

THE HOUR GLASS

(Incorporated in the Republic of Singapore)
(Company Registration No: 197901972D)

The Hour Glass Group FY2013 Stable Performance; Economic Backdrop, Consumer Sentiment Remains Uncertain

Unaudited Full Year Results	Group			
	31 Mar '13 \$'000		31 Mar '12 \$'000	Change %
Revenue	601,936		607,009	-1%
Profit Before Taxation	65,879		69,338	-5%
Profit After Taxation	54,331		56,209	-3%
Earnings per Share (cents)	22.49		23.33	-3%

Highlights of FY2013 Financial Performance

- Challenging trading conditions, strong Asian currencies and weak consumer sentiment in 1H FY2013 continued into 2H FY2013, resulting in full year revenue and net profit ending flat
- Gross margin eased to 23.9% (FY2012: 24.1%)
- Cash and cash equivalents increased to \$79.5 million (FY2012: \$53.7 million)

SINGAPORE, 28 May 2013: The Hour Glass Group, one of Asia's leading specialist luxury retailers, managed to deliver flat revenues and a marginally lower profit for the full year ended 31st March 2013 ("FY2013") despite an uncertain economic environment and strong Asian currencies.

FY2013 Results

1. Having delivered a record financial performance in FY2012, the Group overcame a challenging economic environment and deteriorating consumer spending patterns to deliver results comparable to the year earlier. Global macroeconomic trends continued to push European currencies lower against Asian currencies during FY2013. In addition, with some of the Group's key markets like Singapore and Hong Kong adjusting to structural economic reforms and lower growth, consumer sentiment weakened, gyrating unpredictably from quarter-to-quarter.
2. For the full year ended 31 March 2013, profit after taxation slipped 3% to \$54.3 million on the back of a revenue of \$601.9 million. Earnings per share for the full year amounted to 22.49 cents, from 23.33 cents in the previous year.
3. Rising rentals in key markets contributed to the increase in operating expenses in FY2013. In an effort to maintain its position as a leading specialist luxury watch retailer in Asia, the Group increased its advertising and promotional activity for the year.
4. Inventory increased by \$34.8 million to support the Group's business development plans announced earlier during FY2013. The investment in additional inventory was funded by internal resources and bank borrowings. Total cash and cash equivalents as at 31 March 2013 increased to \$79.5 million.
5. Mr Michael Tay, the Executive Director of The Hour Glass said: "The confluence of shifting social and economic developments within a dynamic Asian landscape resulted in an increasingly challenging retail market. Consumer spending patterns are becoming difficult to predict. Given this, the Group will adapt by focusing on its traditional strength of executing a prudent and sustainable strategy for the long term."

Outlook

6. The Group will continue to drive performance in key initiatives that were launched during FY2013. These include its multi-brand watch, travel retail business in Phuket and the recently introduced range of fine offerings from Ladurée in Singapore. Both business units are expected to contribute positively to the Group's performance in the current financial year.

7. Looking ahead, the Group will open two monobrand boutiques as part of its overall expansion strategy to capitalize on the demand for specialty watches by international visitors to Singapore. One will be dedicated to Parmigiani Fleurier and the other to Ulysse Nardin. The Hour Glass represents both these brands exclusively for Singapore and the South East Asian region. Aimed at tapping into the high yield tourist market, the boutiques will open at The Shoppes at Marina Bay Sands within the first six months of the current financial year.

8. With the underlying economic trends expected to continue to improve and barring any unforeseen circumstances, the Group is cautiously optimistic of its outlook for current financial year.

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THE HOUR GLASS LIMITED

28 May 2013

About The Hour Glass

Established in 1979, The Hour Glass is one of Asia's premier luxury retail groups. As a purveyor of luxury products, The Hour Glass has been at the forefront of luxury retail development creating new frontiers that provide a differentiated store experience and product offerings.

At its core, a specialist watch retailer, The Hour Glass represents a stable of over 50 brands across 27 boutiques in ten cities throughout Asia Pacific. The Hour Glass prides itself as the watch world's leading cultural retail enterprise, pioneering the development, promotion and appreciation of contemporary horological culture.

Monocle and Wallpaper magazines recognise The Hour Glass as Asia's premier watch retailer. In 2008, The Hour Glass emerged the winner of the Singapore Prestige Brand Award whilst in 2010, L'Atelier by The Hour Glass – a boutique dedicated to expressing the culture and patrimony of traditional watchmaking garnered the 'Best Retail Concept of the Year' accolade by the Singapore Retailers Association as well as the 'Most Innovative Retail Concept of the Year' award by the Federation of Asia-Pacific Retail Associations (FAPRA). In the same year, Vanity Fair magazine named The Hour Glass as one of the twelve most influential retailers in the world.

In 2011, The Hour Glass broke new ground with the opening of Malmaison. Spanning over 8,000 sq ft, this multiple category emporium is a sanctuary for objects of authentic luxury housed in an elegant yet eclectic setting. Besides presenting the finest of haute horology, a wide spectrum of refined objects d'art, jewellery, fragrances, collectible literature and bespoke services for the sartorially inclined, form the backbone of the exceptional Malmaison experience. Malmaison garnered the 2011 "Best Retail Concept of the Year" award which was accorded by the Singapore Retailers Association, marking the second consecutive win for The Hour Glass in the same category. And 2012 marked another milestone for Malmaison winning the "Best Shopping Experience" award by the Singapore Tourism Board.

More Passion by The Hour Glass is the Group's third multi-brand watch concept boutique that opened in September 2012. More Passion celebrates the rediscovery of traditional craft and the culture of contemporary artisanship, particularly referencing the Nouvelle Vague design movement.

Upping the ante in the luxury retail scene in 2013, The Hour Glass introduces the globally renowned Ladurée brand of macarons in Singapore. This collaboration extends the role of The Hour Glass as the leading purveyor of luxury products and also marks Ladurée's foray into the South East Asia market.

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