

THE HOUR GLASS

(Incorporated in the Republic of Singapore)

(Company Registration No: 197901972D)

The Hour Glass Group 1H FY2016 Revenue Up 4%

Group Maintains Growth Trajectory, Captures Market Share

Unaudited First Half Results	Group		
	30 Sep '15 \$'000	30 Sep '14 \$'000	Change %
Revenue	334,659	321,842	4%
Operating Profit	25,049	26,590	-6%
Profit After Taxation	20,722	21,227	-2%
Earnings per Share (cents)	2.85	2.85	0%

Highlights of 1H FY2016 Financial Performance

- 1H revenue inched higher by 4% from positive organic sales contributions from The Hour Glass Australia and Japan, the successful opening of multi-brand stores in Singapore and Malaysia, and the newly acquired Watches of Switzerland
- Gross margins for the period rose to 22.3% arising from continued emphasis on sales of premium marques
- Operating profit declined marginally, the result of a donation of \$3.0 million (out of a total earmarked sum of \$5.0 million to commemorate SG50) to advance special needs, community and cultural causes in Singapore

SINGAPORE, 12 November 2015: The Hour Glass Group, one of Asia's leading specialist luxury watch retailers, reported a 4% rise in revenue. Profit after taxation slipped 2% for the six months ended 30 September 2015 ("1H FY2016"), the result of a \$3.0 million donation to champion particular causes in Singapore and make a meaningful contribution to society at large.

Sales were driven by positive gains in retail market share, particularly through subsidiaries in key territories like Australia and Japan, the successful opening of multi-brand stores in Singapore and Malaysia and the addition of newly acquired Watches of Switzerland. These results were achieved against a backdrop of stiff competition, an unfavourable pricing environment in Asia vis-à-vis Europe and a downward shift in demand for luxury timepieces.

1H FY2016 Results

1. The Group grew its revenue by 4% to \$334.7 million in 1H FY2016. Profit after taxation eased by 2% to \$20.7 million, primarily as a result of a \$3.0 million charitable donation.

2. The Group's three decades of experience and understanding of the luxury watch market will help augment its position over the course of this down cycle. Contributions from Watches of Switzerland as a fully owned subsidiary, the successful opening of a new thematic salon, "Arcade by The Hour Glass" in Kuala Lumpur and "Paragon Grey" at the Paragon Shopping Centre in Singapore during this period bolstered sales performance.

3. Apart from maintaining a steady operating result, the Group decided to make a \$5.0 million donation to three Singaporean charities focused on special needs, community and cultural causes as part of its effort to contribute to Singapore's Golden Jubilee year. The Group has directed this donation towards raising awareness of Singapore's cultural heritage and helping the elderly and less privileged Singaporeans requiring social assistance and special healthcare needs.

4. Mr Michael Tay, Group Managing Director of The Hour Glass said: "The Hour Glass has aptly negotiated the region's economic turbulence and retracement in consumer confidence in the greater world of luxury. We have expanded organically and tapped into pockets of growth in our territories."

5. The Group's balance sheet remains strong with consolidated net assets of \$406.6 million with cash and cash equivalents of \$76.0 million.

Outlook

6. Looking ahead, the Group expects a global rebalancing of the supply and demand equation and in Asia particularly, a continued contraction in sales of luxury watches. Barring any unforeseen circumstances, the Group is cautiously optimistic of its outlook for the remainder of the financial year.

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THE HOUR GLASS LIMITED

12 November 2015

About The Hour Glass

Established in 1979, The Hour Glass is one of Asia's premier luxury retail groups with 41 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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