	182,754	114,524	97,145
	<u>293,215</u>	<u>249,580</u>	<u>182,162</u>	<u>163,971</u>
Non-controlling interests	9,073	7,881	-	-
Total equity	<u>302,288</u>	<u>257,461</u>	<u>182,162</u>	<u>163,971</u>
Total equity and liabilities	<u>358,718</u>	<u>314,509</u>	<u>217,021</u>	<u>191,578</u>

1(b)(ii) Aggregate amount of Group's borrowings and debt securities as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

Amount repayable in one year or less, or on demand

As at 31 Mar 12		As at 31 Mar 11	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	3,069	-	14,292

Amount repayable after one year

As at 31 Mar 12		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	
	Full Year ended	
	31 Mar 12	31 Mar 11
	\$'000	\$'000
Operating activities		
Profit before taxation	69,338	54,283
Adjustments for:		
Finance costs	316	552
Interest income	(886)	(373)
Depreciation of property, plant and equipment	5,853	4,381
Foreign currency translation adjustment	(163)	(1,286)
Gain on disposal of property, plant and equipment, net	(148)	(383)
Fair value gain on investment property	(1,107)	(1,370)
Impairment loss in investment security	659	-
Share of results of an associate	(1,170)	(715)
Operating cash flows before changes in working capital	72,692	55,089
Increase in stocks	(40,465)	(31,734)
(Increase) / decrease in receivables	(1,727)	1,822
(Increase) / decrease in prepaid operating expenses	(53)	253
Decrease in amount due from an associate	671	1,155
Increase in payables	8,888	2,959
Cash flows from operations	40,006	29,544
Income taxes paid	(11,711)	(8,718)
Interest paid	(316)	(552)
Interest received	886	373
Net cash flows from operating activities	28,865	20,647
Investing activities		
Proceeds from disposal of property, plant and equipment	371	1,109
Purchase of property, plant and equipment	(3,916)	(12,098)
Net cash flows used in investing activities	(3,545)	(10,989)
Financing activities		
Proceeds from loans and borrowings	-	805
Repayment of loans and borrowings	(11,150)	(699)
Proceeds from issue of shares pursuant to scrip dividend scheme	812	312
Dividends paid to non-controlling interests of a subsidiary	(252)	(184)
Dividends paid on ordinary shares	(11,717)	(8,188)
Net cash flows used in financing activities	(22,307)	(7,954)
Net increase in cash and cash equivalents	3,013	1,704
Effects of exchange rate changes	(20)	(1,448)
Cash and cash equivalents at 1 April	50,708	50,452
Cash and cash equivalents at 31 March	53,701	50,708

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

	31 Mar 12	31 Mar 11
	\$'000	\$'000
Cash and bank balances	21,996	32,526
Fixed deposits with banks	31,705	18,182
	53,701	50,708

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	Fair value adjustment 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 2010	66,514	6,157	825	-	143,047	216,543	7,278	223,821
Profit for the year	-	-	-	-	42,375	42,375	806	43,181
Other comprehensive income	-	(2,963)	(1,031)	2,532	-	(1,462)	(19)	(1,481)
Total comprehensive income for the year	-	(2,963)	(1,031)	2,532	42,375	40,913	787	41,700
Issuance of new shares pursuant to scrip dividend scheme	312	-	-	-	-	312	-	312
Dividends on ordinary shares	-	-	-	-	(8,188)	(8,188)	-	(8,188)
Payment of dividends by a subsidiary	-	-	-	-	-	-	(184)	(184)
Balance at 31 March 2011	66,826	3,194	(206)	2,532	177,234	249,580	7,881	257,461
Balance at 1 April 2011	66,826	3,194	(206)	2,532	177,234	249,580	7,881	257,461
Profit for the year	-	-	-	-	54,711	54,711	1,456	56,167
Other comprehensive income	-	(446)	(453)	69	-	(830)	(12)	(842)
Total comprehensive income for the year	-	(446)	(453)	69	54,711	53,881	1,444	55,325
Issuance of new shares pursuant to scrip dividend scheme	812	-	-	-	-	812	-	812
Dividends on ordinary shares	-	-	-	-	(11,717)	(11,717)	-	(11,717)
Payment of dividends by a subsidiary	-	-	-	-	-	-	(252)	(252)
Recognised in the income statement on impairment loss of investment security	-	-	659	-	-	659	-	659
Reclassification of reserve arising from liquidation of a foreign subsidiary	-	(187)	-	-	187	-	-	-
Balance at 31 March 2012	67,638	2,561	-	2,601	220,415	293,215	9,073	302,288

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 year	-	-	29,471	29,471
Other comprehensive income	-	(1,031)	-	(1,031)
Total comprehensive income for the year	-	(1,031)	29,471	28,440
Issuance of new shares pursuant to scrip dividend scheme	312	-	-	312
Dividends on ordinary shares	-	-	(8,188)	(8,188)
Balance at 31 March 2011	66,826	(206)	97,351	163,971
Balance at 1 April 2011	66,826	(206)	97,351	163,971
Profit for the year	-	-	28,890	28,890
Other comprehensive income	-	(453)	-	(453)
Total comprehensive income for the year	-	(453)	28,890	28,437
Issuance of new shares pursuant to scrip dividend scheme	812	-	-	812
Dividends on ordinary shares	-	-	(11,717)	(11,717)
Recognised in the income statement on impairment loss of investment security	-	659	-	659
Balance at 31 March 2012	67,638	-	114,524	182,162

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 since the previous announcement for the period ended 31 December 2011.

The Company does not have any outstanding share convertibles and treasury shares at the end of the year under review.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

31 Mar 12	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 year 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

(a) Weighted average number of ordinary shares for calculation of basic and diluted earnings per share

(b) Basic and diluted earnings per share (cents)

Group	
Full Year ended	
31 Mar 12	31 Mar 11
234,695,387	234,156,128
23.31	18.10

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 March 2012.

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 Mar 12	31 Mar 11	31 Mar 12	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 \$)	1.25	1.07	0.78	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**

Group revenue for the year ended 31 March 2012 ("FY2012") rose to \$607.0 million, an increase of 17% from the previous financial year ("FY2011"). The Group benefitted from the successful expansion of its retail network and customer acceptance of its new retail concepts. The growth also resulted from full year contributions from new boutiques at Knightsbridge, Raffles Place and Marina Bay Sands in Singapore.

Gross margin was 24.1% compared to 22.4%. The improvement in gross margin was driven by a more dedicated focus on its portfolio of brands. Operating expenses, including staff costs, advertising and rentals were higher due to the Group's retail expansion and higher levels of sales activity.

Profit after tax was \$56.2 million, an increase of 30% from FY2011.

As at 31 March 2012, consolidated net assets were \$293.2 million and cash and cash equivalents stood at \$53.7 million.

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

The Group's performance for the year under review is in line with the prospect statement in the results announcement for the period ended 31 December 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**

Given the weak economic conditions in global markets, especially the slowdown of the luxury goods industry in Asia, it is anticipated that the lower level of consumer sentiment may begin to exert downward pressure.

The Group will continue its efforts to enhance its premium retail network and explore new businesses. In addition to refreshing its boutique environments and fine-tuning its merchandise mix, the Group plans to add more retail stores in key markets, namely in Singapore, Australia and Hong Kong.

Barring any unforeseen circumstances, the Group is cautiously optimistic of its outlook for the next financial year.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

Yes

Name of Dividend	Proposed First and Final Dividend
Dividend Type	Cash
Dividend amount per Ordinary Share	6.00 cents
Tax Rate	(one-tier)

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

(a) Corresponding Period of the Immediately Preceding Financial Year

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

Yes

Name of Dividend	First and Final Dividend
Dividend Type	Cash or Scrip
Dividend amount per Ordinary Share	5.00 cents
Tax Rate	(one-tier)

(c) Date Payable

The Directors have recommended a first and final dividend of 6.00 cents per ordinary share (one-tier) ("FY2012 Dividend") amounting to approximately \$14,100,000. This is subject to the approval of the shareholders of the Company at the next Annual General Meeting to be held on 18 July 2012.

(d) Books Closure Date

The books closure and payment dates in respect of the FY2012 Dividend will be announced on a later date.

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

Not applicable.

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

The Company does not have an IPT mandate.

14. Negative confirmation pursuant to Rule 705(5).

Not applicable for full year results announcement.

Part II – Additional Information required for Full Year Announcement

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

2012	South East Asia & Australia S\$'000	North East Asia S\$'000	Total S\$'000	Eliminations S\$'000	Group S\$'000
Segment Revenue:					
Sales to external customers	522,808	84,201	607,009	-	607,009
Inter-segment sales	54	1,437	1,491	(1,491)	-
Interest income	741	145	886	-	886
Other income	4,367	114	4,481	(596)	3,885
Total revenue and other income	<u>527,970</u>	<u>85,897</u>	<u>613,867</u>	<u>(2,087)</u>	<u>611,780</u>
Segment results:					
Segment results	55,342	13,200	68,542	(506)	68,036
Finance costs					(316)
Fair value gain on investment properties					1,107
Impairment loss on investment security					(659)
Share of results of an associate					1,170
Profit before taxation					<u>69,338</u>
Taxation					<u>(13,171)</u>
Profit for the year					<u>56,167</u>
Other segment information:					
Segment assets	298,586	55,482	354,068	-	354,068
Investment in an associate	3,864	-	3,864	-	3,864
Unallocated corporate assets					786
					<u>358,718</u>
Segment liabilities	38,961	6,329	45,290	-	45,290
Unallocated corporate liabilities					11,140
					<u>56,430</u>
Capital expenditure for the year	3,855	61	3,916	-	3,916
Depreciation	5,431	422	5,853	-	5,853
2011	South East Asia & Australia S\$'000	North East Asia S\$'000	Total S\$'000	Eliminations S\$'000	Group S\$'000
Segment Revenue:					
Sales to external customers	439,164	78,453	517,617	-	517,617
Inter-segment sales	59	246	305	(305)	-
Interest income	366	7	373	-	373
Other income	11,243	607	11,850	(8,006)	3,844
Total revenue and other income	<u>450,832</u>	<u>79,313</u>	<u>530,145</u>	<u>(8,311)</u>	<u>521,834</u>
Segment results:					
Segment results	50,218	11,017	61,235	(8,485)	52,750
Finance costs					(552)
Fair value gain on investment properties					1,370
Share of results of an associate					715
Profit before taxation					<u>54,283</u>
Taxation					<u>(11,102)</u>
Profit for the year					<u>43,181</u>
Other segment information:					
Segment assets	264,396	46,812	311,208	-	311,208
Investment in an associate	2,788	-	2,788	-	2,788
Unallocated corporate assets					513
					<u>314,509</u>
Segment liabilities	39,094	8,563	47,657	-	47,657
Unallocated corporate liabilities					9,391
					<u>57,048</u>
Capital expenditure for the year	11,245	853	12,098	-	12,098
Depreciation	3,927	454	4,381	-	4,381

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

Refer to Paragraph 8.

17. A breakdown of sales as follows:

	Group		
	2012 S\$'000	2011 S\$'000	Change %
Revenue for first half year	279,888	232,898	20.2
Profit after tax for first half year	20,055	15,992	25.4
Revenue for second half year	327,121	284,719	14.9
Profit after tax for second half year	36,112	27,189	32.8

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

Total Annual Dividend

	Latest Full Year S\$'000	Previous Full Year S\$'000
Ordinary	14,100	11,717
Preference	-	-
Total	<u>14,100</u>	<u>11,717</u>

19. Disclosure of persons occupying managerial positions in the Company or any of its principal subsidiaries who are related to the directors or chief executive officer or substantial shareholders of the Company pursuant to Rule 704(13).

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Mrs Choy Siew Sen	61	Sister of Dato' Dr Jannie Chan Siew Lee and Dr Kenny Chan Swee Kheng. Aunt of Mr Michael Tay Wee Jin.	Manager (since 1997) - Melbourne Boutique (The Hour Glass Australia Pty Ltd). Responsible for operations of the retail outlet in Melbourne, Australia.	Nil.
Mr Chen Choong Hian	61	Brother-in-law of Dr Henry Tay Yun Chwan.	Queensland Manager (since 2001) - (The Hour Glass Australia Pty Ltd). Responsible for operations of the retail outlet in Gold Coast, Australia and special project.	Nil.

19. Disclosure of persons occupying managerial positions in the Company or any of its principal subsidiaries who are related to the directors or chief executive officer or substantial shareholders of the Company pursuant to Rule 704(13). (Cont'd)

Note:

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

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

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

BY ORDER OF THE BOARD

Christine Chan
Company Secretary
24 May 2012