

THE HOUR GLASS

(Incorporated in the Republic of Singapore)

(Company Registration No: 197901972D)

The Hour Glass Group 1H FY2015 Net Profit Up 12%

Results Beat Softening Sector Performance

Unaudited First Half Results	Group		
	30 Sep '14 \$'000	30 Sep '13 \$'000	Change %
For the Period ended:			
Revenue	321,842	315,057	2%
Operating Profit	26,590	23,961	11%
Profit After Taxation	21,227	18,926	12%
Earnings per Share (cents)	8.56	7.77	10%

Highlights of 1H FY2015 Financial Performance

- 1st half revenue edged higher by 2%
- Profit after tax up sharply to \$21.2 million as a result of aggressive marketing and merchandising campaigns

SINGAPORE, 13 November 2014: The Hour Glass Group, one of Asia's leading specialist luxury watch retailers, reported a robust 12% growth in profit after taxation on a marginal 2% rise in revenue for the six months ended 30 September 2014 ("1H FY2015"). The double-digit growth in profit was delivered against a sluggish macroeconomic backdrop, especially with Hong Kong affected by recent political events and Singapore remaining a challenging consumer market.

1H FY2015 Results

1. The Group grew its revenue by 2% to \$321.8 million in 1H FY 2015, despite challenging market conditions in Hong Kong and Singapore. The Group's continued focus on deepening its strategic brand partnerships, marketing and merchandising management, and efficient inventory processing helped deliver profit-after-tax growth of 12% to \$21.2 million. The Hour Glass was able to cap the growth of its operating expenses as a percentage of revenue for 1H FY 2015, compared to the same period a year earlier.

2. The Group entered into the latest financial year bracing itself for more global economic uncertainty and a slowdown in Asian economies. With more than three decades of experience in managing up-and-down cycles, the Group prepared itself to ride through the fresh challenges.

3. Mr Michael Tay, the Executive Director of The Hour Glass said: "The Hour Glass has braced itself through many economic cycles over the past three decades and has honed its ability to emerge from these challenges stronger every time. We view a weakening environment as an opportunity to build our business and further entrench our position as one of the world's leading specialist luxury watch retailers."

4. The Group's balance sheet remains strong with consolidated net assets of \$370.2 million with cash and cash equivalents of \$88.6 million.

Outlook

5. Looking ahead, the Group expects discretionary spending to remain weak. However, The Hour Glass will continue to grow its luxury watch business and enhance its retail network in prime shopping precincts in the region.

6. In this regard, the Group is acquiring a six-level freehold building at the corner of Market Street and Pitt Street in Sydney for A\$32.8 million. This retail and commercial asset is strategically located in the fastest growing luxury retail corridor in Sydney's CBD.

7. The completion of the purchase of home-grown watch retail chain Watches of Switzerland will enable The Hour Glass to tap into the growing affluence of Singapore's suburban zones and extend its reach into the prestige watch segment.

8. Earlier today, at the Company's Extraordinary General Meeting, shareholders approved the sub-division of each ordinary share in the capital of the Company into three ordinary shares. The move is intended to enhance the market liquidity in the Company's shares.

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

ISSUED BY

THE HOUR GLASS LIMITED

13 November 2014

About The Hour Glass

Established in 1979, The Hour Glass is one of Asia's premier luxury retail groups with 32 boutiques in nine key cities throughout the Asia Pacific region. The Hour Glass prides itself as the world's leading cultural retail enterprise; pioneering the promotion and appreciation of contemporary luxury and horological culture. Having been recognised by international publications such as Monocle, Wallpaper and Vanity Fair as one of the most influential specialty retailers in the world, The Hour Glass has been accorded the "Best Watch Retail" honours by Singapore Tatler in 2014.

The Hour Glass has achieved international acclaim in the industry for its approach towards redefining specialty watch retail which includes the creation of thematic salons and placing an emphasis on developing consumer oriented cultural engagement platforms to promote the values of authentic luxury. L'Atelier, a boutique dedicated to expressing the patrimony of traditional watchmaking; and Malmaison, a first multi-category luxury emporium in its stable to retail the finest and carefully curated collections in horology, sartorial tailoring, fragrances and leather goods – were bestowed the "Best Retail Concept of the Year" award by Singapore Retailers Association in 2010 and 2011 respectively. Malmaison lauded for its unique and differentiated shopping experience, bagged the highly coveted "Best Shopping Experience" award by Singapore Tourism Board in 2012. L'Atelier and Malmaison were also awarded "Most Innovative Retail Concept of the Year" by the Federation of Asia-Pacific Retail Associations (FAPRA) in 2010 and 2013 respectively.

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