

THE HOUR GLASS

THE HOUR GLASS LIMITED
Co. Registration No: 197901972D

Unaudited First Quarter Financial Statement For The Period Ended 30 June 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		
		First Quarter ended		
	Note	30 Jun 12	30 Jun 11	Change
		\$'000	\$'000	%
Revenue		135,318	137,098	-1%
Other income	(i)	931	953	-2%
Total revenue and other income		136,249	138,051	-1%
Cost of goods sold		105,246	108,149	-3%
Salaries and employees benefits		7,857	8,565	-8%
Depreciation of property, plant and equipment		1,470	1,439	2%
Selling and promotion expenses		3,677	3,365	9%
Rental expenses		3,934	3,450	14%
Finance costs		52	70	-26%
Foreign exchange loss		46	323	-86%
Other operating expenses		1,856	1,479	25%
Total costs and expenses		124,138	126,840	-2%
Share of results of an associate		427	228	87%
Profit before taxation		12,538	11,439	10%
Taxation		2,727	2,327	17%
Profit for the period		9,811	9,112	8%
Profit attributable to:				
Owners of the Company		9,345	8,614	8%
Non-controlling interests		466	498	-6%
		9,811	9,112	8%

Note:

(i) Other income

		Group		
		First Quarter ended		
		30 Jun 12	30 Jun 11	Change
		\$'000	\$'000	%
Rental income		272	257	6%
Interest income		255	178	43%
Gain on disposal of property, plant and equipment, net		-	100	-100%
Management fee		89	125	-29%
Others		315	293	8%
		931	953	-2%

NM – Not Meaningful

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

No adjustment for under or overprovision of tax in respect of prior years was made in the periods ended 30 June 2012 and 30 June 2011.

1(a)(iii) Statement of Comprehensive Income

	Group		
	First Quarter ended		
	30 Jun 12	30 Jun 11	Change
	\$'000	\$'000	%
Profit for the period	9,811	9,112	8%
Other comprehensive income			
Foreign currency translation	(1,264)	(1,067)	18%
Net change in fair value of investment security	41	(618)	-107%
Other comprehensive loss for the period, net of tax	(1,223)	(1,685)	-27%
Total comprehensive income for the period	8,588	7,427	16%
Total comprehensive income attributable to:			
Owners of the Company	8,510	6,947	22%
Non-controlling interests	78	480	-84%
	8,588	7,427	16%

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 Jun 12	31 Mar 12 (restated)	1 Apr 11 (restated)	30 Jun 12	31 Mar 12 (restated)	1 Apr 11 (restated)
Assets						
Non-current assets	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	19,613	22,248	25,076	11,446	13,448	14,655
Investment properties	20,600	20,629	18,739	9,100	9,100	8,850
Investment in subsidiaries	-	-	-	20,459	20,459	20,459
Investment in an associate	4,226	3,864	2,788	-	-	-
Loan to a subsidiary	-	-	-	8,000	8,000	-
Loan to an associate	1,791	2,023	2,084	-	-	-
Investment security	824	783	1,236	824	783	1,236
Other receivables	6,016	5,637	5,330	2,185	1,945	1,671
Deferred tax assets	774	786	715	-	-	202
	53,844	55,970	55,968	52,014	53,735	47,073
Current assets						
Stocks	272,626	230,954	190,742	170,068	141,582	117,340
Trade and other receivables	20,773	17,393	15,950	11,276	10,538	9,879
Prepaid operating expenses	714	530	477	399	292	275
Amount due from an associate	85	170	866	-	-	-
Amount due from subsidiaries	-	-	-	4,870	5,276	3,946
Cash and cash equivalents	50,099	53,701	50,708	9,525	5,598	13,267
	344,297	302,748	258,743	196,138	163,286	144,707
Total assets	398,141	358,718	314,711	248,152	217,021	191,780
Equity and liabilities						
Current liabilities						
Loans and borrowings	36,002	3,069	14,292	32,000	-	-
Trade and other payables	38,522	41,995	33,068	19,657	26,365	21,087
Amount due to subsidiaries	-	-	-	649	10	16
Provision for taxation	11,061	9,602	8,111	8,531	7,523	5,802
	85,585	54,666	55,471	60,837	33,898	26,905
Net current assets	258,712	248,082	203,272	135,301	129,388	117,802
Non-current liabilities						
Provisions	161	133	145	-	-	-
Deferred income	69	93	152	-	-	-
Deferred tax liabilities	14	14	-	14	14	-
	244	240	297	14	14	-
Total liabilities	85,829	54,906	55,768	60,851	33,912	26,905
Net assets	312,312	303,812	258,943	187,301	183,109	164,875
Equity attributable to owners of the Company						
Share capital	67,638	67,638	66,826	67,638	67,638	66,826
Reserves	235,611	227,101	184,236	119,663	115,471	98,049
	303,249	294,739	251,062	187,301	183,109	164,875
Non-controlling interests	9,063	9,073	7,881	-	-	-
Total equity	312,312	303,812	258,943	187,301	183,109	164,875
Total equity and liabilities	398,141	358,718	314,711	248,152	217,021	191,780

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 Jun 12		As at 31 Mar 12	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	36,002	-	3,069

Amount repayable after one year

As at 30 Jun 12		As at 31 Mar 12	
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	
	First quarter ended	
	30 Jun 12	30 Jun 11
	\$'000	\$'000
Operating activities		
Profit before taxation	12,538	11,439
Adjustments for:		
Finance costs	52	70
Interest income	(255)	(178)
Depreciation of property, plant and equipment	1,470	1,439
Foreign currency translation adjustment	(792)	(364)
Gain on disposal of property, plant and equipment, net	-	(100)
Share of results of an associate	(427)	(228)
Operating cash flows before changes in working capital	12,586	12,078
Increase in stocks	(40,987)	(15,199)
(Increase)/decrease in receivables	(3,600)	61
Increase in prepaid operating expenses	(182)	(6)
Decrease in amount due from an associate	280	343
(Decrease)/increase in payables	(3,430)	6,657
Cash flows (used in)/from operations	(35,333)	3,934
Income taxes paid	(1,284)	(745)
Interest paid	(52)	(70)
Interest received	255	178
Net cash flows (used in)/from operating activities	(36,414)	3,297
Investing activities		
Proceeds from disposal of property, plant and equipment	-	99
Purchase of property, plant and equipment	(127)	(988)
Net cash flows used in investing activities	(127)	(889)
Financing activities		
Proceeds from loans and borrowings	32,798	117
Dividends paid to non-controlling interests of a subsidiary	(88)	(80)
Net cash flows from financing activities	32,710	37
Net (decrease)/increase in cash and cash equivalents	(3,831)	2,445
Effects of exchange rate changes	229	(462)
Cash and cash equivalents at 1 April	53,701	50,708
Cash and cash equivalents at 30 June	50,099	52,691

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

	30 Jun 12	30 Jun 11
	\$'000	\$'000
Cash and bank balances	23,436	33,174
Fixed deposits with banks	26,663	19,517
	50,099	52,691

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 2011, as previously reported	66,826	3,194	(206)	2,532	177,234	249,580	7,881	257,461
Effects of adopting Amendments to FRS 12	-	(25)	-	500	1,007	1,482	-	1,482
Balance at 1 April 2011, as restated	66,826	3,169	(206)	3,032	178,241	251,062	7,881	258,943
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	2,120	(824)	3,032	186,855	258,009	8,281	266,290
Balance at 1 April 2012, as previously reported	67,638	2,561	-	2,601	220,415	293,215	9,073	302,288
Effects of adopting Amendments to FRS 12	-	(25)	-	500	1,049	1,524	-	1,524
Balance at 1 April 2012, as restated	67,638	2,536	-	3,101	221,464	294,739	9,073	303,812
Profit for the period	-	-	-	-	9,345	9,345	466	9,811
Other comprehensive income	-	(876)	41	-	-	(835)	(388)	(1,223)
Total comprehensive income for the period	-	(876)	41	-	9,345	8,510	78	8,588
Payment of dividend by a subsidiary	-	-	-	-	-	-	(88)	(88)
Balance at 30 June 2012	67,638	1,660	41	3,101	230,809	303,249	9,063	312,312

	Share capital \$'000	Fair value adjustment reserve \$'000	Revenue reserve \$'000	Total equity \$'000
Company				
Balance at 1 April 2011, as previously reported	66,826	(206)	97,351	163,971
Effects of adopting Amendments to FRS 12	-	-	904	904
Balance at 1 April 2011, as restated	66,826	(206)	98,255	164,875
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)	101,659	167,661
Balance at 1 April 2012, as previously reported	67,638	-	114,524	182,162
Effects of adopting Amendments to FRS 12	-	-	947	947
Balance at 1 April 2012, as restated	67,638	-	115,471	183,109
Profit for the period	-	-	4,151	4,151
Other comprehensive income	-	41	-	41
Total comprehensive income for the period	-	41	4,151	4,192
Balance at 30 June 2012	67,638	41	119,622	187,301

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 end of the previous period reported on.

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

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

30 Jun 12	31 Mar 12
235,003,960	235,003,960

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 2012, 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 has adopted the revised and amendments to Financial Reporting Standards ("FRSs") and Interpretations of FRSs ("INT FRSs") which became effective 1 January 2012, including Amendment to FRS 12 *Deferred Tax: Recovery of Underlying Assets*. The adoption of these FRSs and INT FRSs do not have any significant impact on the financial statements of the Group except for the following:

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 (cont'd)**

Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets

The Amendments to FRS 12 apply to the measurement of deferred tax liabilities and assets arising from investment properties measured using the fair value model under FRS 40 Investment Property. For the purposes of measuring deferred tax, the Amendments introduce a rebuttable presumption that the carrying amount of an investment property measured at fair value will be recovered entirely through sale. The presumption can be rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits over time, rather than through sale.

The Group previously provided for deferred tax liabilities for its investment properties on the basis that the carrying amount of the investment properties will be recovered through use. Upon adoption of the Amendments to FRS 12, there is a presumption that the carrying amount of an investment property measured at fair value will be recovered entirely through sale. Accordingly, there will be no deferred tax liability on investment properties located in certain countries as there is no capital gains tax in those countries.

This change in accounting policy has been applied retrospectively. Accordingly, the comparatives have been restated. However, there is no impact on the consolidated income statement for 1Q FY2012, as deferred taxes on investment properties were accounted only in 4Q FY2012. The effects on the comparatives arising from the adoption of the Amendments to FRS 12 are as follows:

<u>Consolidated income statement</u>	Group Full year 2012 (restated) S\$'000			
Decrease in taxation			(43)	
Increase in profit for the year			43	
Increase in profit attributable to owners of the Company			43	
Increase in earnings per share (cents) – Basic and diluted			0.02	
<u>Statements of financial position</u>	Group		Company	
	31 Mar 12 (restated) S\$'000	1 Apr 11 (restated) S\$'000	31 Mar 12 (restated) S\$'000	1 Apr 11 (restated) S\$'000
Increase in deferred tax assets	-	202	-	202
Decrease in deferred tax liabilities	(1,524)	(1,280)	(947)	(702)
Decrease in foreign currency translation reserve	(25)	(25)	-	-
Increase in asset revaluation reserve	500	500	-	-
Increase in revenue reserve	1,049	1,007	947	904

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	
First Quarter ended	
30 Jun 12	30 Jun 11
235,003,960	234,331,711
3.98	3.68

EPS is calculated by dividing the Group's profits after tax and non-controlling interests with the weighted average number of ordinary shares during the period. The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the period.

There is no dilutive effect for EPS as the Company does not have any outstanding share convertibles as at 30 June 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	
	30 Jun 12	31 Mar 12 (restated)	30 Jun 12	31 Mar 12 (restated)
Number of issued shares	235,003,960	235,003,960	235,003,960	235,003,960
Net asset value per ordinary share (in S\$)	1.29	1.25	0.79	0.78

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**

1Q FY2013 vs 1Q FY2012

Against a weakening global economic backdrop, consumer sentiment in the hard luxury sector is turning negative. Revenue for the quarter ended 30 June 2012 ("1Q FY2013") was 1% lower at \$135.3 million.

However, gross margins improved by 1.1% to 22.2%. Profit after tax was \$9.8 million, compared to \$9.1 million.

Inventory increased by \$41.7 million in preparation for the retail network expansion. This is financed mainly by increased bank borrowings.

As at 30 June 2012, consolidated net assets were \$303.2 million or \$1.29 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 statement in the results announcement for the year ended 31 March 2012.

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

Continued global economic uncertainty is expected to impact consumer sentiment. Demand for luxury watches will be affected.

Barring any unforeseen circumstances, the Group is cautiously optimistic of its outlook for the remainder of 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 first quarter ended 30 June 2012 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 August 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 first quarter ended 30 June 2012 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 August 2012