



THE HOUR GLASS

Contemporary Horological Art

(Incorporated in the Republic of Singapore)

(Company Registration No: 197901972D)

The Hour Glass Group 1H Net Profit Climbs 11%, Revenue Slips From High Base, Weaker Sentiment

*Sales in first half FY 2009 eases off from high base last year caused by buoyant spending
ahead of GST hike*

Unaudited First Half Results For the Period ended:	Group		
	30/09/08 S\$'000	30/09/07 S\$'000	(Dec)/Inc %
Revenue	226,257	236,777	(-4%)
Profit before Taxation	18,351	15,755	+16%
Profit after Taxation	14,089	12,711	+11%
Earnings per Share (cents)	5.87	5.50	+7%

Highlights of FY2009 First Half Financial Performance

- Profit before taxation grew 16% to S\$18.4 million
- Profit after taxation grew 11% to S\$14.1 million
- Gross margins edged higher to 21.4%

SINGAPORE, 5th November 2008: The Hour Glass Group, one of Asia's premier luxury watch retailers, said today that net profit rose 11% to S\$14.1 million for the first half year ended 30 September 2008.

1. Revenues for the first half amounted to S\$226.3 million, about 4% lower from the higher base a year ago when strong consumer buying ahead of the hike in the Goods and Services Tax in Singapore (implemented on 1 July 2007) drove retail spending to unprecedented highs. In addition, the global financial crisis and the subsequent weakening of regional economies dampened consumer sentiment in the latest half.

2. The Group said that despite the weaker external environment, its organisational focus on maintaining margins and driving operating efficiency contributed to its positive first half performance. However, with highly volatile markets adding to an already cloudy global economic outlook, the Group intends not only to stay profitable but to steadfastly manage its inventories and cash flows.

First Half Results

3. In the Group's latest financial results, profit before taxation grew 16% to S\$18.4 million for the half year ended. Gross margins for the latest period edged higher to 21.4% from 18.4% in the same period the year before. Earnings per share rose 7% to 5.87 Singapore cents per share.

4. For the second quarter ended 30 September 2008, net profit rose 14% to S\$7.9 million on the back of unchanged revenue, at S\$114.8 million.

5. Mr Michael Tay, the Executive Director of The Hour Glass said: "The latest set of results was achieved in a challenging financial and economic environment. Against this backdrop where buying sentiment has considerably weakened, we continue to maintain fiscal prudence. With the experience gained in managing past down cycles, we are prepared to deal with any adversity that will affect our industry."

6. The Group's balance sheet remains strong with cash and cash equivalents of S\$22.8 million as at 30 September 2008 and its debt-to-equity ratio at a conservative 12%.

Outlook

7. The Group will continue to operate its 27 stores across the region, namely in Australia, Hong Kong, Japan, Malaysia, Thailand and Singapore.

8. Given the decline in both the business environment and consumer sentiment, the Group intends to focus on increasing its operational efficiencies by holding its margins steady, prudently managing its costs and inventories and generate stronger cash flows. The Group believes this careful approach will maintain its profitability for the rest of the year.

ISSUED BY

THE HOUR GLASS LIMITED

5 November 2008



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About The Hour Glass Limited

Established in 1979, The Hour Glass Limited has grown over the years to emerge as Asia's best managed specialist luxury watch retailer. The Company's success is based on its astute business strategy comprising strategic brand partnerships, marketing and merchandising management, efficient inventory processing and an executive management team with best practices.

The Hour Glass prides itself for its proven merchandising strategy. Its ability to identify and invest in the right mix of brands and products has paid off handsomely. In particular, the Company's move into the luxury performance sport watch and high-grade technical watch segment has proven to be very successful.

Representing a stable of over 60 brands across 27 boutiques in nine cities throughout Asia Pacific, The Hour Glass is the most geographically diverse specialist luxury watch retailer in Asia.

The Hour Glass is Asia's leading cultural retail enterprise, having pioneered the development and promotion of contemporary horological culture in this region. Through the launch of TEMPUS – The Great Watchscapade in 2004 and TEMPUS – The Temple of Time in 2007, The Hour Glass has succeeded in enhancing horological awareness in Asia, as well as raising the level of understanding and appreciation of specialist luxury timepieces.

The Hour Glass was named one of Singapore's premier brands by International Enterprise Singapore at the Singapore Brand Awards in 2002. In 2006, The Hour Glass won the "Most Transparent Company Award" for Mainboard Small CAPS at the Securities Investors' Associations Investors' Choice Award, a prestigious award endorsed by the Singapore Stock Exchange, Standard & Poor's, PricewaterhouseCoopers, the Business Times and the Asian Corporate Governance Association. In 2007, The Hour Glass was awarded the Brand Laureate 2006 for brand excellence in the fine timepiece category by the distinguished Asia Pacific Brands Foundation as well as being recognised by Wallpaper magazine as Asia's premier watch retailer.

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