

**First Quarter and 3 Months Financial Statement And Dividend Announcement for the Period Ended 30 June 2007**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

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

Unaudited consolidated financial results for the first quarter (Q1/FY08) and three months period ended 30 June 2007.

	<b>Group</b>		
	<b>Apr to Jun 2007</b>	<b>Apr to Jun 2006</b>	<b>Increase / (Decrease)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Revenue	95,070	79,399	19.74
Other operating income - see note 1(a)(1)	834	278	200.00
Changes in inventories of goods for resale	11,313	14,006	(19.23)
Purchases of goods for resale	(84,205)	(72,546)	16.07
Staff cost	(6,395)	(5,550)	15.23
Rental expense	(3,624)	(2,924)	23.94
Selling, advertising and promotional expense	(2,903)	(2,113)	37.39
Depreciation expense	(848)	(617)	37.44
Other operating expenses	(2,058)	(6,703)	(69.30)
Finance costs	(265)	(319)	(16.93)
Share of profits (losses) of associates	134	(118)	NM
<b>Profit before income tax</b>	<b>7,053</b>	<b>2,793</b>	<b>152.52</b>
Income tax	(1,385)	(784)	76.66
<b>Profit for the year</b>	<b>5,668</b>	<b>2,009</b>	<b>182.13</b>
Attributable to:			
<b>Equity holders of the company</b>	<b>4,916</b>	<b>1,993</b>	<b>146.66</b>
<b>Minority interests</b>	<b>752</b>	<b>16</b>	<b>4600.00</b>
	<b>5,668</b>	<b>2,009</b>	<b>182.13</b>

Note: NM - Not Meaningful

**Additional information for the income statement**

(1) Other operating income comprises the following:

<b>Group</b>			
<b>Apr to Jun 2007</b>	<b>Apr to Jun 2006</b>	<b>Increase / (Decrease)</b>	
<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	
Interest income	167	151	10.60
Foreign exchange loss - realised	(34)	-	NM
Foreign exchange gain - unrealised	543	-	NM
Others	158	127	24.41
	<b>834</b>	<b>278</b>	<b>200.00</b>

(2) Profit is arrived at after charging/(crediting) the following:

<b>Group</b>			
<b>Apr to Jun 2007</b>	<b>Apr to Jun 2006</b>	<b>Increase / (Decrease)</b>	
<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	
Interest on borrowings	265	319	(16.93)
Allowance for inventories	1,984	1,565	26.77
Inventories written off	30	-	NM
Property, plant and equipment written off	1	-	NM
Loss on disposal of plant and equipment	-	9	NM
Foreign exchange loss - realised	-	396	NM
Foreign exchange loss - unrealised	-	4,548	NM

(3) Adjustments for (over) under provision of tax in respect of prior years: Nil

Note: NM - Not Meaningful

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

	GROUP		COMPANY	
	30 Jun 2007 S\$'000	31 Mar 2007 S\$'000	30 Jun 2007 S\$'000	31 Mar 2007 S\$'000
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and bank balances	54,279	52,526	27,296	18,843
Trade receivables	36,542	29,594	6,505	4,930
Other receivables and prepaid expenses	6,702	6,781	5,776	8,158
Derivative financial instruments	48	32	48	32
Inventories	185,779	174,466	43,510	40,836
<b>Total current assets</b>	<b>283,350</b>	<b>263,399</b>	<b>83,135</b>	<b>72,799</b>
<b>Non-current assets:</b>				
Property, plant and equipment	20,077	18,743	12,863	12,659
Investment property	398	398	398	398
Subsidiaries	-	-	41,821	40,914
Associates	6,610	6,319	3,102	3,102
Available-for-sale investments	9,363	9,363	9,277	9,277
Goodwill	882	882	-	-
Other intangible assets	1,075	1,075	219	219
Deferred tax assets	4,387	4,047	1,077	990
<b>Total non-current assets</b>	<b>42,792</b>	<b>40,827</b>	<b>68,757</b>	<b>67,559</b>
<b>Total assets</b>	<b>326,142</b>	<b>304,226</b>	<b>151,892</b>	<b>140,358</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Bank borrowings	17,927	18,521	-	-
Trade payables	123,511	108,919	53,684	40,157
Other payables	21,182	18,302	6,321	5,674
Dividend payables	-	14,480	-	14,480
Derivative financial instruments	238	111	29	101
Current portion of long-term debt	155	157	79	78
Income tax payable	5,360	4,490	667	588
<b>Total current liabilities</b>	<b>168,373</b>	<b>164,980</b>	<b>60,780</b>	<b>61,078</b>
<b>Non-current liabilities:</b>				
Long-term debt	3,000	3,000	3,000	3,000
Finance leases	411	446	133	153
<b>Total non-current liabilities</b>	<b>3,411</b>	<b>3,446</b>	<b>3,133</b>	<b>3,153</b>
<b>Capital, reserves and minority interests:</b>				
Share capital	31,778	19,620	31,778	19,620
Currency translation reserve	(4,903)	(5,499)	-	-
Legal reserve	314	314	-	-
Investment revaluation reserve	139	139	105	105
Accumulated profits	114,644	109,728	56,096	56,402
Equity attributable to equity holders of the company	141,972	124,302	87,979	76,127
Minority interests	12,386	11,498	-	-
<b>Total equity</b>	<b>154,358</b>	<b>135,800</b>	<b>87,979</b>	<b>76,127</b>
<b>Total liabilities and equity</b>	<b>326,142</b>	<b>304,226</b>	<b>151,892</b>	<b>140,358</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

<b>As at 30/06/07</b>		<b>As at 31/03/07</b>	
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<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
S\$ 155,000	S\$17,927,000	S\$ 157,000	S\$18,521,000

**Amount repayable after one year**

<b>As at 30/06/07</b>		<b>As at 31/03/07</b>	
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<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
S\$411,000	S\$3,000,000	S\$446,000	S\$3,000,000

**Details of any collateral**

**Secured**

The secured borrowings relate to the finance lease obligations of the Group which are secured against the respective assets under the finance lease arrangement.

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	GROUP	
	Apr to Jun 2007 S\$'000	Apr to Jun 2006 S\$'000
Cash flow from operating activities:		
Profit before income tax	7,053	2,793
Adjustments for:		
Share of (profits) losses of associates	(134)	118
Depreciation expense	848	617
Property, plant and equipment written off	1	-
Loss on disposal of property, plant and equipment	-	9
Net loss (gain) on fair value changes on foreign exchange contracts	111	(67)
Foreign exchange (gain) loss - unrealised	(654)	4,615
Interest expense	265	319
Interest income	(167)	(151)
<b>Operating cash flow before working capital changes</b>	<b>7,323</b>	<b>8,253</b>
Trade receivables	(6,978)	3,112
Other receivables and prepaid expenses	6	4,104
Inventories	(11,313)	(14,006)
Trade payables	15,270	13,845
Other payables	2,853	(422)
<b>Cash generated from operations</b>	<b>7,161</b>	<b>14,886</b>
Interest paid	(265)	(319)
Interest received	167	151
Income tax paid	(749)	(741)
<b>Net cash from operating activities</b>	<b>6,314</b>	<b>13,977</b>
Cash flow from investing activities:		
Purchase of property, plant and equipment (Note A)	(2,157)	(702)
Proceeds from disposal of property, plant and equipment	-	3
Purchase of available-for-sale investments	-	(8,836)
<b>Net cash used in investing activities</b>	<b>(2,157)</b>	<b>(9,535)</b>
Cash flow from financing activities:		
Decrease in short-term bank borrowings	(238)	(897)
Decrease in long-term debt	(37)	(295)
Dividends paid	(2,322)	-
<b>Net cash used in financing activities</b>	<b>(2,597)</b>	<b>(1,192)</b>
Increase in cash and cash equivalents	1,560	3,250
Cash and cash equivalents at beginning of period	48,543	42,823
Effect of foreign exchange rate changes	549	(961)
<b>Cash and cash equivalents at end of period</b>	<b>50,652</b>	<b>45,112</b>
Cash and cash equivalents comprise:		
Cash and bank balances	33,226	35,648
Fixed deposits	21,053	13,794
Bank overdrafts	(3,627)	(4,330)
	50,652	45,112
<b>Notes to the consolidated cash flow statement</b>		
A. Cash purchase of property, plant and equipment	2,157	702
Purchase of property, plant and equipment under finance lease agreement	-	-
Total additions to property, plant and equipment	2,157	702

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.

	Attributable to equity holders of the parent					Minority interests	Total equity	
	Issued Capital	Currency Translation Reserve	Legal * Reserve	Investment Revaluation Reserve	Accumulated Profits			Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000			S\$'000
<b>GROUP-Statement of changes in equity for 3 months ended 30 June 2006</b>								
<b>Balance as at 1 April 2006</b>	<b>19,620</b>	<b>(3,580)</b>	<b>210</b>	<b>44</b>	<b>105,391</b>	<b>121,685</b>	<b>10,007</b>	<b>131,692</b>
Exchange differences arising on translation of foreign operations	-	(796)	-	-	-	(796)	(222)	(1,018)
Net income recognised directly in equity	-	(796)	-	-	-	(796)	(222)	(1,018)
Net profit for the year	-	-	-	-	1,993	1,993	16	2,009
Total recognised income and expenses for the year	-	(796)	-	-	1,993	1,197	(206)	991
<b>Balance as at 30 June 2006</b>	<b>19,620</b>	<b>(4,376)</b>	<b>210</b>	<b>44</b>	<b>107,384</b>	<b>122,882</b>	<b>9,801</b>	<b>132,683</b>
<b>GROUP-Statement of changes in equity for 3 months ended 30 June 2007</b>								
<b>Balance as at 1 April 2007</b>	<b>19,620</b>	<b>(5,499)</b>	<b>314</b>	<b>139</b>	<b>109,728</b>	<b>124,302</b>	<b>11,498</b>	<b>135,800</b>
Exchange differences arising on translation of foreign operations	-	596	-	-	-	596	136	732
Net income recognised directly in equity	-	596	-	-	-	596	136	732
Net profit for the year	-	-	-	-	4,916	4,916	752	5,668
Total recognised income and expenses for the year	-	596	-	-	4,916	5,512	888	6,400
Share issue in relation to interim dividend of \$0.09 per share less tax of 18% declared and payable in respect of previous financial year under the Scrip Dividend Scheme	12,158	-	-	-	-	12,158	-	12,158
<b>Balance as at 30 June 2007</b>	<b>31,778</b>	<b>(4,903)</b>	<b>314</b>	<b>139</b>	<b>114,644</b>	<b>141,972</b>	<b>12,386</b>	<b>154,358</b>

**1(d)(i) Continuation ... A statement of changes in equity (for the issuer and group)**

	Issued Capital	Currency Translation Reserve	Legal * Reserve	Investment Revaluation Reserve	Accumulated Profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>COMPANY-Statement of changes in equity for 3 months ended 30 June 2006</b>						
<b>Balance as at 1 April 2006</b>	<b>19,620</b>	-	-	<b>10</b>	<b>67,875</b>	<b>87,505</b>
Net loss for the year	-	-	-	-	(353)	(353)
Total recognised income and expenses for the year	-	-	-	-	(353)	(353)
<b>Balance as at 30 June 2006</b>	<b>19,620</b>	-	-	<b>10</b>	<b>67,522</b>	<b>87,152</b>
<b>COMPANY-Statement of changes in equity for 3 months ended 30 June 2007</b>						
<b>Balance as at 1 April 2007</b>	<b>19,620</b>	-	-	<b>105</b>	<b>56,402</b>	<b>76,127</b>
Net loss for the year	-	-	-	-	(306)	(306)
Total recognised income and expenses for the year	-	-	-	-	(306)	(306)
Share issue in relation to interim dividend of \$0.09 per share less tax of 18% declared and payable in respect of previous financial year under the Scrip Dividend Scheme	12,158	-	-	-	-	12,158
<b>Balance as at 30 June 2007</b>	<b>31,778</b>	-	-	<b>105</b>	<b>56,096</b>	<b>87,979</b>

\* Relates to Sincere Watch Co. Ltd, incorporated in the Republic of China (Taiwan). Legal reserve may be used to offset deficit, if any, and when the reserve amount exceeds or equals 50% of the capital stock, an amount up to 50% of such reserve may be transferred to capital stock.

**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 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.**

At an Extraordinary General Meeting held on 8 January 2007, our shareholders approved inter-alia the Sincere Watch Limited Scrip Dividend Scheme ("the Scheme"). Subsequently, on 6 February 2007, the Company declared an interim dividend of 9 cents per share less tax and the application of the Scheme to this interim dividend. A total of 10,481,104 shares were issued and S\$2.3 million were paid out as cash dividends on 24 April 2007. The scrip dividends were priced at S\$1.16 per share. The new shares issued were listed and quoted on the Official List of the SGX-ST on 25 April 2007. The issued paid-up share capital of the Company is now 206,681,104 ordinary shares, compared to 196,200,000 ordinary shares previously.

**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.

**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 same accounting policies and methods of computation as in the most recently audited financial statements have been applied.

**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 the effect of, the change.**

Not applicable

**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.**

Basic earnings per share

GROUP	
Apr to Jun 2007	Apr to Jun 2006
2.38 cents	0.96 cents

Basic earnings per share is calculated by dividing the Group's net profit attributable to shareholders by 206,681,104 ordinary shares in issue during the financial period. For comparative purposes, the number of shares in FY2007 is adjusted retrospectively to 206,681,104.

The Group does not have equity instruments which are dilutive in nature. Accordingly, fully diluted earnings per share equals to basic earnings per share.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	GROUP		COMPANY	
	30 Jun 2007	31 Mar 2007	30 Jun 2007	31 Mar 2007
Net asset value per ordinary share based on the issued share capital at the date of this announcement	68.69 cents	60.14 cents	42.57 cents	36.83 cents

The net asset value per ordinary share is calculated based on 206,681,104 ordinary shares in issue on 30 June 2007. For comparative purposes, the number of shares in FY2007 is adjusted retrospectively to 206,681,104.

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.**

Despite the first quarter being the traditional low season for the retail industry, Q1/FY08 saw revenue growing by approximately 20% to S\$95 million, up from Q1/FY07's S\$79.4 million. There was increased demand for the group's timepieces across the region in particular in Hong Kong and Singapore where both countries continue to enjoy strong economic growth and increased tourist traffic. In addition, there was a surge in June sales in Singapore prior to the increase in GST rate on 1<sup>st</sup> July.

As a result of the revenue growth, profit for Q1/FY08 rose to S\$5.7 million, up 182% from S\$2 million recorded in previous corresponding quarter.

Rental expenses grew during the period and this was consistent with the level of business done. Compared to Q1/FY07, Q1/FY08 included new shops in Vivocity (Sincere Fine Watches) and Raffles City (Omega) in Singapore. In North Asia, a new Franck Muller ("FM") boutique in Beijing was opened whereas the existing FM boutique in Central, Hong Kong was enlarged. The duty-free travel retail outlet at the Indira Gandhi International Airport in New Delhi, India commenced operations during the quarter.

Given the new stores and the increased headcount, staff cost grew in Q1/FY08. However, other operating expenses declined as there was no unrealized foreign exchange loss during the period.

As at the end of Q1/FY08, the group remained in a net cash position.

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 first quarter results are consistent with the Commentary issued in the announcement of its results for the previous financial year.

- 10. A commentary at the date of the 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.**

In Q2/FY08, a number of new boutiques are expected to be opened in the region. These include new FM boutiques in Singapore, Shanghai and at The Venetian in Macau. In Malaysia, the two-storey 3,500 sq ft Sincere Fine Watches store at the Pavilion in Bukit Bintang, Kuala Lumpur will be opened in September.

The group will remain profitable in the second quarter.

- 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/recommendedd, a statement to that effect.**

Not applicable.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

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

Not applicable.

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

Not applicable.

- 15. A breakdown of sales.**

Not applicable.

- 16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary	0	0
Preference	0	0
Total:	0	0

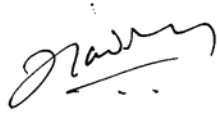
**BY ORDER OF THE BOARD**

Lim Gwee Koon  
Company Secretary  
08/08/2007

**UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER AND THREE MONTHS ENDED 30 JUNE 2007 : CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(4) OF THE LISTING MANUAL**

We, Tay Liam Wee and Cecil Vivian Richard Wong, being two directors of Sincere Watch Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the unaudited consolidated financial results for the first quarter and three months ended 30 June 2007 to be false or misleading.

On behalf of the Board



Tay Liam Wee  
Director



Cecil Vivian Richard Wong  
Independent Director

8 August 2007

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