

THE HOUR GLASS

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

The Hour Glass Group 1H FY2017 Revenue Slips

Headwinds Continue to Hurt Luxury

Unaudited First Half Results	Group		
	30 Sep '16 \$'000	30 Sep '15 \$'000	Change %
Revenue	311,298	334,659	(7%)
Profit Before Taxation	21,734	25,049	(13%)
Profit After Taxation	16,885	20,722	(19%)
Earnings per Share (cents)	2.34	2.85	(18%)

Highlights of 1H FY2017 Financial Performance

- 1H revenue declined 7% in line with the downward pressure in the overall economic environment amid weakening consumer confidence
- Gross margins remained stable at 22.1%

SINGAPORE, 10 November 2016: The Hour Glass Group, one of Asia's leading specialist luxury watch retailers, reported lower revenues and net profit as challenging business conditions and weakening consumer confidence continues to perpetuate into the second quarter FY 2017.

The Group navigated the contracting regional market for luxury goods to deliver its latest performance. Uncertainty continued to precipitate amongst watch buyers while tough business conditions and volatile currencies created imbalances in global retail prices.

1H FY2017 Results

1. The Group's profit after taxation declined by 19% to \$16.9 million on the back of a 7% slip in revenue to \$311.3 million in 1H FY 2017. Despite this, the Group managed to lower its operational expenditure and inventory whilst continuing to generate strong positive cash flow.
2. Gross margins stood at 22.1% for 1H FY 2017. This was the result of the Group's single-minded focus in managing its retail and merchandise portfolio amid fluid changes in the market.
3. Mr Michael Tay, the Group Managing Director of The Hour Glass said: "Given the headwinds in the global economy and contracting market demand for discretionary goods, the Group delivered a modest set of results. While we have managed to ride through this difficult first half, we do not anticipate that the downward pressure will ease anytime soon." Mr Tay adds: "The Group has ridden out multiple economic downturns. And during such times, we have sought to maximise every opportunity to develop our teams and improve our operating capabilities, emerging stronger each time. This occasion is no different."
4. The Group's balance sheet remains robust with consolidated net assets of \$444.2 million with cash and cash equivalents of \$85.3 million.

Outlook

5. The recent passing of Thailand's King will have an impact on the performance of the Group's Thai associates as the country enters a prolonged period of mourning, curtailing luxury consumption. Looking ahead, The Hour Glass continues to observe that current market conditions are likely to remain challenging.

6. Barring any unforeseen circumstances, the Group is cautiously optimistic of its outlook and expects to remain profitable for the remainder of the financial year.

ISSUED BY

THE HOUR GLASS LIMITED

10 November 2016

About The Hour Glass

Established in 1979, The Hour Glass is one of Asia's premier luxury retail groups with 43 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 had 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 watch making; 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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