



THE HOUR GLASS

Contemporary Horological Art

(Incorporated in the Republic of Singapore)

(Company Registration No: 197901972D)

The Hour Glass Group FY2014 Results: A Record Year In Spite of Tough Market

Unaudited Full Year Results

For the Year ended:	Group		
	31 Mar '14	31 Mar '13	Change
	\$'000	\$'000	%
Revenue	682,797	601,936	13%
Profit before Taxation	70,828	65,879	8%
Profit After Taxation	56,366	54,331	4%
Earnings per Share (cents)	23.38	22.49	4%

Highlights of FY2014 Financial Performance

- Sales growth momentum from first half continued into 2H FY2014, resulting in overall full year revenue growth of 13%
- Gross margin holding at 23.0% (FY2013: 23.9%) despite severe global pricing pressure
- Cash balances continue to strengthen - Cash and cash equivalents hit new high \$116.4 million (FY2013: \$79.5 million)

SINGAPORE, 28 May 2014: The Hour Glass Ltd, one of Asia's leading luxury retail groups, continued its 35-year growth trajectory by setting new revenue and profitability benchmarks for the full year ended 31 March 2014 ("FY2014"). Broad-based improvement from its retail network across the region and the company's trademark philosophy of managing the business in an incisive manner resulted in its latest robust performance.

The Group, which operates in nine cities in the Asia Pacific region, outperformed several closely-monitored industry benchmarks: The Group expanded its revenues; Maintained its profitability despite global pricing pressures; Managed its cost base efficiently; Improved on its inventory turnover days; and Increased its overall cash balance.

1. For the full year ended 31 March 2014, the Group posted a 13% rise in revenues to \$682.8 million. Profit after taxation amounted to \$56.4 million against the \$54.3 million registered in the corresponding period a year earlier. Against its performance at mid-year, the Group maintained its revenue growth momentum while reversing an earlier dip in profit after taxation.

2. In FY2014, the Group stabilised gross margins at 23.0% compared with 23.9% a year earlier. Earnings per share amounted to 23.38 Singapore cents compared to 22.49 Singapore cents the year before. Despite a tighter labour market and higher retail rentals, the Group was able to hold its expenses at 13.9% of sales in FY2014.

3. Mr Michael Tay, the Executive Director of The Hour Glass said: "Market conditions were difficult over the past year but we maintained our course and achieved a stellar performance as a result. We put this down to our intensely focused strategy to grow our business prudently with an aim of achieving long-term sustainability". He added "Though we remain unfazed by short-term market gyrations, we foresee the remainder of 2014 to be highly volatile and market conditions challenging as exuberant Asian spending on hard luxury is curtailed."

4. The Group's balance sheet remained strong with consolidated net assets of \$365.9 million with cash and cash equivalents of \$116.4 million.

Outlook

5. Notwithstanding a luxury retail market in Asia that is likely to remain difficult over the current financial year, the Group has commenced plans to lay the foundations for a new growth engine through its newly formed Luxury Enterprise Division, and to further entrench its position in its regional markets.

6. In an effort to develop a new pillar to complement its specialty luxury watch business, the Group recently appointed industry veteran Ms Lim Jee Yah to spearhead Luxury Enterprises - A business group focusing on non-watch, luxury related businesses. On the cards are plans to scale

the Group's Laduree franchise. The Group holds the franchise of the renowned Parisian patisserie for Southeast Asia.

7. Confident of long term prospects in Thailand, the Group continues to expand its reach in the country opening a new Rolex boutique and one Hublot boutique in Central Embassy in Bangkok, accompanied by plans to open another two more boutiques in FY2015. In Malaysia, the Group targets to open an additional multi-brand boutique in Mid Valley Gardens, Kuala Lumpur. The Group has also recently concluded an exclusive agreement with the Swiss-based Sowind Group SA for its Girard-Perregaux and JeanRichard brands to be distributed across Southeast Asia.

8. Barring any unforeseen circumstances, the Group expects to remain profitable for the financial year ending 31 March 2015.

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THE HOUR GLASS LIMITED

28 May 2014

About The Hour Glass

Established in 1979, The Hour Glass is one of Asia's premier luxury retail groups with 30 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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