SAMSONITE INTERNATIONAL S.A.
新秀麗國際有限公司
13–15 Avenue de la Liberté, L-1931 Luxembourg
R.C.S. LUXEMBOURG: B 159469
(Incorporated in Luxembourg with limited liability)

(Stock code: 1910)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2014

FINANCIAL HIGHLIGHTS

For the six months ended June 30, 2014, the Group's:

- Net sales increased to a record level of US$1,105.3 million reflecting a 12.4% increase from the comparable period in 2013. Excluding foreign currency effects, net sales increased by 13.8%.
- Operating profit increased by US$16.2 million, or 11.9%, year-on-year to US$152.3 million.
- Profit for the period increased by US$14.9 million, or 15.7%, year-on-year to US$109.6 million.
- Profit attributable to the equity holders increased by US$11.9 million, or 14.0%, year-on-year to US$97.0 million.
- Adjusted Net Income(1) increased by US$12.9 million, or 13.9%, year-on-year to US$105.7 million.
- Adjusted EBITDA(2) increased by US$22.9 million, or 14.0%, to US$186.7 million.
- Adjusted EBITDA margin(3) increased to 16.9% from 16.6%.
- The Group generated US$53.1 million of cash from operating activities for the six months ended June 30, 2014. As of June 30, 2014, the Group had cash and cash equivalents of US$204.9 million and financial debt of US$98.3 million (excluding deferred financing costs of US$3.2 million), providing the Group with a net cash position of US$106.6 million.

FINANCIAL HIGHLIGHTS (CONTINUED)

- The Group completed the following acquisitions during the first half of 2014:

  - Speculative Product Design, LLC ("Speck Products"), which is a leading designer and distributor of slim protective cases for personal electronic devices that are marketed under the *Speck®* brand. Speck Products offers a diverse product range that is sleek, stylish and functionally innovative, and provides superior military-grade protection for smartphones, tablets and laptops from a range of manufacturers.

  - The Lipault brand and legal entities ("Lipault"), which presents opportunities to leverage the Group's industry-leading design and product development capabilities, as well as its distribution network and retail presence to significantly expand the *Lipault* brand in France, additional markets in Europe and the rest of the world. *Lipault* is a luggage brand founded in France in 2005 whose products are designed to meet the needs of today's savvy travellers, featuring ultra-lightweight, smart designs and bright fashion colors, and constructed using luxurious but durable nylon twill fabric.

- Subsequent to June 30, 2014, the Group acquired substantially all of the assets of Gregory Mountain Products, LLC ("Gregory"), which gives the Group a strong brand and product offering to expand its presence in the high-end segment of the outdoor and casual markets, as well as opportunities to leverage the Group's global marketing and distribution capabilities to significantly expand the *Gregory* brand both in the U.S. and internationally. The *Gregory* brand is a leader and pioneer in its industry, responsible for many innovations in backpack design. It is well-respected by active outdoor and adventure enthusiasts as a leading brand in the premium technical backpack segment. In addition to its technical backpacks, *Gregory* branded lifestyle backpacks are popular in Japan and other Asian countries.

- On March 18, 2014, the Company's Board of Directors recommended that a cash distribution in the amount of US$80.0 million, or approximately US$0.0568 per share, be made to the Company's shareholders, a 113.3% increase from the US$37.5 million distribution paid in 2013. The shareholders approved this distribution on June 5, 2014 at the annual general meeting and the distribution was paid on July 11, 2014.

FINANCIAL HIGHLIGHTS (CONTINUED)

(Expressed in millions of US Dollars, except per share data)	Six months ended June 30,		Percentage change
	2014	2013	
Net sales	**1,105.3**	983.6	12.4%
Operating profit	**152.3**	136.2	11.9%
Profit for the period	**109.6**	94.7	15.7%
Profit attributable to equity holders	**97.0**	85.1	14.0%
Adjusted Net Income[1]	**105.7**	92.9	13.9%
Adjusted EBITDA[2]	**186.7**	163.7	14.0%
Adjusted EBITDA Margin[3]	**16.9%**	16.6%	—
Basic and diluted earnings per share *(Expressed in US Dollars per share)*	**0.069**	0.060	15.0%
Adjusted basic and diluted earnings per share[4] *(Expressed in US Dollars per share)*	**0.075**	0.066	13.6%

Notes

(1) Adjusted Net Income, a non-IFRS measure, eliminates the effect of a number of non-recurring costs and charges and certain other non-cash charges that impact the Group's reported profit for the period. See "Management Discussion and Analysis – Adjusted Net Income" for a reconciliation from the Group's profit for the period to Adjusted Net Income.

(2) Adjusted EBITDA, a non-IFRS measure, eliminates the effect of a number of non-recurring costs and charges and certain other non-cash charges, which the Group believes is useful in gaining a more complete understanding of its operational performance and of the underlying trends of its business. See "Management Discussion and Analysis – Adjusted EBITDA" for a reconciliation from the Group's profit for the period to Adjusted EBITDA.

(3) Adjusted EBITDA margin, a non-IFRS measure, is calculated by dividing Adjusted EBITDA by net sales.

(4) Adjusted earnings per share, a non-IFRS measure, is calculated by dividing Adjusted Net Income by the weighted average number of shares outstanding during the period.

The Board of Directors of Samsonite International S.A. (the "Company"), together with its consolidated subsidiaries (the "Group"), is pleased to announce the consolidated interim results of the Group for the six months ended June 30, 2014 together with comparative figures for the six months ended June 30, 2013. The following interim financial information, including comparative figures, has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

CHAIRMAN'S STATEMENT

The first half of 2014 has been another period of record achievement for the Group. Net sales increased 12.4% to US$1,105.3 million (or 13.8% excluding foreign currency effects), and Adjusted Net Income was up 13.9% to US$105.7 million. Adjusted EBITDA, another key measure of performance, rose by 14.0% to US$186.7 million, and the adjusted EBITDA margin reached a best ever level of 16.9% compared with 16.6% during the same period last year.

In addition to achieving steady organic growth, we have also made good progress with our strategy to expand the Group through acquisitions. In April, we completed the acquisition of *Lipault*, a luggage brand based in Paris, for a total consideration of EUR 20.1 million. In May, we acquired *Speck*, a leading brand in protective covers for personal electronic devices, for a total outlay of US$84.8 million. Subsequent to the end of the period, we also completed the purchase of *Gregory*, a premium US outdoor backpack brand with an established lifestyle business in Japan, for cash consideration of US$84.1 million. For the year ended December 31, 2013, the three acquired brands had approximately US$148.3 million of combined net sales.

The Group generated US$53.1 million of cash from operating activities, slightly down on the US$56.7 million achieved last year, mainly due to increased inventory purchases and higher tax payments as a result of increasing sales and profits, largely offset by reduced pension funding. Over the period, the Group invested in a significant expansion of our factory in Hungary and the addition of a new warehouse in Belgium, as well as the purchases of Lipault and Speck. This resulted in a significant increase in cash used in investing activities, up from US$14.7 million in the first half of 2013 to US$143.2 million for the current period. We also increased our outstanding debt to partially fund the acquisitions, and therefore the Group ended the half year with net cash of US$106.6 million compared with a net cash position of US$209.8 million at the end of 2013. We remain confident in the Group's long term growth prospects and ability to generate cash, and as such, the Board decided last year to increase the shareholder distribution pay-out ratio to a level consistent with that of comparable listed consumer goods companies. The cash distribution paid in July 2014 of US$80.0 million, or approximately US$0.0568 per share, represented a 113.3% increase over the amount distributed in 2013.

So far this year, the global macro-economic picture has continued to show steady improvement, and this has helped our business. The economies of southern Europe, in particular Spain and Italy, have finally emerged from stagnation, and our business has adapted to the new economic environment in China. On the other hand, there have been a few less helpful events: the extreme winter weather in the US held our business back in the first few months, and the tragic ferry disaster in South Korea also negatively affected an important Asian market for the Group. These have been temporary setbacks, however, and our business has benefited from the lack of dependence on any single market or product category.

Sales of our core *Samsonite* brand were up 11.8%, excluding foreign currency effects, and this was an encouraging performance. We also believe there is substantial opportunity for the mid-market *American Tourister* label in all of our key markets as sales of this brand advanced 17.5%, on a similar basis. Non-*Samsonite* sales accounted for 32.7% of our total net sales so far this year, compared with 32.1% over the same period last year. This figure is set to increase substantially due to the full-year impact of our newly acquired brands, but also as additional advertising investments made in *American Tourister, Hartmann* and *High Sierra* translate into sales growth. Over the last year, we gained valuable experience in the integration of brands, and now have a model of value creation by leveraging Samsonite's global distribution capability and improvements to operational efficiency.

We are particularly pleased to see all of our operating regions achieve double-digit constant currency sales growth in the first half. Asia made a strong start to the year with sales up 16.9% in constant currency terms, with the *American Tourister* brand accounting for almost half of the growth, and now standing at 43.6% of sales in the region. With only a few exceptions, all markets in the region managed to exceed 15.0% growth in sales. We are confident that China is recovering, with sales up 8.1% on an improving trend, and that South Korea will resume its previously high trajectory of growth based on the *Samsonite Red* casual sub-brand and *American Tourister*. Encouragingly, India, another important market for the Group, has now regained momentum, and sales were up 24.6% in constant currency terms. There were also notable performances in Japan, up 22.9% in constant currency, and in Australia, up 35.2% on a similar basis. Our strategy of tailoring products to local market requirements is working well, and we expect that the investments currently being made will result in a growing contribution from our recently acquired brands. Excluding foreign currency effects, same store growth in the retail channel was a creditable 11.8% across the region.

Excluding foreign currency effects, net sales in North America increased by 11.8%, and without Speck, sales advanced 8.4%. As mentioned above, poor weather slowed the business down pre-Easter. Our main travel brands, *Samsonite* and *American Tourister,* continue to be first choice for our customers and retail partners. Moreover, our investment in the sales and distribution of *High Sierra* is also paying off, with sales up 12.8%, and we will open a flagship *Hartmann* store on Madison Avenue in the third quarter, which will contribute to the global marketing effort behind the brand. Our e-commerce business in the region is expanding fast, up 27.4%, and we opened 7 new stores in the region in the past 12 months. Same store retail growth on a constant currency basis was 6.4%.

Our European business has enjoyed the best trading conditions for some time. On a constant currency basis, sales were up 10.3%, and many of the larger markets posted double-digit growth: in local currency, France was up 11.1%, Italy by 13.1%, Spain 11.3%, Russia 11.2% and the UK up 10.2%. Germany, our most important market in the region, was ahead at the slower rate of 6.2% after several consecutive periods of above market growth. Our Curv product ranges continue to lead the market, and demand for hardside luggage has generally been buoyant. We are also pleased to see a notable improvement in the business category – up 36.9%, as a result of several strong product introductions. Net sales in the wholesale channel were up 7.2% in local currency terms and in retail by 20.2% driven by 17 net new store openings. Same store growth on a constant currency basis was 8.3%.

Whilst Latin America accounts for only 6.1% of the Group's net sales, we believe there is a significant opportunity in this region, and have started a process of investing in additional management resources to achieve our objectives. Over the period, sales were up 20.4% in constant currency terms, although this translated to only 8.9% in US Dollar terms as a result of currency depreciation, most keenly felt in Chile. Our Chilean business, which accounts for almost half of our sales in the region, advanced 10.2% in local currency, thanks to the impact of the newly launched *Secret* handbag brand as well as back-to-school backpack sales. The Brazilian business is still in a period of transition, and although sales have more than tripled off a low base, it will be some months before we fully realise the benefits of a direct trading model. We have no further to fall in Argentina, and await developments on the economic front.

Sales in our core travel category this year are up strongly at 11.2%, excluding foreign currency effects. Our strategy of adapting products and brands to local market conditions remains unchanged and is helping to capture greater share in many markets. Mainly as a result of the impact of acquisitions, the share of the travel category in our business continued to decrease, from 73.7% last year to 72.2% in this first half. The success of the *Samsonite Red* sub-brand and the expansion of *High Sierra* have increased the share of the casual category from 11.0% to 12.2% of sales. Although it appears that progress in the business category has been very limited with 2.3% sales growth, this reflects in part the non-repetition of some business-to-business deals, and also a shift towards the use of more casual bags in the office environment. In fact, we now have excellent product ranges across all regions, which should drive future growth in the segment. The acquisition of *Speck* has also contributed to an increase in the share of the accessories category from 3.7% of sales to 4.9%.

A key source of competitive advantage for our business is the marketing investment in support of our brands. In the first six months of the year, the Group spent US$69.4 million on marketing, or 6.3% of sales. This was up 8.2% on the same period last year, but down slightly compared to the 6.5% of sales we spent last year. The slight decline was due in part to sales running ahead of plan, and the fact that we took a more conservative position in the first half of the year, and we expect to spend proportionately more in the second half. Our goal is now to raise the share of consumer advertising spend as a percentage of sales, without affecting operating margins, financed out of greater efficiencies elsewhere in the cost structure of the business.

As the Group adds more complementary brands to its growing and diverse portfolio, the complexity of our business will increase to a degree. However, we are confident of being able to sustain our devolved model of country and brand management, coupled with a highly efficient supply, administration and logistics structure. Most of our acquired brands have a centre of gravity, and in the case of *High Sierra, Hartmann* and *Speck*, this has been the US. We have been able to quickly realise operational improvements and maintain customer relationships, whilst at the same time looking to other regions to evaluate opportunities for expansion around the world. Some brands, and *Hartmann* is an example, will require a more global approach. However, most brands can be introduced market by market at a manageable pace and where opportunities are greatest. Our teams are certainly excited by the new brand opportunities, and are confident of meeting the management challenge.

Over the last few months, Ramesh Tainwala has proved himself more than capable of leading our business, and with effect from October 1st he will take over from me as Chief Executive Officer of the Group. We place great importance on continuity and succession of our management team and I will remain as Non-Executive Chairman, working closely together with Ramesh. Our new CEO has the drive, the flair and the experience to make a great success of a great company, and I am looking forward to the next exciting stage in the development of our business. We have also promoted Roberto Guzman, who has been responsible for our Chilean business, to lead the Latin American region and to be a member of the executive senior management team. Jack Sullivan, who has so ably managed the region for a number of years, will be supporting Roberto in his transition, and I would like to pay tribute to his substantial contribution to our business in South America.

Although there are some new sources of regional political uncertainty, the overall prospects for our business globally remain encouraging: China is a steadily improving market for us, the US is growing and the laggards in Europe are picking up. Over the next few years, we will be able to increase the share of our non-travel business, and we see considerable opportunities in retail, both organically and through acquisition. Travel and tourism, on which our business depends, is increasing with international tourist arrivals predicted to grow by 4.0% to 4.5% in 2014, according to the UNWTO. We expect to make continued good progress in the second half of 2014, and believe our business is also favourably positioned to benefit from positive trends over the medium term.

Timothy Charles Parker
Chairman
August 27, 2014

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

(Expressed in thousands of US Dollars, except per share data)	Note	Six months ended June 30, **2014**	2013
Net sales	4	**1,105,321**	983,649
Cost of sales		**(516,661)**	(460,654)
Gross profit		**588,660**	522,995
Distribution expenses		**(288,378)**	(255,304)
Marketing expenses		**(69,361)**	(64,110)
General and administrative expenses		**(73,404)**	(65,616)
Other expenses		**(5,204)**	(1,815)
Operating profit		**152,313**	136,150
Finance income	19	**201**	459
Finance costs	19	**(3,636)**	(8,379)
Net finance costs		**(3,435)**	(7,920)
Profit before income tax		**148,878**	128,230
Income tax expense	18	**(39,310)**	(33,551)
Profit for the period		**109,568**	94,679
Profit attributable to the equity holders		**96,976**	85,090
Profit attributable to non-controlling interests		**12,592**	9,589
Profit for the period		**109,568**	94,679
Earnings per share			
Basic earnings per share *(Expressed in US Dollars per share)*	5	**0.069**	0.060
Diluted earnings per share *(Expressed in US Dollars per share)*	5	**0.069**	0.060

The accompanying notes form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

(Expressed in thousands of US Dollars)	**Six months ended June 30,**	
	2014	2013
Profit for the period	**109,568**	94,679
Other comprehensive income (loss):		
Items that are or may be reclassified subsequently to profit or loss:		
Changes in fair value of cash flow hedges, net of tax	**782**	(94)
Foreign currency translation losses for foreign operations	**(6,056)**	(11,888)
Other comprehensive loss	**(5,274)**	(11,982)
Total comprehensive income	**104,294**	82,697
Total comprehensive income attributable to the equity holders	**94,983**	75,554
Total comprehensive income attributable to non-controlling interests	**9,311**	7,143
Total comprehensive income for the period	**104,294**	82,697

The accompanying notes form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in thousands of US Dollars)	Note	**(Unaudited) June 30, 2014**	December 31, 2013
Non-Current Assets			
Property, plant and equipment, net	8	**173,163**	155,347
Goodwill	7	**252,264**	214,356
Other intangible assets, net	9	**718,302**	662,707
Deferred tax assets		**46,747**	44,401
Other assets and receivables		**22,142**	22,722
Total non-current assets		**1,212,618**	1,099,533
Current Assets			
Inventories	10	**350,072**	298,377
Trade and other receivables, net	11	**314,239**	246,372
Prepaid expenses and other assets		**73,025**	65,262
Cash and cash equivalents	12	**204,869**	225,347
Total current assets		**942,205**	835,358
Total assets		**2,154,823**	1,934,891
Equity and Liabilities			
Equity:			
Share capital	13	**14,079**	14,071
Reserves		**1,201,109**	1,178,685
Total equity attributable to equity holders		**1,215,188**	1,192,756
Non-controlling interests		**37,474**	37,826
Total equity		**1,252,662**	1,230,582

(Expressed in thousands of US Dollars)	Note	**(Unaudited) June 30, 2014**	December 31, 2013
Non-Current Liabilities			
Loans and borrowings	14 (a)	**30**	37
Employee benefits		**35,479**	33,432
Non-controlling interest put options	21 (b)	**55,251**	52,848
Deferred tax liabilities		**115,060**	111,370
Other liabilities		**4,829**	4,879
Total non-current liabilities		**210,649**	202,566
Current Liabilities			
Loans and borrowings	14 (b)	**94,987**	13,640
Employee benefits		**48,442**	54,437
Trade and other payables	16	**491,685**	387,239
Current tax liabilities		**56,398**	46,427
Total current liabilities		**691,512**	501,743
Total liabilities		**902,161**	704,309
Total equity and liabilities		**2,154,823**	1,934,891
Net current assets		**250,693**	333,615
Total assets less current liabilities		**1,463,311**	1,433,148

The accompanying notes form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

(Expressed in thousands of US Dollars)	Note	**Six months ended June 30, 2014**	2013
Cash flows from operating activities:			
Profit for the period		**109,568**	94,679
Adjustments to reconcile profit to net cash generated from operating activities:			
Gain on sale and disposal of assets, net		**(73)**	(8)
Depreciation	8	**19,353**	17,784
Amortization of intangible assets	9	**4,208**	4,362
Provision for doubtful accounts		**436**	806
Change in fair value of put options		**2,491**	4,417
Contributions to defined benefit pension plan		**-**	(26,423)
Income tax expense	18	**39,310**	33,551
Non-cash share-based compensation	15	**5,621**	3,590
		180,914	132,758
Changes in operating assets and liabilities (excluding allocated purchase price in business combinations):			
Trade and other receivables		**(54,422)**	(43,396)
Inventories		**(25,675)**	2,719
Other current assets		**(227)**	1,568
Trade and other payables		**(7,939)**	(518)
Other assets and liabilities, net		**(4,945)**	(11,889)
Cash generated from operating activities		**87,706**	81,242
Interest paid		**(776)**	(1,061)
Income tax paid		**(33,793)**	(23,435)
Net cash generated from operating activities		**53,137**	56,746

(Expressed in thousands of US Dollars)	Note	**Six months ended June 30,** **2014**	2013
Cash flows from investing activities:			
Purchases of property, plant and equipment	8	**(31,119)**	(17,113)
Acquisition of businesses, net of cash acquired	7	**(112,450)**	-
Other proceeds		**397**	2,442
Net cash used in investing activities		**(143,172)**	(14,671)
Cash flows from financing activities:			
Borrowings (payments) of current loans and borrowings		**80,458**	(26,452)
Proceeds from stock option exercises		**2,455**	-
Dividend payments to non-controlling interests		**(6,620)**	(4,139)
Net cash generated from (used in) financing activities		**76,293**	(30,591)
Net increase (decrease) in cash and cash equivalents		**(13,742)**	11,484
Cash and cash equivalents, at January 1		**225,347**	151,399
Effect of exchange rate changes on cash and cash equivalents		**(6,736)**	1,536
Cash and cash equivalents, at June 30	12	**204,869**	164,419

The accompanying notes form part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(1) Background

Samsonite International S.A. (the "Company"), together with its consolidated subsidiaries (the "Group"), is principally engaged in the design, manufacture, sourcing and distribution of luggage, business and computer bags, outdoor and casual bags travel accessories and slim protective cases for personal electronic devices throughout the world, primarily under the *Samsonite*®, *American Tourister*®, *Hartmann*®, *High Sierra*®, *Gregory*®, *Speck*® and *Lipault*® brand names as well as other owned and licensed brand names. The Group sells its products through a variety of wholesale distribution channels, through its company operated retail stores and through e-commerce. The principal wholesale distribution customers of the Group are department and specialty retail stores, mass merchants, catalog showrooms and warehouse clubs. The Group sells its products in Asia, North America, Europe and Latin America.

The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company was incorporated in Luxembourg on March 8, 2011 as a public limited company (a société anonyme), whose registered office is at 13–15 Avenue de la Liberté, L-1931, Luxembourg.

This consolidated interim financial information was authorized for issuance by the Company's Board of Directors (the "Board") on August 27, 2014 and is unaudited.

(2) Basis of Preparation

(a) Statement of Compliance

The consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*. The consolidated interim financial statements should be read in conjunction with the Group's audited financial statements for the year ended December 31, 2013, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which collective term includes all International Accounting Standards ("IAS") and related interpretations, as issued by the International Accounting Standards Board ("IASB").

The consolidated interim financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

There were no changes in the Group's business or economic circumstances which affected the fair value of the financial assets and financial liabilities, whether recognized at fair value or amortized cost, during the six months ended June 30, 2014. There were no transfers between the levels of the fair value hierarchy used in measuring the fair value of financial instruments and there were no changes in the classification of financial assets during the six months ended June 30, 2014.

Cash-generating units ("CGU") and intangible assets were not tested for impairment, as there were no impairment indicators during the six months ended June 30, 2014.

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period.

The Group has not performed independent actuarial valuations of its defined benefit obligation plans as of June 30, 2014.

(b) Basis of Measurement

This consolidated interim financial information has been prepared on the historical cost basis except for the following material items in the consolidated statements of financial position:

- derivative financial instruments are measured at fair value.

- the defined benefit liability is recognized as the net total of the plan assets, plus unrecognized past service cost and unrecognized actuarial losses, less unrecognized actuarial gains and the present value of the defined benefit obligation.

(c) Functional and Presentation Currency

This financial information is measured using the currency of the primary economic environment in which the Group operates (“functional currency”). The functional currencies of the significant subsidiaries within the Group are the currencies of the primary economic environment and key business processes of these subsidiaries and include, but are not limited to, United States Dollars, Euros, Renminbi and Indian Rupee.

Unless otherwise stated, this consolidated interim financial information is presented in the United States Dollar (US$), which is the functional and presentation currency of the Company.

(d) Use of Judgments, Estimates and Assumptions

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies and to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of this consolidated interim financial information and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. No significant changes occurred during the current reporting period of estimates reported in prior periods.

(3) Summary of Significant Accounting Policies

(a) Significant Accounting Policies

The accounting policies and judgments applied by the Group used in the preparation of this interim financial information are consistent with those applied by the Group in the annual financial statements as of and for the year ended December 31, 2013.

(b) Changes in accounting policies

The IASB has issued a number of new, revised and amended IFRSs. For the purpose of preparing the consolidated interim financial information for the six months ended June 30, 2014, the following revised standard became effective for the current reporting period.

IAS 32 *Financial Instruments: Presentation*

IAS 32 was amended to address certain inconsistencies relating to the offsetting financial assets and financial liabilities criteria. The adoption of this standard did not have a significant impact on the Group.

IFRIC 21 *Levies*

IFRIC 21 was issued to address uncertainties regarding the accounting for a liability to pay a levy if that liability is within the scope of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. The adoption of this standard did not have a significant impact on the Group.

(c) New Standards and Interpretations Not Yet Adopted

Certain new standards, amendments to standards and interpretations are not yet effective for the six months ended June 30, 2014, and have not been applied in preparing these consolidated interim financial statements.

In July 2014, the IASB issued the final element of its comprehensive response to the financial crisis by issuing IFRS 9, *Financial Instrument*s ("IFRS 9"). The improvements introduced by IFRS 9 include a logical model for classification and measurement, a single forward-looking expected loss impairment model and a substantially reformed approach to hedge accounting. IFRS 9 wil come into effect on January 1, 2018 with early application permitted. The Group has not determined the extent of the impact on its financial statements.

In May 2014, the IASB issued IFRS 15, *Revenue from Contract with Customers* ("IFRS 15"). IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers. IFRS 15 is effective as of January 1, 2017 with earlier application permitted. The Group has not determined the extent of the impact on its financial statements.

(4) Segment Reporting

The reportable segments for the six months ended June 30, 2014 are consistent with the reportable segments included within the annual financial statements as of and for the year ended December 31, 2013.

The Group's segment reporting information is based on geographical areas, representative of how the Group's business is managed and its operating results are evaluated. The Group's operations are organized primarily as follows: (i) "Asia"; (ii) "North America"; (iii) "Europe"; (iv) "Latin America", and (v) "Corporate".

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit or loss, as included in the internal management reports that are reviewed by the Chief Operating Decision Maker. Segment operating profit or loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of the Group's segments.

Segment information as of and for the six months ended June 30, 2014 and June 30, 2013 is as follows:

(Expressed in thousands of US Dollars)	**Six months ended June 30, 2014**					
	Asia	**North America**	**Europe**	**Latin America**	**Corporate**	**Consolidated**
External revenues	**421,381**	**345,772**	**266,811**	**66,966**	**4,391**	**1,105,321**
Operating profit	**48,981**	**30,103**	**31,381**	**4,822**	**37,026**	**152,313**
Operating profit (loss) excluding intercompany charges	**78,155**	**55,955**	**35,055**	**6,195**	**(23,047)**	**152,313**
Depreciation and amortization	**8,907**	**3,513**	**8,394**	**2,016**	**731**	**23,561**
Capital expenditures	**6,954**	**2,189**	**19,268**	**1,351**	**1,357**	**31,119**
Interest income	**189**	**2**	**56**	**(47)**	**1**	**201**
Interest expense	**309**	**16**	**89**	**72**	**909**	**1,395**
Income tax expense	**12,677**	**12,615**	**10,852**	**643**	**2,523**	**39,310**
Total assets	**530,959**	**668,993**	**507,397**	**102,077**	**345,397**	**2,154,823**
Total liabilities	**223,739**	**517,400**	**265,011**	**67,450**	**(171,439)**	**902,161**

(Expressed in thousands of US Dollars)	Six months ended June 30, 2013					
	Asia	North America	Europe	Latin America	Corporate	Consolidated
External revenues	370,164	310,469	236,751	61,506	4,759	983,649
Operating profit	36,120	31,989	25,050	8,150	34,841	136,150
Operating profit (loss) excluding intercompany charges	61,263	54,541	29,277	8,962	(17,893)	136,150
Depreciation and amortization	8,728	2,282	7,739	2,193	1,204	22,146
Capital expenditures	5,442	1,679	7,588	1,942	462	17,113
Interest income	132	2	132	(7)	200	459
Interest expense	602	—	58	179	775	1,614
Income tax expense	8,013	12,113	5,639	3,118	4,668	33,551
Total assets	493,957	508,047	451,301	81,931	303,106	1,838,342
Total liabilities	196,217	365,701	185,381	38,321	(73,988)	711,632

(5) Earnings Per Share

(a) Basic

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the six months ended June 30, 2014 and June 30, 2013.

(Expressed in thousands of US Dollars, except share and per share data)	**Six months ended June 30,**	
	2014	2013
Issued ordinary shares at the beginning of the period	**1,407,137,004**	1,407,137,004
Weighted-average impact of share options exercised during the period	**379,398**	–
Weighted-average number of shares at end of the period	**1,407,516,402**	1,407,137,004
Profit attributable to the equity holders	**96,976**	85,090
Basic earnings per share *(Expressed in US Dollars per share)*	**0.069**	0.060

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted-average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

(Expressed in thousands of US Dollars, except share and per share data)	**Six months ended June 30,**	
	2014	2013
Weighted-average number of ordinary shares (basic)	**1,407,516,402**	1,407,137,004
Effect of share options	**1,815,107**	–
Weighted-average number of shares at end of the period	**1,409,331,509**	1,407,137,004
Profit attributable to the equity holders	**96,976**	85,090
Diluted earnings per share *(Expressed in US Dollars per share)*	**0.069**	0.060

(c) Dividends and Distributions

On March 18, 2014, the Board recommended that a cash distribution in the amount of US$80.0 million, or approximately US$0.0568 per share, be made to the Company's shareholders of record on June 17, 2014 from its ad hoc distributable reserve. The shareholders approved this distribution on June 5, 2014 at the annual general meeting and the distribution was paid on July 11, 2014.

No other dividends or distributions were declared or paid during the six months ended June 30, 2014.

(6) Seasonality of Operations

There are no material seasonal fluctuations in the business activity of the Group.

(7) Business Combinations

The Group completed two acquisitions during the six months ended June 30, 2014.

(a) Lipault

On April 1, 2014, a wholly owned subsidiary within the Group completed the acquisition of (i) Distri Bagages, a *société à responsabilité limitée*, incorporated and organized under the Laws of France, and (ii) Licences et Développements, a *société à responsabilité limitée*, incorporated and organized under the Laws of France (collectively, the "Lipault Entities") for cash consideration of EUR 20.0 million, with a subsequent working capital adjustment of EUR 0.1 million, for a total purchase price of EUR 20.1 million. The Group purchased all of the outstanding capital stock of the Lipault Entities.

Lipault is a luggage brand founded in France in 2005. Lipault's products are designed to meet the needs of today's savvy travellers, featuring ultra-lightweight, smart designs and bright fashion colors, and constructed using luxurious but durable nylon twill fabric.

The acquisition further expands the Group's brand portfolio and presents opportunities to leverage the Group's industry-leading design and product development capabilities, as well as its distribution network and retail presence, to significantly expand the *Lipault* brand in France, additional markets in Europe and the rest of the world. *Lipault* is a youthful brand that will help the Group engage with the fashionable, female consumers through its signature Parisian style and vibrant colors.

From the date of acquisition, the Lipault Entities contributed US$1.5 million of revenue and US$0.3 million of profit to the consolidated financial results of the Group for the six months ended June 30, 2014.

The following table summarizes the recognized provisional amounts of assets and liabilities acquired and liabilities assumed at the acquisition date as a preliminary allocation of the purchase price.

(Expressed in thousands of US Dollars)	
Property, plant and equipment	600
Identifiable intangible assets	14,838
Other non-current assets	121
Inventories	1,231
Trade and other receivables	1,249
Other current assets	54
Trade and other payables	(1,114)
Deferred tax liabilities	(4,695)
Other current liabilities	(448)

The accounts receivable includes trade receivables with gross contractual amounts due of US$1.2 million, none of which was expected to be uncollectible at the acquisition date.

Per IFRS 3, *Business Combinations,* an acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the acquirer shall also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

Goodwill in the amount of US$15.8 million was recognized as a result of the acquisition. The goodwill is attributable mainly to the synergies expected to be achieved from integrating Lipault in the Group's existing business. None of the goodwill recognized is expected to be deductible for tax purposes.

(b) Speculative Product Design, LLC ("Speck Products")

On May 28, 2014, a wholly owned subsidiary within the Group completed the acquisition of Speck Products for cash consideration of US$85.0 million, with a subsequent working capital adjustment of US$0.2 million, for a total purchase price of US$84.8 million. The Group purchased all of the outstanding capital stock of Speck Products.

Founded in Silicon Valley, California in 2001, Speck Products is a leading designer and distributor of slim protective cases for personal electronic devices that are marketed under the *Speck*® brand. Speck Products offers a diverse product range that is sleek, stylish and functionally innovative, and provides superior, military-grade protection for smartphones, tablets and laptops from a range of manufacturers. The *Speck* brand is particularly well-known for its "slim protection" designs such as the iconic Candy Shell smartphone case, which is constructed using a "hard-soft" technology that Speck Products pioneered.

The acquisition enables the Group to strategically extend its brand portfolio beyond its traditional strength in travel luggage products, and provides the Group with a strong brand and product offering resulting in an immediate foothold in the market for protective cases for smartphones, tablets, laptops and other personal electronic devices. It also provides the Group with opportunities to leverage its well-established global distribution network and retail presence to significantly expand the reach of the *Speck* brand in Asia, Europe and Latin America.

From the date of acquisition, Speck Products contributed US$10.5 million of revenue and a loss of US$0.6 million to the consolidated financial results of the Group for the six months ended June 30, 2014.

The following table summarizes the provisional recognized amounts of assets and liabilities acquired and liabilities assumed at the acquisition date as a preliminary allocation of the purchase price.

(Expressed in thousands of US Dollars)	
Property, plant and equipment	6,420
Identifiable intangible assets	43,900
Other non-current assets	1,008
Inventories	24,073
Trade and other receivables	12,085
Other current assets	1,877
Other non-current liabilities	(2,041)
Trade and other payables	(19,170)
Other current liabilities	(5,413)

The accounts receivable include trade receivables with gross contractual amounts due of US$12.8 million, of which US$0.8 million was expected to be uncollectible at the acquisition date.

Per IFRS 3, *Business Combinations*, an acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the acquirer shall also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

Goodwill in the amount of US$22.2 million was recognized as a result of the acquisition. The goodwill is attributable mainly to the synergies expected to be achieved from integrating Speck Products in the Group's existing business. All of the goodwill recognized is expected to be deductible for tax purposes.

(c) Pro forma results

If these acquisitions had occurred on January 1, 2014, the Group estimates that consolidated net sales for the six months ended June 30, 2014 would have been approximately US$1,152.8 million, and consolidated profit for the period would have been approximately US$102.2 million. In determining these amounts, the Group has assumed that the fair value adjustments that arose on the dates of acquisition would have been the same if the acquisitions had occurred on January 1, 2014.

(d) Acquisition-related costs

The Group incurred approximately US$4.2 million in acquisition related costs during the six months ended June 30, 2014. Such costs are primarily comprised of costs associated with due diligence and integration activities, as well as professional and legal fees, and are recognized within other expenses on the income statement.

(8) Property, Plant and Equipment, Net

For the six months ended June 30, 2014 and June 30, 2013, the cost of additions to property, plant and equipment was US$31.1 million and US$17.1 million, respectively, excluding assets acquired through business combinations. Depreciation expense for the six months ended June 30, 2014 and June 30, 2013 amounted to US$19.4 million and US$17.8 million, respectively. Of this amount, US$3.4 million and US$2.6 million were included in cost of sales during the first half of 2014 and the first half of 2013, respectively. Remaining amounts were presented in distribution and general and administrative expenses.

(9) Other Intangible Assets

Amortization expense for the six months ended June 30, 2014 and June 30, 2013 amounted to US$4.2 million and US$4.4 million, respectively, which is included within distribution expenses on the consolidated income statement.

In accordance with IAS 36, *Impairment of Assets*, the Group is required to evaluate its intangibles with definite useful lives for potential impairment whenever events or changes in circumstance indicate that their carrying amount might not be recoverable. There were no impairment indicators during the six months ended June 30, 2014.

(10) Inventories

Inventories consist of the following:

(Expressed in thousands of US Dollars)	**June 30, 2014**	December 31, 2013
Raw materials	**20,726**	20,564
Work in process	**3,365**	2,424
Finished goods	**325,981**	275,389
Total inventories	**350,072**	298,377

The amounts above include inventories carried at net-realizable value (fair value less costs to sell) of US$75.9 million and US$71.4 million as of June 30, 2014 and December 31, 2013, respectively. For the six months ended June 30, 2014 and June 30, 2013, the impairment of inventories to net realizable value amounted to US$1.3 million and US$2.6 million, respectively. For the six months ended June 30, 2014 and June 30, 2013, the reversal of impairments recognized in profit or loss amounted to US$0.2 million and US$0.6 million, respectively, where the Group was able to sell the previously written down inventories at higher selling prices than previously estimated.

(11) Trade and Other Receivables

Trade and other receivables are presented net of related allowances for doubtful accounts of US$15.3 million and US$14.4 million as of June 30, 2014 and December 31, 2013, respectively.

Included in trade and other receivables are trade receivables (net of allowance for doubtful accounts) of US$305.6 million and US$233.7 million as of June 30, 2014 and December 31, 2013, respectively, with the following aging analysis as of the reporting dates:

(Expressed in thousands of US Dollars)	**June 30, 2014**	December 31, 2013
Current	**258,456**	195,080
Past due	**47,101**	38,612
Total trade receivables	**305,557**	233,692

Credit terms are granted based on the credit worthiness of individual customers. Trade receivables as of June 30, 2014 are on average due within 60 days from the date of billing.

(12) Cash and Cash Equivalents

(Expressed in thousands of US Dollars)	**June 30, 2014**	December 31, 2013
Bank balances	**203,549**	195,162
Short-term investments	**1,320**	30,185
Total cash and cash equivalents	**204,869**	225,347

Short-term investments are comprised of overnight sweep accounts and time deposits.

As of June 30, 2014 and December 31, 2013 the Group had no restrictions on the use of any of its cash.

(13) Share Capital

During the six months ended June 30, 2014, the Company issued 777,340 ordinary shares at a weighted-average exercise price of HK$17.36 per share in connection with the exercise of vested share options that were granted under the Company's Share Award Scheme. There were no other movements in the share capital of the Company during the first half of 2014.

There were no movements in the share capital of the Company during the six months ended June 30, 2013.

(14) Loans and Borrowings

(a) Non-current Obligations

Non-current obligations represent non-current debt and finance lease obligations as follows:

(Expressed in thousands of US Dollars)	**June 30, 2014**	December 31, 2013
Finance lease obligations	**47**	53
Less current installments	**(17)**	(16)
Non-current loans and borrowings	**30**	37

(b) Current Obligations and Credit Facilities

Current obligations represent current debt and finance lease obligations as follows:

(Expressed in thousands of US Dollars)	**June 30, 2014**	December 31, 2013
Revolving Credit Facility	**80,000**	—
Other lines of credit	**18,208**	15,482
Finance lease obligations	**17**	16
Total current obligations	**98,225**	15,498
Less deferred financing costs	**(3,238)**	(1,858)
Current loans and borrowings	**94,987**	13,640

On June 17, 2014, the Group amended its revolving credit facility (the "Revolving Facility") to increase the maximum borrowings available thereunder from US$300.0 million to US$500.0 million and to extend the term of the facility until June 17, 2019. The facility can be increased by an additional US$300.0 million, subject to lender approval. The Revolving Facility has an initial term of five years from its effective date of June 17, 2014, with a one year extension available at the request of the Group and at the option of the lenders. The interest rate on borrowings under the Revolving Facility is the aggregate of (i) (a) LIBOR or (b) the prime rate of the lender and (ii) a margin to be determined based on the Group's leverage ratio. Based on the Group's leverage ratio, the Revolving Facility carries a commitment fee ranging from 0.2% to 0.325% per annum on any unutilized amounts, as well as an agency fee if another lender joins the Revolving Facility. The Revolving Facility is secured by certain of the Group's assets in the United States and Europe, as well as the Group's intellectual property. The Revolving Facility also contains financial covenants related to interest coverage and leverage ratios, and operating covenants that, among other things, limit the Group's ability to incur additional debt, create liens on its assets, and participate in certain mergers, acquisitions, liquidations, asset sales or investments. The Group was in compliance with the financial covenants as of June 30, 2014. At June 30, 2014, US$416.4 million was available to be borrowed on the Revolving Facility as a result of US$80.0 million of outstanding borrowings and the utilization of US$3.6 million of the facility for outstanding letters of credit extended to certain creditors. At December 31, 2013, US$294.4 million was available to be borrowed on the previously existing US$300.0 million revolving credit facility as a result of the utilization of US$5.6 million of the facility for outstanding letters of credit extended to certain creditors. In connection with increasing the Revolving Facility, the Group capitalized US$2.0 million of deferred financing costs that will be amortized over the five year term.

Certain consolidated subsidiaries of the Group maintain credit lines with various third party lenders in the regions in which they operate. These local credit lines provide working capital for the day-to-day business operations of the subsidiaries, including overdraft, bank guarantee, and trade finance and factoring facilities. The majority of these credit lines are uncommitted facilities. The total aggregate amount outstanding under the local facilities was US$18.2 million and US$15.5 million at June 30, 2014 and December 31, 2013, respectively.

(15) Employee Benefits

Employee benefits expense, which consists of payroll, pension plan expenses, share-based payments and other benefits, for the six months ended June 30, 2014 and June 30, 2013 amounted to US$136.6 million and US$121.0 million, respectively. Of these amounts, US$12.4 million and US$11.1 million were included in cost of sales, respectively. The remaining amounts were presented in distribution expenses and general and administrative expenses.

Share-based Payment

On September 14, 2012, the Company's shareholders adopted the Company's Share Award Scheme. The purpose of the Share Award Scheme is to attract skilled and experienced personnel, to incentivize them to remain with the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company. Awards under the Share Award Scheme may take the form of either share options or restricted share units ("RSUs"), which may be granted at the discretion of the Board to directors, employees or such other persons as the Board may determine.

The exercise price of share options is determined at the time of grant by the Board in its absolute discretion, but in any event shall not be less than the higher of:

a) the closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of grant;
b) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and
c) the nominal value of the shares.

As of July 31, 2014 (the "Latest Practicable Date"), the maximum aggregate number of shares in respect of which awards may be granted pursuant to the Share Award Scheme is 112,983,445 shares, representing approximately 8.0% of the issued share capital of the Company at that date. An individual participant may be granted awards pursuant to the Share Award Scheme in respect of a maximum of 1% of the Company's total issued shares in any 12-month period. Any grant of awards to an individual participant in excess of this limit is subject to independent shareholder's approval.

On January 7, 2014, the Company granted share options exercisable for 12,266,199 ordinary shares to certain directors, key management personnel, and other employees of the Group with an exercise price of HK$23.30 per share. On May 29, 2014, the Company granted share options exercisable for 257,566 ordinary shares to an employee of the Group with an exercise price of HK$24.77 per share. Such options are subject to *pro rata* vesting over a 4 year period, with 25% of the options vesting on each anniversary of the grant date. The options have a 10 year term.

In accordance with the terms of the share options, holders of vested options are entitled to buy newly issued ordinary shares of the Company at a purchase price per share equal to the exercise price of the options. The fair value of services received in return for share options granted is based on the fair value of share options granted measured using the Black-Scholes valuation model. The fair value calculated for share options is inherently subjective due to the assumptions made and the limitations of the model utilized.

The grant-date fair value of the share options granted is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the vesting conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the vesting conditions at the vesting date.

The following inputs were used in the measurement of the fair value at grant date of the share-based payment made on January 7, 2014:

Fair value at grant date	HK$9.27
Share price at grant date	HK$22.70
Exercise price	HK$23.30
Expected volatility (weighted average volatility)	44.8%
Option life (expected weighted average life)	6.25 years
Expected dividends	0.9%
Risk-free interest rate (based on government bonds)	1.7%

The following inputs were used in the measurement of the fair value at grant date of the share-based payment made on May 29, 2014:

Fair value at grant date	HK$9.02
Share price at grant date	HK$24.75
Exercise price	HK$24.77
Expected volatility (weighted average volatility)	43.8%
Option life (expected weighted average life)	6.25 years
Expected dividends	1.8%
Risk-free interest rate (based on government bonds)	1.4%

Expected volatility is estimated taking into account historic average share price volatility as well as historic average share price volatility of comparable companies given the limited trading history of the Company’s shares.

In total, share-based compensation expense of US$5.6 million and US$3.6 million was included in the consolidated income statement for the six months ended June 30, 2014 and June 30, 2013, respectively.

Particulars and movements of share options during the six months ended June 30, 2014 were as follows:

	Number of Options	Weighted-average exercise price
Outstanding at January 1, 2014	15,345,178	HK$17.37
Granted during the period	12,523,765	HK$23.33
Exercised during the period	(777,340)	HK$17.36
Cancelled / lapsed during the period	(138,688)	HK$19.85
Outstanding at June 30, 2014	26,952,915	HK$20.13
Exercisable at June 30, 2014	3,031,810	HK$17.36

At June 30, 2014, the range of exercise prices for outstanding share options was HK$17.36 to HK$24.77 with a weighted average contractual life of 9.0 years.

(16) Trade and Other Payables

(Expressed in thousands of US Dollars)	**June 30, 2014**	December 31, 2013
Accounts payable	**292,837**	282,183
Other payables and accruals	**113,313**	96,739
Cash distribution payable to equity holders	**80,000**	—
Other tax payables	**5,535**	8,317
Total trade and other payables	**491,685**	387,239

Included in accounts payable are trade payables with the following aging analysis as of the reporting dates:

(Expressed in thousands of US Dollars)	**June 30, 2014**	December 31, 2013
Current	**228,363**	211,743
Past due	**15,118**	20,132
Total trade payables	**243,481**	231,875

Trade payables as of June 30, 2014 are on average due within 105 days from the invoice date.

(17) Commitments

(a) Capital Commitments

The Group's capital expenditures budget for 2014 is approximately US$69.1 million. Capital commitments outstanding as of June 30, 2014 and December 31, 2013 were US$15.2 million and US$14.2 million, respectively, which were not recognized as liabilities in the consolidated statement of financial position as they do not meet the recognition criteria.

(b) Operating Lease Commitments

The Group's lease obligations primarily consist of non-cancellable leases of office, warehouse and retail store space and equipment. As of June 30, 2014 and December 31, 2013, future minimum payments under non-cancellable leases were as follows:

(Expressed in thousands of US Dollars)	**June 30, 2014**	December 31, 2013
Within one year	**81,533**	68,558
1 – 2 years	**54,775**	55,054
2 – 5 years	**96,640**	86,657
More than 5 years	**52,102**	21,479
Total operating lease commitments	**285,050**	231,748

Rent expense under cancellable and non-cancellable operating leases for the six months ended June 30, 2014 and June 30, 2013 amounted to US$52.7 million and US$45.1 million, respectively.

(18) Income Taxes

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The Group's consolidated effective reported tax rate in respect of continuing operations for the six months ended June 30, 2014 and June 30, 2013 was 26.4% and 26.2%, respectively. The slight increase in the consolidated effective reported tax rate is primarily the result of the global mix in profitability in various high and low tax jurisdictions.

Taxation in the consolidated income statement for the six months ended June 30, 2014 and June 30, 2013 consisted of the following:

	Six months ended June 30,	
(Expressed in thousands of US Dollars)	**2014**	2013
Hong Kong profits tax expense	**799**	515
Foreign profits tax expense	**38,511**	33,036
Income tax expense	**39,310**	33,551

Income tax expense for Hong Kong profits was calculated at an effective tax rate of 16.5% for the six months ended June 30, 2014 and June 30, 2013.

(19) Finance Income and Finance Costs

The following table presents a summary of finance income and finance costs recognized in the consolidated income statement for the six months ended June 30, 2014 and June 30, 2013:

	Six months ended June 30,	
(Expressed in thousands of US Dollars)	**2014**	2013
Recognized in profit or loss:		
Interest income on bank deposits	**201**	459
Total finance income	**201**	459
Interest expense on financial liabilities measured at amortized cost	**(1,395)**	(1,614)
Change in fair value of put options	**(2,491)**	(4,417)
Net foreign exchange gain (loss)	**1,674**	(1,388)
Other finance costs	**(1,424)**	(960)
Total finance costs	**(3,636)**	(8,379)
Net finance costs recognized in profit or loss	**(3,435)**	(7,920)
Recognized in other comprehensive income:		
Foreign currency translation differences for foreign operations	**(6,057)**	(11,888)
Changes in fair value of cash flow hedges	**782**	(94)
Net finance costs recognized in other comprehensive income, net of tax	**(8,710)**	(19,902)

(20) Contingent Liabilities

In the ordinary course of business, the Group is subject from time to time to litigation and other legal proceedings. The facts and circumstances relating to particular cases are evaluated in determining whether it is more likely than not that there will be a future outflow of funds and, once established, whether a provision relating to specific litigation is sufficient. The Group records provisions based on its past experience and on facts and circumstances known at each reporting date. The provision charge is recognized within general and administrative expenses in the consolidated income statement. When the date of the incurrence of an obligation is not reliably measureable, the provisions are not discounted and are classified in current liabilities.

The Group did not settle any significant litigation during the six months ended June 30, 2014.

(21) Financial Instruments

(a) Fair Value Versus Carrying Amounts

All financial assets and liabilities have fair values that approximate carrying amounts.

(b) Fair Value Hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group has the ability to access at the measurement date.

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The carrying amount of cash and cash equivalents, trade receivables, accounts payable, short-term debt, and accrued expenses approximates fair value because of the short maturity or duration of these instruments.

The fair value of foreign currency forward contracts is estimated by reference to market quotations received from banks.

The following table presents assets and liabilities that are measured at fair value on a recurring basis (including items that are required to be measured at fair value) as of June 30, 2014 and December 31, 2013:

		Fair value measurements at reporting date using		
(Expressed in thousands of US Dollars)	**June 30, 2014**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets:				
Cash and cash equivalents	**204,869**	**204,869**	**–**	**–**
Total assets	**204,869**	**204,869**	**–**	**–**
Liabilities:				
Non-controlling interest put options	**55,251**	**–**	**–**	**55,251**
Foreign currency forward contracts	**401**	**401**	**–**	**–**
Total liabilities	**55,652**	**401**	**–**	**55,251**

(Expressed in thousands of US Dollars)	December 31, 2013	Fair value measurements at reporting date using Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Cash and cash equivalents	225,347	225,347	–	–
Total assets	225,347	225,347	–	–
Liabilities:				
Non-controlling interest put options	52,848	–	–	52,848
Foreign currency forward contracts	2,464	2,464	–	–
Total liabilities	55,312	2,464	–	52,848

Certain non-U.S. subsidiaries of the Group periodically enter into forward contracts related to the purchase of inventory denominated primarily in USD which are designated as cash flow hedges. The hedging effectiveness was tested in accordance with IAS 39, *Financial Instruments: Recognition and Measurement*. The fair value of these instruments was a liability of US$0.4 million and US$2.5 million as of June 30, 2014 and December 31, 2013, respectively.

The following table shows the valuation technique used in measuring the Level 3 fair value, as well as the significant unobservable inputs used.

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Put options	Income approach – The valuation model converts future amounts based on an EBITDA multiple to a single current discounted amount reflecting current market expectations about those future amounts.	• EBITDA Multiple • Growth Rate: (June 30, 2014: 3%) • Risk adjusted discount rate: (June 30, 2014: 14.5%)	The estimated value would increase (decrease) if : • The EBITDA multiple was higher (lower); • The growth rate was higher (lower); or • The risk adjusted discount rate was lower (higher).

The following table shows reconciliation from the opening balances to the closing balances for Level 3 fair values:

(Expressed in thousands of US Dollars)	
Balance at January 1, 2014	52,848
Change in fair value included in equity	(88)
Change in fair value included in finance costs	2,491
Balance at June 30, 2014	55,251

For the fair value of put options, reasonably possible changes to one of the significant unobservable inputs, holding other inputs constant, would have the following effects at June 30, 2014:

	Profit or loss		Shareholders' Equity	
(Expressed in thousands of US Dollars)	Increase	Decrease	Increase	Decrease
EBITDA multiple (movement of 0.1x)	1,564	(1,564)	368	(368)
Growth rate (50 basis points)	413	(410)	-	-
Risk adjusted discount rate (100 basis points)	(517)	532	-	-

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(22) Related Party Transactions

(a) Transactions with Key Management Personnel

In addition to their cash compensation, the Group also provides non-cash benefits to certain directors and other key management personnel, and contributes to post-employment plans on their behalf.

Key management is comprised of the Group's directors and senior management. Compensation paid to key management personnel comprised:

	Six months ended June 30,	
(Expressed in thousands of US Dollars)	**2014**	2013
Directors' fees	**265**	255
Salaries, allowances and other benefits in kind	**2,934**	2,560
Bonus	**4,478**	2,908
Post-employment benefits	**115**	105
Share-based compensation	**2,438**	1,634
	10,230	7,462

(b) Other Transactions

I. The Group's Indian subsidiary, Samsonite South Asia Pvt. Ltd., purchases raw materials and finished goods from, and sells certain raw materials and finished goods to, Abhishri Packaging Pvt. Ltd., which is managed and controlled by the family of Mr. Ramesh Tainwala, Executive Director and Chief Operating Officer of the Group ("Mr. Tainwala").

Related amounts of purchases, sales, payables and receivables are the following:

	Six months ended June 30,	
(Expressed in thousands of US Dollars)	**2014**	2013
Purchases	**2,254**	2,131
Sales	**140**	228

(Expressed in thousands of US Dollars)	**June 30, 2014**	December 31, 2013
Payables	**862**	607
Receivables	**50**	83

II. Samsonite South Asia Pvt. Ltd. also sells finished goods to Bagzone Lifestyle Private Limited. Bagzone Lifestyle Private Limited is managed and controlled by the family of Mr. Tainwala. Mr. Tainwala and his family also own a non-controlling interest in Samsonite South Asia Pvt. Ltd. and the Group's United Arab Emirates subsidiary.

	Six months ended June 30,	
(Expressed in thousands of US Dollars)	**2014**	2013
Sales	**5,566**	5,916
Rent	**34**	30

(Expressed in thousands of US Dollars)	**June 30, 2014**	December 31, 2013
Receivables	**8,699**	9,075

Approximately US$0.5 million and US$0.5 million was paid to entities owned by Mr. Tainwala and his family, for office space rent for the six months ended June 30, 2014 and June 30, 2013, respectively. As of June 30, 2014 and December 31, 2013, no amounts were payable to Mr. Tainwala and his family. As of June 30, 2014 and December 31, 2013, US$nil and US$0.1 million, respectively, was recorded as a receivable in the form of a security deposit.

III. Samsonite South Asia Pvt. Ltd. has from time to time sold finished goods to Planet Retail Holdings Pvt. Ltd. ("Planet Retail"). Mr. Tainwala is the majority shareholder of Planet Retail. There were no sales to this entity for the six months ended June 30, 2014 or June 30, 2013. As of June 30, 2014 and December 31, 2013, no amounts were recorded as a receivable from Planet Retail.

All outstanding balances with these related parties are priced at an arm's length basis and are to be settled in cash within six months of the reporting date. None of the balances are secured.

(23) Subsequent Events

The Group has evaluated events occurring subsequent to June 30, 2014, the interim reporting date, through August 27, 2014, the date this financial information was authorized for issuance by the Board.

On July 11, 2014, the Company made a cash distribution from its ad hoc distributable reserve in the amount of US$80.0 million, or approximately US$0.0568 per share, to the Company's shareholders of record on June 17, 2014.

Business Combination

Gregory Mountain Products

On June 18, 2014, certain of the Group's wholly-owned subsidiaries (the "Samsonite Purchasers") entered into an Asset Purchase Agreement with Black Diamond, Inc. and Gregory Mountain Products, LLC ("Gregory"), pursuant to which on July 23, 2014 the Samsonite Purchasers purchased substantially all of the assets of Gregory for cash consideration of US$84.1 million.

The Samsonite Purchasers purchased substantially all of the assets of Gregory excluding cash, certain receivables, and certain other retained assets and assumed all balance sheet liabilities and certain contractual liabilities of Gregory.

The Group has not yet completed a formal valuation of the assets that were acquired in the acquisition.

The acquisition gives the Group a strong brand and product offering to expand its presence in the high-end segment of the outdoor and lifestyle casual markets, as well as opportunities to leverage the Group's global marketing and distribution capabilities to significantly expand the *Gregory* brand both in the U.S. and internationally. The *Gregory* brand is a leader and pioneer in its industry, responsible for many innovations in backpack design. It is well-respected by active outdoor and adventure enthusiasts as a leading brand in the premium technical backpack segment. In addition to technical backpacks, *Gregory* branded lifestyle backpacks are popular in Japan and other Asian countries.

If the acquisition had occurred on January 1, 2014, the Group estimates that consolidated net sales would have been approximately US$1,123.9 million, and consolidated profit for the period would have been approximately US$114.6 million. In determining these amounts, the Group has not taken any potential fair value adjustments into consideration given a formal valuation of the assets acquired has not been completed. For the year ended December 31, 2013, Gregory recorded net sales of US$34.9 million, an increase of 14.3% compared to the previous year. The U.S. and Japan accounted for approximately 35.5% and 36.3%, respectively, of Gregory's net sales in 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Samsonite International S.A. (the “Company”), together with its consolidated subsidiaries (the “Group”), is the world’s largest travel luggage company, with a heritage dating back more than 100 years. The Group is principally engaged in the design, manufacture, sourcing and distribution of luggage, business and computer bags, outdoor and casual bags, travel accessories and slim protective cases for personal electronic devices throughout the world, primarily under the *Samsonite*®, *American Tourister*®, *Hartmann*®, *High Sierra*®, *Gregory*®, *Speck*® and *Lipault*® brand names as well as other owned and licensed brand names. The Group’s core brand, *Samsonite*, is one of the most well-known travel luggage brands in the world.

The Group sells its products through a variety of wholesale distribution channels, through its company operated retail stores and through e-commerce. Its principal wholesale distribution customers are department and specialty retail stores, mass merchants, catalog showrooms and warehouse clubs. The Group sells its products in Asia, North America, Europe and Latin America. As of June 30, 2014, the Group’s products were sold in more than 48,800 points of sale in over 100 countries.

Management discussion and analysis should be read in conjunction with the Group’s interim consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

Net Sales

The following table sets forth a breakdown of net sales by region for the six months ended June 30, 2014 and June 30, 2013, both in absolute terms and as a percentage of total net sales.

	Six months ended June 30,					
	2014		2013		2014 vs 2013	
	US$’000	**Percentage of net sales**	US$’000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects
Net sales by region:						
Asia	**421,381**	**38.1%**	370,164	37.6%	13.8%	16.9%
North America	**345,772**	**31.3%**	310,469	31.6%	11.4%	11.8%
Europe	**266,811**	**24.1%**	236,751	24.1%	12.7%	10.3%
Latin America	**66,966**	**6.1%**	61,506	6.2%	8.9%	20.4%
Corporate	**4,391**	**0.4%**	4,759	0.5%	(7.8)%	(7.8)%
Net sales	**1,105,321**	**100.0%**	983,649	100.0%	12.4%	13.8%

Excluding foreign currency effects, net sales increased by 13.8% for the six months ended June 30, 2014 compared to the six months ended June 30, 2013. US Dollar reported net sales increased by US$121.7 million, or 12.4%.

Brands

The following table sets forth a breakdown of net sales by brand for the six months ended June 30, 2014 and June 30, 2013, both in absolute terms and as a percentage of total net sales.

	Six months ended June 30,					
	2014		2013		2014 vs 2013	
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects
Net sales by brand:						
Samsonite	**743,687**	**67.3%**	668,196	67.9%	11.3%	11.8%
American Tourister	**236,348**	**21.4%**	205,711	20.9%	14.9%	17.5%
High Sierra	**52,819**	**4.8%**	43,495	4.4%	21.4%	22.5%
Hartmann	**7,863**	**0.7%**	6,955	0.7%	13.1%	13.1%
Speck	**10,513**	**0.9%**	—	—	*nm*	*nm*
Other[1]	**54,091**	**4.9%**	59,292	6.1%	(8.8)%	(0.5)%
Net sales	**1,105,321**	**100.0%**	983,649	100.0%	12.4%	13.8%

Notes
(1) Other includes *Lipault, Saxoline, Xtrem* and others.
nm Not meaningful due to acquisition on May 28, 2014.

Excluding foreign currency effects, net sales of the *Samsonite* brand increased by 11.8% for the six months ended June 30, 2014 compared to the six months ended June 30, 2013. US Dollar reported net sales of the *Samsonite* brand increased by US$75.5 million, or 11.3%. *Samsonite* comprised 67.3% of the net sales of the Group during the first half of 2014 compared to 67.9% for the same period in 2013 reflecting continued diversification of the Group's brand portfolio. Excluding foreign currency effects, net sales of the *American Tourister* brand increased by 17.5% for the first half of 2014 compared to the first half of 2013. US Dollar reported net sales of the *American Tourister* brand increased by US$30.6 million, or 14.9%. Asia accounted for US$24.1 million, or 78.7%, of the US$30.6 million increase in *American Tourister* brand sales for the six months ended June 30, 2014 compared to the six months ended June 30, 2013. The increases in the net sales of both brands were attributable to expanded product offerings and further penetration of existing markets, which were all supported by the Group's targeted advertising activities. Net sales of the *High Sierra* and *Hartmann* brands, which were acquired in the second half of 2012, increased by 22.5% and 13.1%, respectively, on a constant currency basis. Net sales of the *Speck* brand, which was acquired on May 28, 2014, amounted to US$10.5 million. Net sales of the *Lipault* brand, which was acquired on April 1, 2014, amounted to US$1.5 million. Excluding amounts attributable to the *Speck* and *Lipault* brands, net sales increased by US$109.4 million, or 11.1%, and by 12.6% on a constant currency basis.

Product Categories

The Group sells products in four principal product categories: travel, business, casual and accessories. The travel category is the Group's largest category and has been its traditional strength. The following table sets forth a breakdown of net sales by product category for the six months ended June 30, 2014 and June 30, 2013, both in absolute terms and as a percentage of total net sales.

	Six months ended June 30,					
	2014		2013		2014 vs 2013	
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects
Net sales by product category:						
Travel	**797,758**	**72.2%**	724,626	73.7%	10.1%	11.2%
Casual	**134,764**	**12.2%**	108,186	11.0%	24.6%	28.1%
Business	**96,892**	**8.8%**	95,803	9.7%	1.1%	2.3%
Accessories	**54,418**	**4.9%**	36,379	3.7%	49.6%	52.4%
Other	**21,489**	**1.9%**	18,655	1.9%	15.2%	15.7%
Net sales	**1,105,321**	**100.0%**	983,649	100.0%	12.4%	13.8%

Excluding foreign currency effects, net sales in the travel product category increased by 11.2% for the six months ended June 30, 2014 compared to the six months ended June 30, 2013. US Dollar reported net sales in the travel product category increased by US$73.1 million, or 10.1%. Country-specific product designs, locally relevant marketing strategies and expanded points of sale, including e-commerce, continue to be the key factors contributing to the Group's success in the travel category. Excluding foreign currency effects, net sales in the casual product category increased by 28.1%. US Dollar reported net sales in the casual product category increased by US$26.6 million, or 24.6%. This increase was primarily attributable to the success of the *High Sierra* brand and the *Samsonite Red* sub-brand. Excluding foreign currency effects, net sales in the business product category increased by 2.3%. US Dollar reported net sales in the business product category increased by US$1.1 million, or 1.1%. On a constant currency basis, this increase was driven by a 36.9%, increase in Europe due to new product introductions, marginally offset by a 5.3% decrease in Asia due to the timing of certain business-to-business sales in China and a 5.2% decrease in North America due to the non-repetition of certain sales made in the first half of 2013. On a constant currency basis, net sales in the accessories category increased by 52.4% largely due to the acquisition of Speck Products. Excluding *Speck*, net sales in the accessories category increased by 23.5% on a constant currency basis.

Distribution Channels

The Group sells products through two primary distribution channels: wholesale and retail. The following table sets forth a breakdown of net sales by distribution channel for the six months ended June 30, 2014 and June 30, 2013, both in absolute terms and as a percentage of total net sales.

	Six months ended June 30,					
	2014		2013		2014 vs 2013	
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects
Net sales by distribution channel:						
Wholesale	**883,309**	**79.9%**	799,467	81.3%	10.5%	11.7%
Retail	**217,417**	**19.7%**	179,423	18.2%	21.2%	23.7%
Other[1]	**4,595**	**0.4%**	4,759	0.5%	(3.4)%	(3.7)%
Net sales	**1,105,321**	**100.0%**	983,649	100.0%	12.4%	13.8%

Note

(1) "Other" primarily consists of licensing income.

During the first half of 2014, the Group expanded its points of sale by approximately 2,800 to over 48,800 points of sale worldwide as of June 30, 2014.

Excluding foreign currency effects, net sales in the wholesale channel increased by 11.7% for the six months ended June 30, 2014 compared to the six months ended June 30, 2013. US Dollar reported net sales in the wholesale channel increased by US$83.8 million, or 10.5%. Excluding foreign currency effects, net sales in the retail channel increased by 23.7%. US Dollar reported net sales in the retail channel increased by US$38.0 million, or 21.2%. On a same store, constant currency basis, net sales in the retail channel increased by 8.7%. The Group's same store analysis includes existing retail stores which have been open for at least 12 months before the end of the relevant financial period. During the first six months of 2014, approximately US$67.2 million, or 6.1%, of the Group's net sales were derived from its direct-to-consumer e-commerce business, which is included within the retail channel, and net sales to e-tailers, which are included within the wholesale channel compared to 5.1% for the corresponding period in the previous year.

Regions

Asia

Excluding foreign currency effects, the Group's net sales in Asia increased by 16.9% for the six months ended June 30, 2014 compared to the six months ended June 30, 2013. US Dollar reported net sales for the region increased by US$51.2 million, or 13.8%.

The *American Tourister* brand accounted for US$24.1 million, or 47.1%, of the increase in net sales for Asian for the six months ended June 30, 2014 compared to the first half of 2013. Excluding foreign currency effects, net sales of the *American Tourister* brand in the Asian region increased by 18.3%. *American Tourister* comprised 43.6% of the net sales in the region during the first half of 2014 compared to 43.1% for the same period in 2013. Net sales of the *Samsonite* brand continued to grow in Asia, increasing by 15.4% from the previous year on a constant currency basis due to the success of the *Samsonite Red* sub-brand. Excluding the *Samsonite Red* sub-brand, net sales of the *Samsonite* brand increased by 8.3% on a constant currency basis. Net sales of the *High Sierra* brand were US$4.6 million in Asia during the first half of 2014, an increase of 173.5% from the previous year on a constant currency basis. The development of *High Sierra* branded products specifically designed for the preferences of consumers in the region is well underway.

Net sales in the travel product category increased by US$29.5 million, or 10.7%, and by 14.0% excluding foreign currency effects for the six months ended June 30, 2014 compared to the first half of 2013. Net sales in the casual product category increased by US$23.2 million, or 83.9%, and by 88.5% on a constant currency basis year-on-year, driven largely by the success of the *Samsonite Red* sub-brand. Net sales in the business product category decreased by US$3.5 million, or 6.6%, and by 5.3% excluding foreign currency effects compared to the previous year due to the timing of certain business-to-business sales in China. Net sales in the accessories product category increased by US$2.0 million, or 20.9%, and by 23.2% on a constant currency basis compared to the previous year.

Net sales in the wholesale channel increased by US$33.0 million, or 10.2%, for the six months ended June 30, 2014 compared to the first half of 2013 and by 13.3% excluding foreign currency effects. Net sales in the retail channel increased by US$18.3 million, or 38.5%, and by 41.7% on a constant currency basis year-on-year largely due to growth in e-commerce. On a same store, constant currency basis, net sales in the retail channel increased by 11.8%. Over 350 points of sale were added in Asia during the first half of 2014, including 15 new company-operated retail locations, for a total of more than 7,200 points of sale in Asia as of June 30, 2014.

Along with additional product offerings and points of sale expansion, the success of the Group's business in the Asia region has been bolstered by its continued focus on country-specific products and marketing strategies to drive increased awareness of and demand for the Group's products. On a constant currency basis, net sales increased in all countries in the Asian region for the six months ended June 30, 2014 compared to the first half of 2013. Net sales in China increased by 8.1% on a constant currency basis. South Korea continued to experience robust sales growth, with an increase of 14.6% on a constant currency basis, driven by the success of the *American Tourister* brand and the *Samsonite Red* sub-brand. On a constant currency basis, net sales in India increased by 24.6% for the six months ended June 30, 2014 compared to the first half of 2013 driven by the *American Tourister* brand. Japan experienced strong constant currency growth of 22.9% year-on-year driven by the *Samsonite* brand.

The following table sets forth a breakdown of net sales within the Asian region by geographic location for the six months ended June 30, 2014 and June 30, 2013, both in absolute terms and as a percentage of total regional net sales.

	Six months ended June 30,				2014 vs 2013	
	2014		2013			
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects
Net sales by geographic location[1]:						
China	**101,211**	**24.0%**	93,427	25.2%	8.3%	8.1%
South Korea	**92,123**	**21.9%**	76,637	20.7%	20.2%	14.6%
India	**63,617**	**15.1%**	56,483	15.3%	12.6%	24.6%
Hong Kong[2]	**35,281**	**8.4%**	30,771	8.3%	14.7%	14.6%
Japan	**34,486**	**8.2%**	30,356	8.2%	13.6%	22.9%
Australia	**22,790**	**5.4%**	18,580	5.0%	22.7%	35.2%
Other	**71,873**	**17.0%**	63,910	17.3%	12.5%	18.6%
Net sales	**421,381**	**100.0%**	370,164	100.0%	13.8%	16.9%

Notes

(1) The geographic location of the Group's net sales reflects the country from which its products were sold and does not necessarily indicate the country in which its end consumers were actually located.

(2) Includes Macau.

North America

Excluding foreign currency effects, the Group's net sales in North America increased by 11.8% for the six months ended June 30, 2014 compared to the six months ended June 30, 2013. US Dollar reported net sales for the North American region increased by US$35.3 million, or 11.4%. Excluding net sales attributable to Speck Products, which was acquired on May 28, 2014, net sales increased by US$24.8 million, or 8.4%, on a constant currency basis.

Net sales of the *Samsonite* brand increased by US$20.6 million, or 9.2%, and net sales of the *American Tourister* brand increased by US$2.4 million, or 8.1%, for the six months ended June 30, 2014 compared to the six months ended June 30, 2013. Net sales of the *High Sierra* and *Hartmann* brands increased by US$5.3 million, or 12.8%, and by US$0.8 million, or 11.2%, respectively.

Net sales in the travel product category increased by US$21.3 million, or 9.2%, year-on-year. Net sales in the casual product category increased by US$3.7 million, or 7.3%. Net sales in the business product category decreased by US$1.1 million, or 5.5%, for the six months ended June 30, 2014 compared to the previous year due to the non-repetition of certain sales made in the first half of 2013. Net sales in the accessories category increased by US$11.0 million, or 133.2%, primarily as a result of the acquisition of Speck Products.

Net sales in the wholesale channel increased by US$27.4 million, or 10.9%, for the six months ended June 30, 2014 compared to the six months ended June 30, 2013. Net sales in the retail channel increased by US$7.9 million, or 13.4%, year-on-year. Net sales growth in the retail channel was driven by sales made through the Group's direct-to-consumer e-commerce website, which increased by 27.4% year-on-year, as well as the addition of 7 net new stores opened since June 30, 2013. On a same store, constant currency basis, net sales in the retail channel increased by 6.4%.

The overall increase in North America net sales was due to the Group's continued focus on marketing and selling regionally developed products, which has enabled the Group to bring to market products that are designed to appeal to the tastes and preferences of North American consumers resulting in strong consumer demand for the Group's products.

The following table sets forth a breakdown of net sales within the North American region by geographic location for the six months ended June 30, 2014 and June 30, 2013, both in absolute terms and as a percentage of total regional net sales.

	Six months ended June 30,					
	2014		2013		2014 vs 2013	
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects
Net sales by geographic location[(1)]:						
United States	**327,978**	**94.9%**	296,495	95.5%	10.6%	10.6%
Canada	**17,794**	**5.1%**	13,974	4.5%	27.3%	36.5%
Net sales	**345,772**	**100.0%**	310,469	100.0%	11.4%	11.8%

Note
(1) The geographic location of the Group's net sales reflects the country from which its products were sold and does not necessarily indicate the country in which its end consumers were actually located.

Europe

Excluding foreign currency effects, the Group's net sales in Europe increased by 10.3% for the six months ended June 30, 2014 compared to the six months ended June 30, 2013. US Dollar reported net sales for the region increased by US$30.1 million, or 12.7%.

Local currency sales growth has been strong in several markets due to the positive sell-through of new product introductions, including new product lines manufactured using Curv material and other lines of polypropylene suitcases, as demand for hardside luggage continues to grow in the European region. Germany, the Group's leading market in Europe representing 14.7% of total net sales in the region, achieved 6.2% constant currency sales growth during the period. The United Kingdom and France posted strong constant currency net sales growth of 10.2% and 11.1%, respectively, over the previous year. The Group's business in Italy and Spain continued to show signs of economic improvement with constant currency net sales growth of 13.1% and 11.3%, respectively. The Group continued to penetrate the emerging markets of Russia, Turkey and South Africa with year-on-year constant currency net sales growth of 11.2%, 36.9% and 28.3%, respectively.

Net sales of the *Samsonite* brand increased by US$24.2 million, or 11.2%, and by 8.7% excluding foreign currency effects for the six months ended June 30, 2014 compared to the six months ended June 30, 2013. Net sales of the *American Tourister* brand increased by US$2.9 million, or 20.1%, and by 19.1% on a constant currency basis.

Net sales in the travel product category increased by US$18.4 million, or 9.5%, and by 7.0% on a constant currency basis year-on-year. Excluding foreign currency effects, net sales in the casual product category decreased by 3.2% year-on-year as the Group focused on preparing for the launch of *High Sierra* products planned for the second half of the year. Net sales in the business product category increased by US$6.3 million, or 38.7%, and by 36.9% on a constant currency basis for the period due to the success of new product introductions.

Net sales in the wholesale channel increased by US$19.0 million, or 10.4%, for the six months ended June 30, 2014 compared to the first half of 2013 and by 7.2% excluding foreign currency effects. Net sales in the retail channel increased by US$10.9 million, or 19.8%, and by 20.2% on a constant currency basis, over the same period driven by the addition of 17 net new stores opened since June 30, 2013. On a same store, constant currency basis, net sales in the retail channel increased by 8.3%.

The following table sets forth a breakdown of net sales within the European region by geographic location for the six months ended June 30, 2014 and June 30, 2013, both in absolute terms and as a percentage of total regional net sales.

	Six months ended June 30,					
	2014		2013		2014 vs 2013	
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects
Net sales by geographic location[1]:						
Germany	**39,202**	**14.7%**	35,289	14.9%	11.1%	6.2%
France	**35,911**	**13.5%**	30,940	13.1%	16.1%	11.1%
Belgium [2]	**33,064**	**12.4%**	27,039	11.4%	22.3%	16.8%
Italy	**29,687**	**11.1%**	25,058	10.6%	18.5%	13.1%
Spain	**20,369**	**7.6%**	17,511	7.4%	16.3%	11.3%
United Kingdom	**19,843**	**7.4%**	16,609	7.0%	19.5%	10.2%
Russia	**19,678**	**7.4%**	19,848	8.4%	(0.9)%	11.2%
Other	**69,057**	**25.9%**	64,457	27.2%	7.1%	7.7%
Net sales	**266,811**	**100.0%**	236,751	100.0%	12.7%	10.3%

Notes
(1) The geographic location of the Group's net sales reflects the country from which its products were sold and does not necessarily indicate the country in which its end consumers were actually located.
(2) Net sales in Belgium were US$11.0 million and US$10.6 million for the six months ended June 30, 2014 and June 30, 2013, respectively. Remaining sales consisted of direct shipments to distributors, customers and agents in other countries.

Latin America
Excluding foreign currency effects, the Group's net sales in Latin America increased by 20.4% for the six months ended June 30, 2014 compared to the six months ended June 30, 2013. US Dollar reported net sales for the region increased by US$5.5 million, or 8.9%.

For the six months ended June 30, 2014, net sales in Chile improved by 10.2% year-on-year excluding foreign currency effects. US Dollar reported net sales for Chile decreased by US$1.6 million, or 4.5%, as reported results were negatively impacted by foreign exchange rates. The double-digit constant currency net sales growth in Chile was due in large part to strong sales of backpacks for the back-to-school season, as well as the success of the recently launched women's handbag brand *Secret*. Excluding foreign currency effects, net sales in Mexico increased by 13.1%. Local brand *Xtrem* also continues to flourish in Chile and Mexico. Net sales made in Brazil increased by 236.7% on a constant currency basis, mainly due to the direct import and sales model implemented in the second half of 2013. Net sales for the "Other" geographic location below includes sales made in Colombia, Panama and Peru, where the group implemented a direct import and sales model during 2013. Net sales in Argentina continued to be negatively impacted by import restrictions imposed by the local government. Excluding net sales attributable to Argentina, net sales for the Latin American region increased by 13.5%, or 24.9% excluding foreign currency effects.

Net sales of the *Samsonite* brand increased by US$5.1 million, or 20.5%, and by 29.1% excluding foreign currency effects. Net sales of the *American Tourister* brand increased by US$1.3 million, or 61.5%, and by 69.3% excluding foreign currency effects. On a constant currency basis, net sales of local brands *Saxoline* and *Xtrem* increased by 8.5% and 3.7%, respectively. Net sales of the *High Sierra* brand in Latin America during the first half of 2014 were US$1.2 million, an increase of 118.5%, or 128.8% excluding foreign currency effects. The *High Sierra* brand was introduced in the region during 2013. Sales of women's handbags under the *Secret* brand name continue to show early signs of success with net sales of US$4.2 million in the first half of 2014, an increase of US$1.3 million, or 45.3%, and by 66.7% excluding foreign currency effects, from the same period in the previous year.

Net sales in the travel product category increased by US$4.0 million, or 16.4%, and by 27.2% excluding foreign currency effects. Net sales in the casual product category decreased by US$0.3 million, or 1.2%, but increased by 10.4% on a constant currency basis due to strong sales during the back-to-school season of the *Xtrem* brand in Chile, as well as strong sales of the *Samsonite* and *Xtrem* brand in Mexico. Net sales in the business product category decreased by US$0.6 million, or 9.7%, but was relatively flat year-on-year excluding foreign currency effects.

Net sales in the wholesale channel increased by US$4.5 million, or 10.3%, for the six months ended June 30, 2014 compared to the six months ended June 30, 2013 and by 20.6% excluding foreign currency effects. Net sales in the retail channel increased by US$0.9 million, or 5.3%, and by 20.0% on a constant currency basis over the same period. On a same store, constant currency basis, net sales in the retail channel increased by 8.9%.

The following table sets forth a breakdown of net sales within the Latin American region by geographic location for the six months ended June 30, 2014 and June 30, 2013, both in absolute terms and as a percentage of total regional net sales.

	Six months ended June 30,					
	2014		2013		2014 vs 2013	
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects
Net sales by geographic location[1]:						
Chile	**32,113**	**48.0%**	33,644	54.7%	(4.5)%	10.2%
Mexico	**20,009**	**29.9%**	18,362	29.9%	9.0%	13.1%
Brazil[2]	**8,983**	**13.4%**	2,926	4.8%	207.0%	236.7%
Argentina	**848**	**1.3%**	3,267	5.3%	(74.0)%	(59.9)%
Other[3]	**5,013**	**7.4%**	3,307	5.3%	51.6%	53.6%
Net sales	**66,966**	**100.0%**	61,506	100.0%	8.9%	20.4%

Notes

(1) The geographic location of the Group's net sales reflects the country from which its products were sold and does not necessarily indicate the country in which its end consumers were actually located.

(2) The net sales figure for Brazil includes net sales attributable to sales made to third party distributors in Brazil.

(3) The net sales figure for the "Other" geographic location includes sales made in Colombia, Panama, Peru and through the Group's distribution center in Uruguay but does not include net sales attributable to sales made in Brazil to third party distributors.

Cost of Sales and Gross Profit

Cost of sales increased by US$56.0 million, or 12.2%, to US$516.7 million (representing 46.7% of net sales) for the six months ended June 30, 2014 from US$460.7 million (representing 46.8% of net sales) for the six months ended June 30, 2013. Cost of sales increased in line with increased net sales. Cost of sales as a percentage of net sales remained relatively consistent year-on-year.

Gross profit increased by US$65.7 million, or 12.6%, to US$588.7 million for the six months ended June 30, 2014, from US$523.0 million for the six months ended June 30, 2013. Gross profit margin was 53.3% for the six months ended June 30, 2014 compared to 53.2% for the six months ended June 30, 2013.

Distribution Expenses

Distribution expenses increased by US$33.1 million, or 13.0%, to US$288.4 million (representing 26.1% of net sales) for the six months ended June 30, 2014 from US$255.3 million (representing 26.0% of net sales) for the six months ended June 30, 2013. This increase, which was reflected in additional freight to customers, commissions, rent, and increased personnel expenses, was primarily due to the increase in sales volume in 2014. Distribution expenses as a percentage of net sales remained relatively consistent year-on-year.

Marketing Expenses

The Group spent US$69.4 million (representing 6.3% of net sales) on marketing for the six months ended June 30, 2014 compared to US$64.1 million (representing 6.5% of net sales) for the six months ended June 30, 2013, representing an increase of US$5.3 million, or 8.2%. Marketing expenses as a percentage of net sales have decreased slightly year-on-year due to strong sales growth and some efficiencies in advertising spend. During 2014, the Group continued to employ targeted and focused advertising and promotional campaigns. The Group believes the success of its advertising campaigns is evident in its net sales growth, and remains committed to enhancing brand and product awareness and driving additional net sales growth through focused marketing activities.

General and Administrative Expenses

General and administrative expenses increased by US$7.8 million, or 11.9%, to US$73.4 million (representing 6.6% of net sales) for the six months ended June 30, 2014 from US$65.6 million (representing 6.7% of net sales) for the six months ended June 30, 2013. Although general and administrative expenses increased in absolute terms, such expenses decreased as a percentage of net sales by 10 basis points as the Group maintained tight control of its fixed cost base and leveraged it against strong sales growth. Share-based compensation expense, which is included in general and administrative expenses, amounted to US$5.6 million, an increase of US$2.0 million. Excluding the increase in share-based compensation expense, general and administrative expenses as a percentage of net sales decreased by 20 basis points.

Other Expenses

The Group recognized other expenses of US$5.2 million and US$1.8 million for the six months ended June 30, 2014 and June 30, 2013, respectively. Other expenses for the first half of 2014 include US$4.2 million of costs related to the acquisitions of Lipault, Speck Products and Gregory.

Operating Profit

The Group's operating profit was US$152.3 million for the six months ended June 30, 2014, an increase of US$16.2 million, or 11.9%, from US$136.2 million for the six months ended June 30, 2013.

Net Finance Costs

Net finance costs decreased by US$4.5 million, or 56.6%, to US$3.4 million for the six months ended June 30, 2014 from US$7.9 million for the six months ended June 30, 2013. This decrease was primarily attributable to a US$3.1 million reduction in foreign exchange losses and a US$1.9 million decrease in the expense recognized for the change in fair value of put options related to agreements with certain holders of non-controlling interests, partially offset by a US$0.5 million increase in other finance costs.

Profit before Income Tax

Profit before income tax increased by US$20.6 million, or 16.1%, to US$148.9 million for the six months ended June 30, 2014 from US$128.2 million for the six months ended June 30, 2013 due to the factors noted above.

Income Tax Expense

Income tax expense increased by US$5.8 million, or 17.2%, to US$39.3 million for the six months ended June 30, 2014 from US$33.6 million for the six months ended June 30, 2013.

For interim reporting purposes, the Group uses the effective tax rate applied to profit before income tax for the interim period. The effective reported tax rate is calculated using a weighted average income tax rate from those jurisdictions in which the Group is subject to tax, adjusted for permanent book/tax differences, tax incentives, changes in tax reserves and unrecognized deferred tax assets.

The Group's consolidated effective tax rate for operations was 26.4% and 26.2% for the six months ended June 30, 2014 and June 30, 2013, respectively. The slight increase in the consolidated effective reported tax rate was primarily the result of the global mix in profitability in various high and low tax jurisdictions.

Profit for the Period

Profit for the period of US$109.6 million for the six months ended June 30, 2014 increased by US$14.9 million, or 15.7%, from US$94.7 million for the six months ended June 30, 2013. Profit attributable to the equity holders was US$97.0 million for the first half of 2014, an increase of US$11.9 million, or 14.0%, from the previous year.

Adjusted Net Income, a non-IFRS measure, increased by US$12.9 million, or 13.9%, to US$105.7 million for the six months ended June 30, 2014 from US$92.9 million for the six months ended June 30, 2013. See the reconciliation of profit for the period to Adjusted Net Income below for a detailed discussion of the Group's results excluding certain non-recurring costs and charges and other non-cash charges that impacted reported profit for the period.

Basic earnings per share ("Basic EPS") and diluted earnings per share ("Diluted EPS") increased by 15.0% to US$0.069 for the six months ended June 30, 2014 from US$0.060 for the six months ended June 30, 2013. The weighted average number of shares utilized in the Basic EPS calculation increased by 379 thousand shares as a result of shares issued upon exercise of share options by certain participants in the Group's Share Award Scheme. The weighted average number of shares outstanding utilized in the Diluted EPS calculation increased by 2.2 million shares from June 30, 2013 as certain outstanding share options became dilutive in the first half of 2014. During the first half of 2013, the number of shares utilized in the Diluted EPS calculation was the same as the number of shares utilized in the basic EPS calculation as all potentially dilutive instruments were anti-dilutive.

Adjusted Basic EPS and adjusted Diluted EPS increased by 13.6% to US$0.075 for the six months ended June 30, 2014 from US$0.066 for the six months ended June 30, 2013.

Adjusted EBITDA

Adjusted EBITDA, which is a non-IFRS measure, increased by US$22.9 million, or 14.0%, to US$186.7 million for the six months ended June 30, 2014 from US$163.7 million for the six months ended June 30, 2013. Adjusted EBITDA margin increased to 16.9% from 16.6% as the Group maintained tight control of its fixed cost base and leveraged it against strong sales growth.

The following table presents the reconciliation from the Group's profit for the period to Adjusted EBITDA for the six months ended June 30, 2014 and June 30, 2013:

	Six months ended June 30,	
(Expressed in thousands of US Dollars)	**2014**	2013
Profit for the period	**109,568**	94,679
Plus (Minus):		
Income tax expense	**39,310**	33,551
Finance costs	**3,636**	8,379
Finance income	**(201)**	(459)
Depreciation	**19,353**	17,784
Amortization	**4,208**	4,362
EBITDA	**175,874**	158,296
Plus:		
Share-based compensation expense	**5,621**	3,590
Other adjustments[1]	**5,176**	1,846
Adjusted EBITDA	**186,671**	163,732

Note

(1) Other adjustments primarily comprised of 'Other expenses' per the consolidated income statement, which includes acquisition costs.

The following tables present a reconciliation from profit (loss) for the period to Adjusted EBITDA on a regional basis for the six months ended June 30, 2014 and June 30, 2013:

	Six months ended June 30, 2014					
(Expressed in thousands of US Dollars)	**Asia**	**North America**	**Europe**	**Latin America**	**Corporate**	**Total**
Profit for the period	**36,561**	**17,218**	**20,044**	**5,112**	**30,633**	**109,568**
Plus (Minus):						
Income tax expense	**12,677**	**12,615**	**10,852**	**643**	**2,523**	**39,310**
Finance costs	**(68)**	**273**	**541**	**(980)**	**3,870**	**3,636**
Finance income	**(189)**	**(2)**	**(56)**	**47**	**(1)**	**(201)**
Depreciation	**6,804**	**3,126**	**7,659**	**1,050**	**714**	**19,353**
Amortization	**2,103**	**387**	**735**	**966**	**17**	**4,208**
EBITDA	**57,888**	**33,617**	**39,775**	**6,838**	**37,756**	**175,874**
Plus (Minus):						
Share-based compensation expense	**411**	**1,114**	**1,006**	**132**	**2,958**	**5,621**
Other adjustments[(1)]	**29,376**	**25,981**	**3,654**	**1,588**	**(55,423)**	**5,176**
Adjusted EBITDA	**87,675**	**60,712**	**44,435**	**8,558**	**(14,709)**	**186,671**

Note
(1) Other adjustments primarily comprised of ‘Other expenses’ per the consolidated income statement which includes acquisition costs. Regional results include intragroup royalty income/expense.

	Six months ended June 30, 2013					
(Expressed in thousands of US Dollars)	Asia	North America	Europe	Latin America	Corporate	Total
Profit for the period	24,896	19,550	18,830	5,916	25,487	94,679
Plus (Minus):						
Income tax expense	8,013	12,113	5,639	3,118	4,668	33,551
Finance costs	3,343	328	714	(891)	4,885	8,379
Finance income	(132)	(2)	(132)	7	(200)	(459)
Depreciation	6,625	1,977	6,768	1,227	1,187	17,784
Amortization	2,103	305	971	966	17	4,362
EBITDA	44,848	34,271	32,790	10,343	36,044	158,296
Plus (Minus):						
Share-based compensation expense	749	526	732	174	1,409	3,590
Other adjustments[(1)]	26,315	22,312	3,967	(1,001)	(49,747)	1,846
Adjusted EBITDA	71,912	57,109	37,489	9,516	(12,294)	163,732

Note
(1) Other adjustments primarily comprised of ‘Other expenses’ per the consolidated income statement. Regional results include intragroup royalty income/expense.

The Group has presented Adjusted EBITDA because it believes that, when viewed with its results of operations as prepared in accordance with IFRS and with the reconciliation to profit (loss) for the period, Adjusted EBITDA provides additional information that is useful in gaining a more complete understanding of its operational performance and of the trends impacting its business. Adjusted EBITDA is an important metric the Group uses to evaluate its operating performance and cash generation.

Adjusted EBITDA is a non-IFRS financial measure and as calculated herein may not be comparable to similarly named measures used by other companies and should not be considered as a measure comparable to profit (loss) for the period in the Group's consolidated income statement. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, an analysis of the Group's results of operations as reported under IFRS.

Adjusted Net Income

Adjusted Net Income, which is a non-IFRS measure, increased by US$12.9 million, or 13.9%, to US$105.7 million for the six months ended June 30, 2014 from US$92.9 million for the six months ended June 30, 2013.

The following table presents the reconciliation from the Group's profit for the period to Adjusted Net Income for the six months ended June 30, 2014 and June 30, 2013:

	Six months ended June 30,	
(Expressed in thousands of US Dollars)	**2014**	2013
Profit for the period	**109,568**	94,679
Profit attributable to non-controlling interests	**(12,592)**	(9,589)
Profit attributable to the equity holders	**96,976**	85,090
Plus (Minus):		
Change in fair value of put options	**2,491**	4,417
Amortization of intangible assets(1)	**4,208**	4,362
Expenses related to acquisition activities	**4,218**	—
Tax adjustments	**(2,144)**	(1,013)
Adjusted Net Income(2)	**105,749**	92,856

Notes

(1) Amortization of intangible assets charges relate to the amortization of other intangible assets with finite useful lives that were recognized in conjunction with business combinations and that do not relate to assets invested in on an ongoing basis.

(2) Represents Adjusted Net Income attributable to the equity holders of the Company.

The Group has presented Adjusted Net Income because it believes this measure helps to give securities analysts, investors and other interested parties a better understanding of the Group's underlying financial performance. By presenting Adjusted Net Income, the Group eliminates the effect of a number of non-recurring costs and charges and certain other non-cash charges that impact its reported profit for the period.

Adjusted Net Income is a non-IFRS financial measure, and as calculated herein may not be comparable to similarly named measures used by other companies and should not be considered as a measure comparable to profit (loss) for the period in the Group's consolidated income statement. Adjusted Net Income has limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, an analysis of the Group's results of operations as reported under IFRS.

Liquidity and Financial Resources

The primary objective of the Group's capital management policies is to safeguard its ability to continue as a going concern, to provide returns for the Company's shareholders, and to fund capital expenditures, normal operating expenses, working capital needs and the payment of obligations. The Group's primary sources of liquidity are its cash flows from operating activities, invested cash, available lines of credit and, subject to shareholder approval, the Company's ability to issue additional shares. The Group believes that its existing cash and estimated cash flows, along with current working capital, will be adequate to meet the operating and capital requirements of the Group for at least the next twelve months.

The Group generated cash from operating activities of US$53.1 million for the six months ended June 30, 2014 compared to US$56.7 million for the six months ended June 30, 2013. This decrease is primarily attributable to increased inventory purchases to support higher sales and an increase in taxes paid, partially offset by increased profits and reduced contributions to defined benefit plans.

For the six months ended June 30, 2014, net cash used in investing activities was US$143.2 million compared to US$14.7 million in the previous year. This increase was primarily due to the acquisitions of Speck Products and Lipault, as well as an increase in the purchase of property, plant and equipment from the previous year, which was largely attributable to expenditures in connection with expanding the existing manufacturing plant in Hungary and completion of the new warehouse in Belgium.

Net cash flows generated from financing activities was US$76.3 million for the six months ended June 30, 2014 compared to net cash used in financing activities of US$30.6 million for the six months ended June 30, 2013. Cash flows generated from financing activities are largely attributable to the Group drawing on its Revolving Facility to partially fund the acquisitions of Speck Products and Lipault.

Indebtedness

The following table sets forth the carrying amount of the Group's loans and borrowings as of June 30, 2014 and December 31, 2013:

(Expressed in thousands of US Dollars)	**June 30, 2014**	December 31, 2013
Revolving Credit Facility	**80,000**	—
Other lines of credit	**18,208**	15,482
Finance lease obligations	**47**	53
Total loans and borrowings	**98,255**	15,535
Less deferred financing costs	**(3,238)**	(1,858)
Total loans and borrowings less deferred financing costs	**95,017**	13,677

The Group had US$204.9 million in cash and cash equivalents at June 30, 2014.

On June 17, 2014, the Group amended its revolving credit facility (the “Revolving Facility”) to increase the maximum borrowings available thereunder from US$300.0 million to US$500.0 million and to extend the term of the facility until June 17, 2019. The facility can be increased by an additional US$300.0 million, subject to lender approval. The Revolving Facility has an initial term of five years from its effective date of June 17, 2014, with a one year extension available at the request of the Group and at the option of the lenders. The interest rate on borrowings under the Revolving Facility is the aggregate of (i) (a) LIBOR or (b) the prime rate of the lender and (ii) a margin to be determined based on the Group’s leverage ratio. Based on the Group’s leverage ratio, the Revolving Facility carries a commitment fee ranging from 0.2% to 0.325% per annum on any unutilized amounts, as well as an agency fee if another lender joins the Revolving Facility. The Revolving Facility is secured by certain of the Group’s assets in the United States and Europe, as well as the Group’s intellectual property. The Revolving Facility also contains financial covenants related to interest coverage and leverage ratios, and operating covenants that, among other things, limit the Group’s ability to incur additional debt, create liens on its assets, and participate in certain mergers, acquisitions, liquidations, asset sales or investments. The Group was in compliance with the financial covenants as of June 30, 2014. At June 30, 2014, US$416.4 million was available to be borrowed on the Revolving Facility as a result of US$80.0 million of outstanding borrowings and the utilization of US$3.6 million of the facility for outstanding letters of credit extended to certain creditors. At December 31, 2013, US$294.4 million was available to be borrowed on the previously existing US$300.0 million revolving credit facility as a result of the utilization of US$5.6 million of the facility for outstanding letters of credit extended to certain creditors.

Certain consolidated subsidiaries of the Group maintain credit lines with various third party lenders in the regions in which they operate. These local credit lines provide working capital for the day-to-day business operations of such subsidiaries, including overdraft, bank guarantee, and trade finance and factoring facilities. The majority of these credit lines are uncommitted facilities. The total aggregate amount outstanding under the local facilities was US$18.2 million and US$15.5 million at June 30, 2014 and December 31, 2013, respectively.

The following represents the contractual maturity dates of the Group’s loans and borrowings (excluding the impact of netting agreements) as of June 30, 2014 and December 31, 2013:

(Expressed in thousands of US Dollars)	**June 30, 2014**	December 31, 2013
On demand or within one year	**98,225**	15,498
Between 1 and 2 years	**17**	17
Between 2 and 5 years	**13**	20
Over 5 years	**-**	-
	98,255	15,535

Hedging

The Group’s non-U.S. subsidiaries periodically enter into forward contracts related to the purchase of inventory denominated primarily in US Dollars which are designated as cash flow hedges. Cash flows associated with these derivatives at June 30, 2014 are expected to be US$53.6 million within one year.

Other Financial Information

Working Capital Ratios

Inventory Analysis

The following table sets forth a summary of the Group's average inventory, cost of sales and average inventory days for the six months ended June 30, 2014 and June 30, 2013.

(Expressed in thousands of US Dollars)	**Six months ended June 30,** **2014**	2013
Average inventory[(1)]	**324,225**	272,728
Cost of sales	**516,661**	460,654
Average inventory turnover days[(2)]	**115**	108

Notes

(1) Average inventory equals the average of net inventory at the beginning and end of a given period.

(2) Average inventory turnover days for a given period equals average inventory for that period divided by cost of sales for that period and multiplied by the number of days in the period.

The Group's average inventory increased in the first half of 2014 (US$350.1 million at June 30, 2014 compared to US$298.4 million at December 31, 2013) compared to the first half of 2013 (US$267.9 million at June 30, 2013 compared to US$277.5 million at December 31, 2012) to support increased customer demand and new product introductions, as a result of the Speck Products and Lipault acquisitions completed in the first half of 2014 and the transition of sales model in Brazil, Colombia, Panama and Peru to a direct sales model.

Trade and Other Receivables

The following table sets forth a summary of the Group's average trade and other receivables, net sales and turnover days of trade and other receivables for the six months ended June 30, 2014 and June 30, 2013.

(Expressed in thousands of US Dollars)	**Six months ended June 30,** **2014**	2013
Average trade and other receivables[(1)]	**280,306**	240,124
Net sales	**1,105,321**	983,649
Turnover days of trade and other receivables[(2)]	**46**	45

Notes

(1) Average trade and other receivables equal the average of net trade and other receivables at the beginning and end of a given period.

(2) Turnover days of trade and other receivables for a given period equals average trade and other receivables for that period divided by net sales for that period and multiplied by the number of days in the period.

The Group's average trade and other receivables increased in the first half of 2014 (US$314.2 million at June 30, 2014 compared to US$246.4 million at December 31, 2013) compared to the first half of 2013 (US$258.1 million at June 30, 2013 compared to US$222.2 million at December 31, 2012) in line with the increase in net sales, and as a result of the Speck Products and Lipault acquisitions completed in the first half of 2014.

Trade receivables as of June 30, 2014 are on average due within 60 days from the date of billing.

Trade and Other Payables

The following table sets forth a summary of the Group's average trade and other payables, cost of sales and turnover days of trade and other payables for the six months ended June 30, 2014 and June 30, 2013.

(Expressed in thousands of US Dollars)	**Six months ended June 30,**	
	2014	2013
Average trade and other payables(1)	**439,462**	379,945
Cost of sales	**516,661**	460,654
Turnover days of trade and other payables(2)	**155**	151

Notes

(1) Average trade and other payables equal the average of trade and other payables at the beginning and end of a given period.

(2) Turnover days of trade and other payables for a given period equals average trade and other payables for that period divided by cost of sales for that period and multiplied by the number of days in the period.

The Group's average trade and other payables increased in the first half of 2014 (US$491.7 million at June 30, 2014 compared to US$387.2 million at December 31, 2013) compared to the first half of 2013 (US$397.4 million at June 30, 2013 compared to US$362.5 million at December 31, 2012) primarily due to the US$80.0 million dividend payable at June 30, 2014, increased inventory purchases and the timing of such purchases, and as a result of the Speck Products and Lipault acquisitions completed in the first half of 2014.

Trade payables as of June 30, 2014 are on average due within 105 days from the invoice date.

Gearing Ratios

The following table sets forth the Group's loans and borrowings (excluding deferred financing costs), total equity and gearing ratio as of June 30, 2014 and December 31, 2013.

(Expressed in thousands of US Dollars)	**June 30, 2014**	December 31, 2013
Loans and borrowings (excl. deferred financing costs)	**98,256**	15,535
Total equity	**1,252,662**	1,230,582
Gearing ratio(1)	**7.8%**	1.3%

Note

(1) Calculated as total loans and borrowings (excluding deferred financing costs) divided by total equity.

Other Information

Total current assets were US$942.2 million and US$835.4 million, and total assets less current liabilities were US$1,463.3 million and US$1,433.1 million, as of June 30, 2014 and December 31, 2013, respectively.

Strategic Review and Full Year Prospects

During the first half of 2014, the Group achieved the following as it continued to implement its strategic plan:

Positive financial results

All key Group metrics showed considerable growth for the six months ended June 30, 2014 compared to the six months ended June 30, 2013.

- Net sales increased by 12.4% to US$1,105.3 million. Excluding foreign currency effects, net sales increased by 13.8%.
- Operating profit increased by US$16.2 million, or 11.9%, year-on-year.
- Adjusted Net Income increased by US$12.9 million, or 13.9%, year-on-year.
- Adjusted EBITDA increased by 14.0% to US$186.7 million.
- Adjusted EBITDA margin increased to 16.9% from 16.6% reflecting the Group's ability to leverage its cost base against strong sales growth.
- The Group generated US$53.1 million of cash from operating activities for the six months ended June 30, 2014.

Significant investment in advertising and promotion

The Group maintained its investment in marketing, which amounted to approximately 6.3% of net sales during the first half of 2014, reflecting its commitment to advertise and promote its brands and products to support sales growth worldwide.

Introduction of new and innovative products to the market

The Group continued to focus on innovation and ensuring that its products reflect local consumer tastes in each region. Innovation and a regional focus on product development are key drivers of sales growth and are the means to deliver quality and value to the Group's customers.

Expansion of distribution network

The Group continued the further expansion of its distribution network by adding approximately 2,800 points of sale in the first half of 2014 to over 48,800 points of sale worldwide as of June 30, 2014.

Acquisitions

The Group completed the following acquisitions during the first half of 2014:

(a) Lipault

On April 1, 2014, a wholly owned subsidiary within the Group completed the acquisition of (i) Distri Bagages, a *société à responsabilité limitée*, incorporated and organized under the Laws of France, and (ii) Licences et Développements, a *société à responsabilité limitée*, incorporated and organized under the Laws of France (collectively, the "Lipault Entities") for cash consideration of EUR 20.0 million, with a subsequent working capital adjustment of EUR 0.1 million, for a total purchase price of EUR 20.1 million. The Group purchased all of the outstanding capital stock of the Lipault entities.

Lipault is a luggage brand founded in France in 2005. Lipault's products are designed to meet the needs of today's savvy travellers, featuring ultra-lightweight, smart designs and bright fashion colors, and constructed using luxurious but durable nylon twill fabric.

The acquisition further expands the Group's brand portfolio and presents opportunities to leverage the Group's industry-leading design and product development capabilities, as well as its distribution network and retail presence, to significantly expand the *Lipault* brand in France, additional markets in Europe and the rest of the world. *Lipault* is a youthful brand that will help the Group engage with the fashionable female consumers through its signature Parisian style and vibrant colors.

(b) Speck Products

On May 28, 2014, a wholly owned subsidiary within the Group completed the acquisition of Speck Products for cash consideration of US$85.0 million, with a subsequent working capital adjustment of US$0.2 million, for a total purchase price of US$84.8 million. The Group purchased all of the outstanding capital stock of Speck Products.

Founded in Silicon Valley, California in 2001, Speck Products is a leading designer and distributor of slim protective cases for personal electronic devices that are marketed under the *Speck*® brand. Speck Products offers a diverse product range that is sleek, stylish and functionally innovative, and provides superior military-grade protection for smartphones, tablets and laptops from a range of manufacturers. The *Speck* brand is particularly well-known for its "slim protection" designs such as the iconic Candy Shell smartphone case, which is constructed using a "hard-soft" technology that Speck Products pioneered.

The acquisition enables the Group to strategically extend its brand portfolio beyond its traditional strength in travel luggage products, and provides the Group with a strong brand and product offering resulting in an immediate foothold in the market for protective cases for smartphones, tablets, laptops and other personal electronic devices. It also provides the Group with opportunities to leverage its well-established global distribution network and retail presence to significantly expand the reach of the *Speck* brand in Asia, Europe and Latin America.

Subsequent to June 30, 2014, the Group completed the following acquisition:

Gregory Mountain Products

On June 18, 2014, certain of the Group's wholly-owned subsidiaries (the "Samsonite Purchasers") entered into an Asset Purchase Agreement with Black Diamond, Inc. and Gregory Mountain Products, LLC ("Gregory"), pursuant to which on July 23, 2014 the Samsonite Purchasers purchased substantially all of the assets of Gregory for cash consideration of US$84.1 million. The Samsonite Purchasers purchased substantially all of the assets of Gregory excluding cash, certain receivables, and certain other retained assets and assumed all balance sheet liabilities and certain contractual liabilities of Gregory.

The *Gregory* brand is a leader and pioneer in its industry, responsible for many innovations in backpack design. It is well-respected by active outdoor and adventure enthusiasts as a leading brand in the premium technical backpack segment. In addition to its technical backpacks, *Gregory* branded lifestyle backpacks are popular in Japan and other Asian countries.

The Acquisition gives the Group a strong brand and product offering to expand its presence in the high-end segment of the outdoor and lifestyle casual markets, as well as opportunities to leverage the Group's global marketing and distribution capabilities to significantly expand the *Gregory* brand both in the U.S. and internationally.

Future Prospects

The Group's growth strategy will continue as planned for the second half of 2014, with a focus on the following:

- continue to gain market share by leveraging the strength of the Group's diverse portfolio of brands, which include *Samsonite, American Tourister, Hartmann, High Sierra, Gregory, Speck* and *Lipault,* across all of its markets;

- allocate more resources, particularly marketing, to drive *American Tourister* sales growth in Europe and Asia, extend the brand reach of *Samsonite Red* throughout Asia and support the global expansion of acquired brands;

- support the global *Hartmann* rollout with the flagship store opening on Madison Avenue in New York City in the third quarter and approximately 10 additional store openings in North America, Asia and Europe;

- focus on integrating Speck Products, Lipault and Gregory into the Group's existing business and begin to realize anticipated synergies in sourcing, systems and back-office support functions;

- continually improve the efficiency and effectiveness of the Group's supply chain and global distribution network; and

- continually evaluate acquisition opportunities that have a compelling strategic fit, leveraging the Group's strong management team and balance sheet capacity.

The Group aims to deliver top-line growth, maintain gross margins, increase Adjusted EBITDA margins and enhance shareholder value.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Board of Directors

At June 30, 2014, the composition of the Board of Directors of the Company (the "Board") was as follows:

Executive Directors

Timothy Charles Parker
Ramesh Dungarmal Tainwala
Kyle Francis Gendreau
Tom Korbas

Independent Non-Executive Directors

Paul Kenneth Etchells
Miguel Kai Kwun Ko
Ying Yeh
Keith Hamill
Bruce Hardy McLain (Hardy)

At June 30, 2014, the Board committees were as follows:

Audit Committee / Review of Accounts

The Board has established an Audit Committee and has adopted written terms of reference that set forth the authority and duties of the committee. The Audit Committee consists of four members, namely Mr. Paul Etchells (Chairman of the Audit Committee), Mr. Miguel Ko, Ms. Ying Yeh and Mr. Keith Hamill.

In compliance with Rule 3.21 of the Listing Rules, at least one member of the Audit Committee possesses appropriate professional qualifications in accounting or related financial management expertise in discharging the responsibilities of the Audit Committee.

All members have sufficient experience in reviewing audited financial statements as aided by the auditors of the Group whenever required.

The primary duties of the Audit Committee are to review and supervise the Group's financial reporting process and internal controls, to monitor the integrity of the Group's financial statements and financial reporting, and to oversee the audit process.

The Audit Committee has reviewed the interim report of the Group for the six months ended June 30, 2014 with the Board of Directors. The interim results have also been reviewed by the Group's external auditors.

Nomination Committee

The Board has established a Nomination Committee and has adopted written terms of reference that set forth the authority and duties of the committee. The Nomination Committee consists of four members, namely Mr. Timothy Parker (Chairman of the Nomination Committee), Mr. Paul Etchells, Mr. Miguel Ko and Ms. Ying Yeh.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board, to make recommendations to the Board with respect to any changes to the composition of the Board, and to assess the independence of the Independent Non-Executive Directors. When identifying suitable candidates, the Nomination Committee shall (where applicable and appropriate) use open advertising or the services of external advisers and consider candidates from a wide range of backgrounds on merit and against objective criteria.

Remuneration Committee

The Board has established a Remuneration Committee and has adopted written terms of reference that set forth the authority and duties of the committee. The Remuneration Committee consists of four members, namely Mr. Miguel Ko (Chairman of the Remuneration Committee), Mr. Paul Etchells, Ms. Ying Yeh, and Mr. Hardy McLain.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Group's policy and structure for the remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration, as well as to determine the specific remuneration packages of all Executive Directors and certain members of senior management.

Corporate Governance Practices

The Company is committed to maintaining high standards of corporate governance. The Company recognizes that sound corporate governance practices are fundamental to the effective and transparent operation of the Company and to its ability to protect the rights of its shareholders and enhance shareholder value.

The Company has adopted its own corporate governance manual, which is based on the principles, provisions and practices set out in the Corporate Governance Code (as in effect from time to time, the "CG Code") contained in Appendix 14 of the Listing Rules.

The Company complied with all applicable code provisions set out in the CG Code throughout the period from January 1, 2014 to June 30, 2014, except for the deviation from code provision A.2.1 discussed below regarding the Company's Chairman and Chief Executive Officer ("CEO") and the deviation from code provision F.1.3 discussed below regarding the Company's Joint Company Secretaries.

Code provision A.2.1 stipulates that the roles of the Chairman and CEO should be separated and should not be performed by the same individual.

Mr. Timothy Parker, the CEO of the Company, is also the Chairman of the Board. The Company believes this is appropriate because having Mr. Parker serve as both the CEO and the Chairman provides the Company with strong and consistent leadership. The Board believes that the balance of power and authority is adequately ensured by the operations of the Board, which is comprised of highly experienced individuals including four Executive Directors (including Mr. Parker) and five Independent Non-Executive Directors. Moreover, Mr. Parker is not a member of either the Audit Committee or Remuneration Committee of the Board, and each of the Audit, Remuneration and Nomination Committees is comprised of a majority of Independent Non-Executive Directors.

Code provision F.1.3 provides that the company secretary should report to the Chairman and CEO.

Mr. John Livingston, the Vice President, General Counsel and Joint Company Secretary of the Company, reports to the Company's Chief Financial Officer ("CFO"). The Company believes this is appropriate because Mr. Livingston is based at the same location as the CFO and works closely with him on a day-to-day basis. In addition, Mr. Livingston works directly with the Company's Chairman and CEO, and with the chairpersons of the various Board committees, with respect to corporate governance and other Board-related matters. Ms. Chow Yuk Yin Ivy, the Company's other joint company secretary who is based in Hong Kong, reports to Mr. Livingston. The Company believes this is appropriate because her primary role as joint company secretary is to assist Mr. Livingston in ensuring that the Company complies with its obligations under the Listing Rules.

Changes in Information of Director

Mr. Ramesh Tainwala was appointed Chief Operating Officer of the Company with effect from March 18, 2014.

At the Company's annual general meeting held on June 5, 2014, Mr. Tom Korbas was elected as an executive director of the Company. Mr. Korbas was elected to serve a three-year term as a director. Mr. Tom Korbas is the President of the Company's Americas division and is responsible for the overall management and development of the Group's business in the Americas. Mr. Korbas joined the Company in 1993. His previous positions with the Company include: Vice President/General Manager of the Company's US wholesale business (2000 to 2004), Vice President of Sales and Operations (1998 to 2000) and Senior Vice President of Soft-Side and Casual Bags (1997 to 1998). Prior to joining the Company, Mr. Korbas was vice president of operations (1986 to 1997), director of manufacturing operations, and engineering manager for American Tourister. Mr. Korbas holds a BS in Industrial Engineering from Northeastern University, Boston, Massachusetts, USA (1973) and an MBA from Babson College, Wellesley, Massachusetts, USA (1976).

Effective June 5, 2014, Mr. Keith Hamill and Mr. Hardy McLain were re-designated from non-executive directors of the Company to independent non-executive directors of the Company.

In June 2014, Mr. Timothy Charles Parker was appointed Chairman of the National Trust, effective November 8, 2014. The National Trust is a charitable organization dedicated to preserving the U.K. heritage, coast and countryside. Mr. Parker currently serves as Chairman of the National Trust's Commercial Panel.

In April 2014, Mr. Keith Hamill was appointed a director and chairman of the board of Bagir Group Limited, which is listed on the London Stock Exchange. Bagir Group Limited is a provider of private label suits to retailers in the United Kingdom and the United States.

Ms. Ying Yeh resigned as a non-executive director of AB Volvo (a company listed on the OMX Nordic Exchange, Stockholm) with effect from December 31, 2013.

Joint Company Secretaries and Authorized Representatives

Mr. John Bayard Livingston and Ms. Chow Yuk Yin Ivy are the joint company secretaries of the Company. Ms. Chow and Mr. Ramesh Dungarmal Tainwala are the authorized representatives (pursuant to the Listing Rules) of the Company.

Directors' Securities Transactions

The Group has adopted its own policies (the "Trading Policy") for securities transactions by directors and relevant employees who are likely to be in possession of unpublished inside information of the Group on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all directors, all directors confirmed that they complied with the required standard set out in the Trading Policy during the six months ended June 30, 2014.

Share Award Scheme

On September 14, 2012, the Company's shareholders adopted the Company's Share Award Scheme. The purpose of the Share Award Scheme is to attract skilled and experienced personnel, to incentivize them to remain with the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company. Awards under the Share Award Scheme may take the form of either share options or restricted share units ("RSUs"), which may be granted at the discretion of the Board to directors, employees or such other persons as the Board may determine.

The exercise price of share options is determined at the time of grant by the Board in its absolute discretion, but in any event shall not be less than the higher of:

a) the closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of grant;

b) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and

c) the nominal value of the shares.

As of July 31, 2014 (the "Latest Practicable Date"), the maximum aggregate number of shares in respect of which awards may be granted pursuant to the Share Award Scheme is 112,983,445 shares, representing approximately 8.0% of the issued share capital of the Company. An individual participant may be granted awards pursuant to the Share Award Scheme in respect of a maximum of 1% of the Company's total issued shares in any 12-month period. Any grant of awards to an individual participant in excess of this limit is subject to independent shareholder's approval.

On January 7, 2014, the Company granted share options exercisable for 12,266,199 ordinary shares to certain directors, key management personnel, and other employees of the Group with an exercise price of HK$23.30 per share. On May 29, 2014, the Company granted share options exercisable for 257,566 ordinary shares to an employee of the Group with an exercise price of HK$24.77 per share. Such options are subject to *pro rata* vesting over a 4 year period, with 25% of the options vesting on each anniversary of the grant date. The options have a 10 year term.

In accordance with the terms of the share options, holders of vested options are entitled to buy newly issued ordinary shares of the Company at a purchase price per share equal to the exercise price of the options. The fair value of services received in return for share options granted is based on the fair value of share options granted measured using the Black-Scholes valuation model. The fair value calculated for share options is inherently subjective due to the assumptions made and the limitations of the model utilized.

The grant-date fair value of the share options granted is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the vesting conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the vesting conditions at the vesting date.

The following inputs were used in the measurement of the fair value at grant date of the share-based payment made on January 7, 2014.

Fair value at grant date	HK$9.27
Share price at grant date	HK$22.70
Exercise price	HK$23.30
Expected volatility (weighted average volatility)	44.8%
Option life (expected weighted average life)	6.25 years
Expected dividends	0.9%
Risk-free interest rate (based on government bonds)	1.7%

The following inputs were used in the measurement of the fair value at grant date of the share-based payment made on May 29, 2014.

Fair value at grant date	HK$9.02
Share price at grant date	HK$24.75
Exercise price	HK$24.77
Expected volatility (weighted average volatility)	43.8%
Option life (expected weighted average life)	6.25 years
Expected dividends	1.8%
Risk-free interest rate (based on government bonds)	1.4%

Expected volatility is estimated taking into account historic average share price volatility as well as historic average share price volatility of comparable companies given the limited trading history of the Company's shares.

In total, share-based compensation expense of US$5.6 million was included in the consolidated income statement for the six months ended June 30, 2014.

Particulars and movements of share options during the six months ended June 30, 2014 were as follows:

Name / category of grantee	As of January 1, 2014	Granted during the period	Exercised during the period	Cancelled / lapsed during the period	As of June 30, 2014	Date of grant	Exercise period	Exercise price per share (HK$)	Closing price immediately preceding the date of grant (HK$)
Directors									
Timothy Parker	—	1,821,615	—	—	1,821,615	January 7, 2014	January 7, 2015 – January 6, 2024	23.30	23.30
Timothy Parker	2,368,749	—	—	—	2,368,749	January 8, 2013	January 8, 2014 – January 7, 2023	17.36	16.90
Kyle Gendreau	—	589,543	—	—	589,543	January 7, 2014	January 7, 2015 – January 6, 2024	23.30	23.30
Kyle Gendreau	779,124	—	—	—	779,124	January 8, 2013	January 8, 2014 – January 7, 2023	17.36	16.90
Ramesh Tainwala	—	638,033	—	—	638,033	January 7, 2014	January 7, 2015 – January 6, 2024	23.30	23.30
Ramesh Tainwala	843,208	—	—	—	843,208	January 8, 2013	January 8, 2014 – January 7, 2023	17.36	16.90
Tom Korbas	—	577,351	—	—	577,351	January 7, 2014	January 7, 2015 – January 6, 2024	23.30	23.30
Tom Korbas	736,784	—	(184,196)	—	552,588	January 8, 2013	January 8, 2014 – January 7, 2023	17.36	16.90
Total Directors	4,727,865	3,626,542	(184,196)	—	8,170,211				
Others									
Employees	—	8,639,657	—	(58,098)	8,581,559	January 7, 2014	January 7, 2015 – January 6, 2024	23.30	23.30
Employee	—	257,566	—	—	257,566	May 29, 2014	May 29, 2015 - May 28, 2024	24.77	25.25
Employees	10,508,791	—	(593,144)	(80,590)	9,835,057	January 8, 2013	January 8, 2014 – January 7, 2023	17.36	16.90
Employee	108,522	—	—	—	108,522	July 1, 2013	July 1, 2014 – June 30, 2023	18.68	18.68
Total Employees	10,617,313	8,897,223	(593,144)	(138,688)	18,782,704				
Total	15,345,178	12,523,765	(777,340)	(138,688)	26,952,915				

Note

(i) The weighted average closing price of the shares immediately before the date of exercise by participants was HK$24.13.

Human Resources and Remuneration

At June 30, 2014, the Group had approximately 8,800 employees. The Group regularly reviews remuneration and benefits of its employees according to the relevant market practice, employee performance and the financial performance of the Group.

Dividends and Distributions

The Company will evaluate its distribution policy and distributions made (by way of the Company's ad hoc distributable reserve, dividends or otherwise) in any particular year in light of its financial position, the prevailing economic climate and expectations about the future macroeconomic environment and business performance. The Company intends to increase distributions to its shareholders in line with its growth in earnings. The determination to make distributions will be made upon the recommendation of the Board and the approval of the Company's shareholders and will be based upon the Group's earnings, cash flow, financial conditions, capital and other reserve requirements and any other conditions which the Board deems relevant. The payment of distributions may also be limited by legal restrictions and by financing agreements that the Group may enter into in the future.

On March 18, 2014, the Board recommended that a cash distribution in the amount of US$80.0 million, or approximately US$0.0568 per share, be made to the Company's shareholders of record on June 17, 2014 from its ad hoc distributable reserve. The shareholders approved this distribution on June 5, 2014 at the annual general meeting and the distribution was paid on July 11, 2014.

No dividends or distributions have been declared or paid subsequent thereto.

Purchase, Sale, or Redemption of the Company's Listed Securities

During the six months ended June 30, 2014, the Company issued 777,340 ordinary shares at a weighted-average exercise price of HK$17.36 per share in connection with the exercise of share options that were granted under the Company's Share Award Scheme. There were no purchases or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the six months ended June 30, 2014.

Publication of Interim Results and Interim Report

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.samsonite.com). The interim report for the six months ended June 30, 2014 will be dispatched to the shareholders and published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
SAMSONITE INTERNATIONAL S.A.
Timothy Charles Parker
Chairman

Hong Kong, August 27, 2014

As of the date of this announcement, the Executive Directors are Timothy Charles Parker, Ramesh Dungarmal Tainwala, Kyle Francis Gendreau and Tom Korbas and the Independent Non-Executive Directors are Paul Kenneth Etchells, Miguel Kai Kwun Ko, Ying Yeh, Bruce Hardy McLain (Hardy) and Keith Hamill.