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 159.469

(Incorporated in Luxembourg with limited liability)

(Stock code: 1910)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2016

FINANCIAL HIGHLIGHTS

For the six months ended June 30, 2016, the Group's:

- Net sales increased to a record level of US$1,209.5 million, reflecting an increase of 4.1% on a constant currency basis(1) from the comparable period in 2015. US Dollar reported net sales increased by 1.1%.
- Adjusted EBITDA(2) increased by US$6.3 million, or 3.3%, on a constant currency basis from the comparable period in 2015. US Dollar reported Adjusted EBITDA increased by US$0.3 million, or 0.2%, to US$190.3 million. Adjusted EBITDA margin(3) decreased to 15.7% from 15.9% due to increased costs from the Group's retail expansion strategy and lower same store retail net sales in certain markets, such as the United States and Hong Kong, partially offset by gross margin improvement and reduced advertising costs.
- Operating profit decreased by US$2.9 million, or 2.0%, on a constant currency basis from the comparable period in 2015. US Dollar reported operating profit decreased by US$5.9 million, or 4.0%, to US$141.1 million. Excluding acquisition-related costs, operating profit, on a constant currency basis, increased by US$1.4 million, or 0.9%, and US Dollar reported operating profit decreased by US$1.7 million, or 1.1%.
- Profit for the period decreased by US$10.5 million, or 10.1%, on a constant currency basis from the comparable period in 2015. US Dollar reported profit for the period decreased by US$12.1 million, or 11.6%, to US$92.5 million. Excluding tax-effected acquisition-related costs, interest expense associated with the Term Loan B Facility (as defined below) and foreign exchange losses, the Group's profit for the period, on a constant currency basis, decreased by US$2.3 million, or 2.2%, and US Dollar reported profit for the period decreased by US$4.1 million, or 3.8%.
- Profit attributable to the equity holders decreased by US$10.4 million, or 11.0%, on a constant currency basis from the comparable period in the prior year. US Dollar reported profit attributable to the equity holders decreased by US$12.0 million, or 12.7%, to US$82.4 million. Excluding tax-effected acquisition-related costs, interest expense associated with the Term Loan B Facility and foreign exchange losses, the Group's profit attributable to equity holders, on a constant currency basis, decreased by US$2.2 million, or 2.3%, and US Dollar reported profit attributable to the equity holders decreased by US$4.0 million, or 4.1%.
- Adjusted Net Income(4) was approximately the same as the prior year on a constant currency basis. US Dollar reported Adjusted Net Income decreased by US$1.8 million, or 1.7%, to US$100.3 million. Further, excluding tax-effected foreign exchange losses, the Group's Adjusted Net Income, on a constant currency basis, increased by US$1.7 million, or 1.7%, and US Dollar reported Adjusted Net Income decreased by US$0.1 million, or 0.1%.
- The Group generated US$81.1 million of cash from operating activities for the six months ended June 30, 2016 compared to US$79.9 million during the first half of 2015. As of June 30, 2016, the Group had cash and cash equivalents of US$272.9 million and financial debt of US$108.6 million (excluding deferred financing costs of

US$8.9 million), providing the Group with a net cash position of US$164.4 million. The Group's financial debt of US$108.6 million as of June 30, 2016 excluded the US$675.0 million of the Term Loan B Facility that was funded into escrow (defined below and further described in the Indebtedness section of Management Discussion and Analysis) and the Group's net cash position of US$164.4 million as of June 30, 2016 excluded the restricted cash balance held in escrow of US$671.6 million.

- On March 16, 2016, the Company's Board of Directors recommended that a cash distribution in the amount of US$93.0 million, or approximately US$0.0659 per share, be made to the Company's shareholders, a 5.7% increase from the US$88.0 million distribution paid in 2015. The shareholders approved this distribution on June 2, 2016 at the Company's Annual General Meeting and the distribution was paid on July 13, 2016.
- **Acquisition Subsequent to June 30, 2016:**
    - On March 3, 2016, the Company and PTL Acquisition Inc. ("Merger Sub"), an indirect wholly-owned subsidiary of the Company, entered into an agreement and plan of merger (the "Merger Agreement") with Tumi Holdings, Inc. ("Tumi"), pursuant to which the Company agreed to acquire Tumi for cash consideration of US$26.75 per outstanding common share of Tumi, without interest (the "Per Share Merger Consideration"), subject to the terms and conditions set out in the Merger Agreement. The acquisition was completed on August 1, 2016 and was effected by way of a merger of Merger Sub with and into Tumi, with Tumi surviving the merger as an indirect wholly-owned subsidiary of the Company. *Tumi* is a leading global premium lifestyle brand offering a comprehensive line of business bags, travel luggage and accessories. The brand is consistently recognized as "best in class" for the high quality, durability, functionality and innovative design of its products, which range from its iconic black ballistic business cases and travel luggage synonymous with the modern business professional, to travel accessories, women's bags and outdoor apparel. As of June 30, 2016, the *Tumi* brand was sold in approximately 2,200 points of distribution, including in the world's top department, specialty and travel retail stores in over 75 countries and including 199 company-operated retail stores.

      Pursuant to the terms of the Merger Agreement, as of the effective time of the merger (the "Effective Time"), each issued and outstanding share of Tumi common stock, other than dissenting shares and shares owned by the Company, Merger Sub, Tumi or any of their respective wholly-owned subsidiaries (including treasury shares), was canceled and converted into the right to receive the Per Share Merger Consideration. All Tumi stock options, service restricted stock unit awards and performance restricted stock unit awards (in each case whether vested or unvested) that were outstanding immediately prior to the Effective Time were canceled upon the completion of the merger, and the holders thereof were paid an aggregate of approximately US$19.0 million in cash in respect of such cancellation pursuant to the terms of the Merger Agreement. Upon the Effective Time, holders of Tumi common stock immediately prior to the Effective Time ceased to have any rights as stockholders in Tumi (other than their right to receive the Per Share Merger Consideration, or, in the case of shares of Tumi common stock as to which appraisal rights have been properly exercised and not withdrawn, the rights pursuant to Section 262 of the Delaware General Corporation Law). The total consideration paid under the Merger Agreement at the Effective Time amounted to approximately US$1,818.8 million.

      On May 13, 2016, an indirect wholly-owned subsidiary of the Company entered into a Credit and Guaranty Agreement dated as of May 13, 2016 (the "Credit Agreement") with certain lenders and financial institutions. On August 1, 2016 (the "Closing Date"), the Company and certain of its other indirect wholly-owned subsidiaries became parties to the Credit Agreement. The Credit Agreement provides for (1) a US$1,250.0 million senior secured term loan A facility (the "Term Loan A Facility"), (2) a US$675.0 million senior secured term loan B facility (the "Term Loan B Facility" and, together with the Term Loan A Facility, the "Term Loan Facilities") and (3) a US$500.0 million revolving credit facility (the "Revolving Facility", and, together with the Term Loan Facilities, the "Senior Credit Facilities"). On May 13, 2016, the proceeds of the borrowings under the Term Loan B Facility were funded and deposited into an escrow account and were held in escrow until the consummation of the merger with Tumi on the Closing Date, at which time such proceeds were released from escrow and were used to pay a portion of the consideration under the Merger Agreement.

      On the Closing Date, the Company and certain of its other indirect wholly-owned subsidiaries became parties to the Credit Agreement, and the Group used the proceeds from the Term Loan Facilities, as well as US$105.8 million of borrowings under the Revolving Facility, to pay the total consideration under the Merger Agreement, to repay all amounts then outstanding under the Group's prior US$500.0 million revolving credit facility (the "Prior Revolving Facility"), which Prior Revolving Facility was then terminated, and to pay fees, costs and expenses related to the foregoing transactions, as well as for general corporate purposes.

(Expressed in millions of US Dollars, except per share data)	Six months ended June 30, 2016	2015	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[1]
Net sales	**1,209.5**	1,196.5	1.1 %	4.1 %
Operating profit	**141.1**	147.0	(4.0)%	(2.0)%
Profit for the period	**92.5**	104.6	(11.6)%	(10.1)%
Profit attributable to the equity holders	**82.4**	94.4	(12.7)%	(11.0)%
Adjusted Net Income[4]	**100.3**	102.1	(1.7)%	(0.1)%
Adjusted EBITDA[2]	**190.3**	190.0	0.2 %	3.3 %
Adjusted EBITDA Margin[3]	**15.7%**	15.9%		
Basic and diluted earnings per share *(Expressed in US Dollars per share)*	**0.058**	0.067	(13.4)%	(10.4)%
Adjusted basic and diluted earnings per share[5] *(Expressed in US Dollars per share)*	**0.071**	0.072	(1.4)%	0.0 %

Notes

(1) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the comparable period in the prior year to current period local currency results.

(2) Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), a non-IFRS measure, eliminates the effect of a number of non-recurring costs, charges and credits 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 Net Income, a non-IFRS measure, eliminates the effect of a number of non-recurring costs, charges and credits and certain other non-cash charges that impact the Group's US Dollar 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.

(5) Adjusted basic and diluted earnings per share, non-IFRS measures, are 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, 2016 together with comparative figures for the six months ended June 30, 2015. The following financial information, including comparative figures, has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB").

Chairman's Statement

As Ramesh Tainwala notes in his report that follows, we are pleased and excited to report on the closing of the Tumi acquisition and to welcome the Tumi team to our business: from a long-term perspective, this is the most important and positive development we have announced to date. On the other hand, in the short term we are facing the most challenging conditions in the market since the global credit crisis in 2008. Despite these negative factors weighing on our business, as they are doing in many consumer and retail markets, I can report some good progress in the first half of 2016, although somewhat below what we have been accustomed to producing. For the first six months of the year, our turnover in constant currency terms increased by 4.1%, and Adjusted EBITDA in constant currency terms advanced 3.3%. However the continued depreciation of many of our most important trading currencies against the US Dollar has pared these increases down to more marginal advances. Thus, the US Dollar reported net sales edged forward by 1.1% to US$1,209.5 million (still the best first half to date), and Adjusted EBITDA in US Dollars increased by US$0.3 million, or 0.2%, to US$190.3 million. Some of the other reporting measures were affected by one-off costs arising from the Tumi acquisition, other non-operating costs and currency depreciation. In broad terms, what emerges is that the business in the first half of 2016 has had to work hard to stand still.

After a period of sustained double-digit growth over the last few years, this raises the question of how our business is now positioned and its broad future growth prospects. The first point I would make is that the Company in my view (and have the benefit of some experience as CEO) has never been more effectively run from an operational point of view. The products continue to improve in every direction - aesthetics, specification and value for money. The business, from a marketing and sourcing viewpoint, is tightly operated and continues to push to higher levels of productivity, cost effectiveness and working capital management. As always, we are constantly trying things out, what works and what doesn't, and it certainly takes some time to get under the skin of new brands that have been more recently acquired. We all remain fully convinced that our decentralized model, although it may involve some small duplication in costs, is the most effective way of operating many disparate markets around the world in terms of income and consumer tastes.

The challenge for the business has come from shifts in the marketplace, and it is worth pausing to consider these: first of all, and although it is hard to generalize across markets, there is a discernible alteration in consumer confidence, brought about by uncertainty caused by a combination of slower growth prospects, terror incidents, and the impact of weaker currencies against the US Dollar. Consumers are spending, but they are spending more carefully, and looking for value. And one place that value is available is online. Again, it is hard to generalize, but the e-commerce channel is characterized by a wider spread of brands than can be found in traditional stores, and there is often an emphasis on price offers. In many of our key markets, our traditional channels of distribution have begun a painful process of adjustment to the shift in business online, and the implications for scale and type of retail estate. In response to these changes in the marketplace, we are making sure that the offer we have in the value segments of the market are comprehensive and appealing. This is not to say that we cannot continue to build our brands at the premium end of the market, and the acquisition of Tumi will play a crucial role in strengthening our competitive position at this end of the market.

In the case of Tumi, it is rare to come across a potential acquisition that is such a neat fit to an existing business: in terms of positioning, it is one of a small number of credible international super premium travel lifestyle brands, and under the group umbrella can fulfill the enormous potential of this segment. As has been explained before, Tumi's strength in business and casual bags will greatly enhance our position in these categories, and by the same token we believe there is a significant opportunity to develop Tumi's travel goods business. Although the brand has strong recognition in the financial community across the world, it is under-represented outside the American market, and the established global distribution of our business can be a powerful platform for future development. We believe that we have gained significant experience from previous acquisitions, in maintaining the essence of a newly acquired brand within an enlarged group: we have much to learn from each other, we will go forward together to build both the *Tumi* brand and our existing stable of brands across complementary market segments.

There are two markets where we have already documented several near term challenges: in the U.S., the strong Dollar has hit some of the popular tourist destinations hard, and the first half of the year has also been affected by some timing shifts in some of the lumpier wholesale business. The strong US Dollar has also made destinations, such as Hong Kong, whose currency is linked to the US Dollar, significantly less attractive compared to other countries, and this had a major impact on the profitability of what is predominantly a retail business. In the Chinese market, there are significant upheavals arising from the rapid growth of e-commerce and the emergence of a more subdued pace of growth in consumption.

Pulling all these trends together, we have seen trading pressures in first half of 2016, but I am confident that we are well positioned to take advantage of an improving situation in the second half of the year and over the medium term. As we pointed out before, the bags, luggage and accessories sector is broadly dependent on the market for travel and tourism and this in turn expands at a rate slightly ahead of GDP growth. We are hopeful that some of the larger markets that have been negatively affected in the first half are stabilizing, and we will see better results in the second half of the year. Many of the our markets continue to perform well: Europe, excluding France, Japan, Australia, some of the smaller Asian markets and Latin America, where the effort put in to strengthen our business is beginning to pay off. As Ramesh points out in his report, our business is more resilient, having become a multi-brand, multi-category and multi-channel business, and along with a broad international spread, the Company has many axes on which to develop in the future. There remains enormous scope for the business to increase its share of non-travel products, and develop a travel business based on a wider range of price points and brands. In conclusion, we remain confident that the business retains the capacity to expand in the future, and that it operates in what is broadly an attractive sector with solid growth prospects.

One consequence of the Tumi acquisition is that for the first time since our IPO in 2011, the Company is now carrying debt on its balance sheet. Thanks to the sterling efforts of our finance team, we have financed the acquisition on what we believe are the most attractive terms and that there is substantial cover in terms of our earnings over interest costs. We are also confident that the strong cash flows of the combined businesses will allow us to cover our growth needs, maintain our progressive dividend policy and steadily reduce the debt outstanding within a reasonable time frame. It remains for me to thank Ramesh and the executive team for their outstanding commitment to the business. They have successfully mobilised the extensive resources of the business to prepare for the enlargement of the Company, and we are well placed to take advantage of future market opportunities.

Timothy Charles Parker
Chairman

August 29, 2016

Chief Executive Officer’s Statement

I would like to begin my report with a big welcome to Tumi, which became the newest member of the Samsonite family upon the closing of the acquisition on August 1, 2016. This is truly a transformational moment in Samsonite's hundred-year-plus history. Tumi is a perfect strategic fit for our business. The brand is beloved by millions of loyal customers for its high quality and durable premium business and luggage products. With Tumi’s established and profitable business coming into the fold, we are well positioned to expand our presence in every segment of the bag and travel luggage market, and are truly well on our way to achieving our goal of transforming Samsonite from being largely a single brand, single category travel luggage company, into a multi-brand, multi-category and multi-channel global travel lifestyle company.

Exciting as the Tumi acquisition undoubtedly is, we have not taken our attention off of Samsonite’s core business. The Group continued to focus on implementing its multi-brand, multi-category and multi-channel strategy, as well as leveraging its decentralized management structure and investment in marketing. This has enabled all of our regions to deliver positive constant currency top line growth despite the challenging economic and trading environment. For the six months ended June 30, 2016, the Group recorded constant currency net sales growth of 4.1% year-on-year. The Group’s US Dollar reported net sales increased by 1.1% from the first half of 2015 to the record level of US$1,209.5 million, reflecting the negative foreign currency translation impact due the continued strengthening of the US Dollar.

The Group’s US Dollar reported profit attributable to the equity holders for the six months ended June 30, 2016 decreased by US$12.0 million, or 12.7%, to US$82.4 million, compared to the same period last year. The decrease was primarily the result of negative foreign currency impacts, along with financing-related costs and other costs incurred in conjunction with the Tumi acquisition.

Adjusted EBITDA and Adjusted Net Income are two key performance indicators that we focus on. We believe these two measures, which eliminate the effects of certain non-operating and one-off items (such as the costs related to the Tumi acquisition) and certain non-cash charges, provide a much clearer indication of the underlying performance of our business. During the first half of 2016, the Group’s Adjusted EBITDA rose by 3.3% year-on-year on a constant currency basis. Foreign currency headwinds largely offset the increase, resulting in an increase in the Group’s US Dollar reported Adjusted EBITDA of US$0.3 million, or 0.2%, to US$190.3 million for the six months ended June 30, 2016.

On a constant currency basis, Adjusted Net Income for the first half of 2016 was more or less flat compared to the same period last year. US Dollar reported Adjusted Net Income decreased by US$1.8 million, or 1.7%, to US$100.3 million for the six months ended June 30, 2016, primarily due to increased costs from retail store expansion, lower same store retail net sales in certain markets, such as the United States and Hong Kong, and the geographical expansion of the *American Tourister*, *Lipault* and *Hartmann* brands, marginally offset by gross margin improvement and reduced advertising expenditures. Excluding tax-effected foreign exchange losses, the Group’s Adjusted Net Income, on a constant currency basis, increased by US$1.7 million, or 1.7%, for the six months ended June 30, 2016, while US Dollar reported Adjusted Net Income was about flat compared to the first half of 2015.

The Group generated US$81.1 million of cash from operating activities for the six months ended June 30, 2016, compared to US$79.9 million during the first half of 2015. As of June 30, 2016, the Group had cash and cash equivalents of US$272.9 million and financial debt of US$108.6 million, providing the Group with a net cash position of US$164.4 million.

On March 16, 2016, the Company’s Board of Directors recommended that a cash distribution in the amount of US$93.0 million, or approximately US$0.0659 per share, be made to the Company’s shareholders. This is a 5.7% increase from the US$88.0 million distribution paid in 2015. The shareholders approved this distribution on June 2, 2016 at the Company’s Annual General Meeting and the distribution was paid on July 13, 2016.

Asia, our largest region, had a slow start to 2016. Growth in the first half was driven mainly by Japan and Australia, where constant currency net sales rose by 17.3% and 25.4%, respectively. Both countries saw good growth in the core *Samsonite* and *American Tourister* brands, augmented by further expansion of our acquired brands (*Gregory* in Japan and *High Sierra* in Australia). This was partially offset by sluggish performance in China and South Korea, where net sales on a constant currency basis were more or less flat year-on-year due to shifts in consumers’ channel preferences (trading conditions were especially challenging in the TV home shopping and department store channels as consumers continued to migrate online) in China and weak consumer sentiment in South Korea, along with a 15.6% constant currency net sales decline in Hong Kong (which includes Macau) due to lower Chinese tourist arrivals. Overall, excluding foreign currency effects, the Group’s net sales in Asia increased by US$17.4 million, or 3.7%, for the six months ended June 30, 2016 compared to the same period in 2015. However, weakness in a number of major currencies in the region resulted in Asia's US Dollar reported net sales for the first half of 2016 coming in at US$470.6 million, about the same as the first half of last year.

North America (which includes the United States and Canada) also saw a slow start this year. The region's wholesale business saw a mixed performance in the first half of 2016, with strong shipments to e-commerce retailers and certain other key customers being offset by lower sales in the warehouse club channel, resulting in a 0.5% constant currency increase in net sales in the wholesale channel. Net sales in the retail channel increased by 0.6% on a constant currency basis, driven by the addition of 4 net new company-operated retail stores opened in the first six months of 2016 plus the full half impact of 16 net new stores added in 2015. However, this was largely offset by a 4.4% decrease in constant currency same store net sales due to lower foreign tourist arrivals to gateway markets in the United States because of the strong US Dollar. Overall, North America's US Dollar reported net sales increased by 0.2%, or 0.5% on a constant currency basis, year-on-year to US$403.6 million for the six months ended June 30, 2016.

Europe was once again the Group's star performer. Despite challenging economic conditions, the region delivered solid top line growth, with net sales for the six months ended June 30, 2016 increasing by 8.6% year-on-year on a constant currency basis. US Dollar reported net sales rose by US$13.8 million, or 5.4%, to US$268.8 million. *American Tourister* continued to be the main growth driver, with constant currency net sales increasing by 25.7% during the first half of 2016. With the exception of France, where business was affected by the recent terrorist attacks, all of our major markets in Europe reported solid constant currency growth, with Russia leading the way with net sales up 23.3%, followed by Italy (up 19.6%), Spain (up 15.3%), Germany (up 13.6%) and the United Kingdom (up 8.0%).

Excluding foreign currency effects, the Group's net sales in Latin America for the six months ended June 30, 2016 increased by 13.6%, year-on-year, with our key markets of Chile, Mexico and Brazil achieving solid net sales growth of 6.4%, 16.3% and 22.5%, respectively. US Dollar reported net sales for the region decreased by US$0.4 million, or 0.6%, to US$62.5 million due to negative foreign currency translation effects from the strong US Dollar.

Our brands saw mixed performance in the first half of 2016. Excluding foreign currency effects, net sales of our flagship *Samsonite* brand increased by 2.7% year-on-year, while US Dollar reported net sales were more or less flat at US$734.6 million. *American Tourister* delivered robust growth in Europe and North America, where constant currency net sales rose by 25.7% and 7.9%, respectively, partially offset by a 4.0% constant currency decrease in Asia due to lower sales in China and South Korea, resulting in overall constant currency growth of 2.3%. Unfavourable foreign currency effects resulted in *American Tourister*'s US Dollar reported net sales decreasing by 1.7% year-on-year to US$259.3 million in the first half of 2016. The *Gregory*, *Hartmann* and *Lipault* brands all achieved double-digit top line growth in the first half of 2016 as they continued their geographic expansion. On a constant currency basis, net sales of the *Lipault* brand nearly tripled for the six months ended June 30, 2016, followed by *Hartmann* (up 46.4%) and *Gregory* (up 17.6%). Excluding foreign currency effects, *High Sierra*'s net sales decreased by 2.7% due to shifts in the timing of certain sales programs in North America, while *Speck*'s net sales decreased by 1.1% due to lower sales of protective laptop cases, partially offset by continued robust sales of protective phone cases. The recently introduced value-conscious, entry level brand *Kamiliant* continued to gain traction, with US Dollar reported net sales rising to US$8.2 million during the six months ended June 30, 2016 compared to US$1.0 million for the same period in 2015.

On a constant currency basis, net sales in the travel category, the Group's traditional area of strength, grew by 4.0% year-on-year during the first half of 2016. Country-specific product designs and locally relevant marketing strategies continued to be the key factors contributing to our success in the travel category. Constant currency net sales in the casual product category decreased by 5.3% due to a decrease in net sales of the *Samsonite Red* sub-brand, driven by a change in new product mix from casual products to business products in South Korea, and a shift in business-to-business sales in China from mainly casual products in the first half of 2015 to mainly travel products in the first half of 2016, as well as lower *High Sierra* sales in North America. The constant currency net sales decrease in the casual product category was partially offset by double digit constant currency net sales growth of the *Gregory* brand. Meanwhile, the business product category saw net sales rise by 5.5% driven by growth in Asia and Europe, partially offset by a decrease in North America due to lower sales of protective laptop cases under the *Speck* brand. Excluding foreign currency effects, net sales in the accessories category increased by 23.6%, driven by an increase in net sales of protective phone cases under the *Speck* brand, as well as the full half impact of sales made through the Rolling Luggage and Chic Accent retail chains that were acquired during 2015.

Among our distribution channels, e-commerce continued to see the strongest growth. Excluding foreign currency effects, total e-commerce net sales increased by 18.4% in the first half of 2016, with net sales to e-retailers (which are included within the wholesale channel) increasing by 20.4% and net sales in the Group's direct-to-consumer e-commerce business (which are included within the retail channel) increasing by 15.6%. As a result, e-commerce's contribution to the Group's US Dollar reported net sales rose to 8.3% in the first half of 2016 compared to 7.2% in the same period in 2015. Overall, net sales in the wholesale channel increased by 2.4%, while net sales in the retail channel increased by 11.3%, excluding foreign currency effects. The strong constant currency net sales growth in the retail channel was driven by the addition of 32 net new company-operated retail stores opened in the first six months of 2016 and the full half impact of 162 net new stores (including 31 Rolling Luggage stores and 30 Chic Accent stores from the respective acquisitions) added during 2015, along with the continued double-digit growth of the Group's direct-to-consumer e-commerce business. On a same store, constant currency basis, net sales in the retail channel decreased by 0.5% for the six months ended June 30, 2016 due to a 5.3% decline in Asia as a result of fewer visitors from Mainland China to Hong Kong (including Macau), as well as a 4.4% decline in North America due to fewer foreign travelers to gateway tourist markets because of the strong US Dollar, partially offset by constant currency same store net sales growth of 4.6% and 7.1% in Europe and Latin America, respectively.

The Group's sizeable marketing spend serves the dual purpose of helping us build brand awareness and drive top line growth when times are positive, while providing us with a buffer when we are faced with challenging economic and trading conditions outside of our control. The Group spent US$65.9 million (or 5.5% of net sales) on marketing during the six months ended June 30, 2016 compared to US$70.8 million (representing 5.9% of net sales) in the first half of 2015, a decrease of US$4.8 million, or 6.8%. On a constant currency basis, marketing expenses decreased by 4.3% year-on-year. The reduction in marketing spend also reflects more normalized spending on the *American Tourister* brand in Europe following two years of investment to increase awareness and drive growth of the brand in the region. Despite the decision to scale back, our marketing spend remained higher in comparison to our peers, in both absolute dollar terms and as a percentage of net sales, and through our deployment of targeted and focused advertising and promotional campaigns, we were able to maintain a high level of awareness for our brands among consumers worldwide.

Looking ahead to the rest of the year and beyond, we expect challenging market conditions and currency headwinds to continue impacting our business. However, we also see great opportunity ahead. With *Tumi* now a member of the Samsonite family, we have a credible presence in every segment of the bag and travel luggage market, allowing us significantly greater scope to grow our business. The Group's multi-brand, multi-category and multi-channel strategy, its decentralized management structure and its investment in marketing have served us well, and we will continue to rely on these strengths to take our business to the next level in the months and years ahead.

Perhaps our greatest strength is our decentralized management structure. The challenges and opportunities facing a global business such as Samsonite's differ significantly from one market to the next. Samsonite's decentralized management structure empowers our people to make independent decisions within a broad framework. This "unity in diversity" approach to managing our business has enabled us to be nimble and quick to market with solutions that are tailored to varying consumer tastes in individual markets. I am confident that our experienced and motivated regional and country management teams will continue to find new and more efficient and effective ways to overcome the challenges ahead to keep growing our business.

At the same time, our decentralized management structure has fostered a culture of the informal sharing of best practices, the bringing together of diverse perspectives and a greater collaboration across our teams globally. This is especially important as we prepare to integrate and grow the Tumi business. The areas of competitive advantage which have contributed enormously to Samsonite's success are our expertise in developing innovative products that delight customers, particularly but not limited to hardside luggage, our vast distribution network and our experienced and motivated regional and country management teams around the world. We will be leveraging these strengths to expand Tumi's presence in Asia and Europe, while further strengthening its business in North America.

Diversity is an important part of a multi-brand strategy, so we will be careful not to adopt a 'not invented here' mindset as we head into the integration process. Tumi has a very successful business and a highly desirable brand, especially among discerning business travelers who seek a best in class solution for their business and travel needs. We will do our utmost to protect Tumi's unique DNA which has been key to their ongoing success. Indeed, Tumi's deep knowledge and expertise in the areas of business products and functional women's bags, as well as full-price retailing, will be extremely beneficial to other brands within the Samsonite family.

The key driver of any successful business is ultimately its people. I would like to take this opportunity to thank Tim Parker, our Chairman, for his wise leadership and invaluable counsel. I would also like to thank my fellow senior management team members, especially our CFO Kyle Gendreau and General Counsel John Livingston, for their tireless efforts in making the Tumi acquisition a reality. A great vote of thanks also goes to the rest of the senior management team including Fabio Rugarli, Lynne Berard, Roberto Guzmán, Leo Suh, Frank Ma and Subrata Dutta for their camaraderie and vigorous efforts in navigating the business to deliver a set of extremely satisfying results in an otherwise difficult trading environment. I also want to welcome Rob Cooper to the senior management team. Rob will help me jointly manage Tumi. I have no doubt that together we will be able to successfully integrate the Samsonite and

Tumi businesses to create value for all of our stakeholders, including end consumers, business partners, shareholders and, last but not least, our employees around the world.

Ramesh Dungarmal Tainwala
Chief Executive Officer
August 29, 2016

Consolidated Income Statement (Unaudited)

(Expressed in thousands of US Dollars, except per share data)	Note	Six months ended June 30, **2016**	2015
Net sales	4	**1,209,487**	1,196,466
Cost of sales		**(576,988)**	(574,555)
Gross profit		**632,499**	621,911
Distribution expenses		**(342,513)**	(320,541)
Marketing expenses		**(65,935)**	(70,774)
General and administrative expenses		**(72,042)**	(76,691)
Other expenses		**(10,947)**	(6,942)
Operating profit	4	**141,062**	146,963
Finance income	18	**533**	271
Finance costs	18	**(14,380)**	(6,051)
Net finance costs		**(13,847)**	(5,780)
Profit before income tax		**127,215**	141,183
Income tax expense	17	**(34,730)**	(36,569)
Profit for the period		**92,485**	104,614
Profit attributable to equity holders		**82,404**	94,390
Profit attributable to non-controlling interests		**10,081**	10,224
Profit for the period		**92,485**	104,614
Earnings per share			
Basic and diluted earnings per share			
(Expressed in US Dollars per share)	5	**0.058**	0.067

The accompanying notes form part of the consolidated interim financial statements.

Consolidated Statement of Comprehensive Income (Unaudited)

(Expressed in thousands of US Dollars)	Note	Six months ended June 30, 2016	2015
Profit for the period		**92,485**	104,614
Other comprehensive income (loss):			
Items that are or may be reclassified subsequently to profit or loss:			
Changes in fair value of foreign exchange forward contracts, net of tax	17 (b)	**(3,021)**	1,993
Changes in fair value of interest rate swaps, net of tax	17 (b)	**(13,884)**	—
Foreign currency translation gains (losses) for foreign operations		**13,196**	(17,026)
Other comprehensive loss		**(3,709)**	(15,033)
Total comprehensive income for the period		**88,776**	89,581
Total comprehensive income attributable to equity holders		**78,070**	80,596
Total comprehensive income attributable to non-controlling interests		**10,706**	8,985
Total comprehensive income for the period		**88,776**	89,581

The accompanying notes form part of the consolidated interim financial statements.

Consolidated Statement of Financial Position

(Expressed in thousands of US Dollars)	Note		(Unaudited) June 30, 2016	December 31, 2015
Non-Current Assets				
Property, plant and equipment, net	7		**186,879**	186,083
Goodwill			**298,346**	297,360
Other intangible assets, net	8		**760,814**	762,411
Deferred tax assets			**58,013**	50,752
Other assets and receivables			**28,114**	25,159
Total non-current assets			**1,332,166**	1,321,765
Current Assets				
Inventories	9		**386,500**	349,076
Trade and other receivables, net	10		**333,181**	283,495
Prepaid expenses and other assets			**86,344**	80,702
Restricted cash	11	(b)	**671,625**	—
Cash and cash equivalents	11	(a)	**272,915**	180,803
Total current assets			**1,750,565**	894,076
Total assets			**3,082,731**	2,215,841
Equity and Liabilities				
Equity:				
Share capital	12	(a)	**14,107**	14,098
Reserves			**1,339,723**	1,345,456
Total equity attributable to equity holders			**1,353,830**	1,359,554
Non-controlling interests	12	(b)	**42,646**	39,832
Total equity			**1,396,476**	1,399,386
Non-Current Liabilities				
Loans and borrowings	13	(a)	**671,679**	57
Employee benefits			**40,415**	38,523
Non-controlling interest put options	20	(b)	**60,365**	55,829
Deferred tax liabilities			**104,215**	106,240
Derivative financial instruments	20	(b)	**19,615**	—
Other liabilities			**4,856**	4,403
Total non-current liabilities			**901,145**	205,052
Current Liabilities				
Loans and borrowings	13	(b)	**102,989**	62,724
Employee benefits			**73,136**	59,139
Trade and other payables	15		**559,804**	442,141
Current tax liabilities			**49,181**	47,399
Total current liabilities			**785,110**	611,403
Total liabilities			**1,686,255**	816,455
Total equity and liabilities			**3,082,731**	2,215,841
Net current assets			**965,455**	282,673
Total assets less current liabilities			**2,297,621**	1,604,438

The accompanying notes form part of the consolidated interim financial statements.

Consolidated Statement of Changes in Equity (Unaudited)

(Expressed in thousands of US Dollars, except number of shares)	Note	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Retained earnings	Total equity attributable to equity holders	Non-controlling interest	Total equity
Six months ended June 30, 2015:										
Balance, January 1, 2015		1,408,026,456	14,080	964,992	(38,775)	(64,257)	393,648	1,269,688	37,752	1,307,440
Profit for the period		—	—	—	—	—	94,390	94,390	10,224	104,614
Other comprehensive income (loss):										
Changes in fair value of cash flow hedges, net of tax	17 (b)	—	—	—	—	1,991	—	1,991	2	1,993
Foreign currency translation gains (losses)		—	—	—	(15,785)	—	—	(15,785)	(1,241)	(17,026)
Total comprehensive income (loss) for the period		—	—	—	(15,785)	1,991	94,390	80,596	8,985	89,581
Transactions with owners recorded directly in equity:										
Change in fair value of put options	20	—	—	—	—	—	(526)	(526)	—	(526)
Cash distributions declared to equity holders	5 (c)	—	—	—	—	—	(88,000)	(88,000)	—	(88,000)
Share-based compensation expense	14	—	—	—	—	7,831	—	7,831	—	7,831
Exercise of stock options	14	1,701,697	17	5,879	—	(1,701)	—	4,195	—	4,195
Acquisition of non-controlling interests	12 (b)	—	—	—	(1,102)	—	(5,984)	(7,086)	(2,085)	(9,171)
Dividends paid to non-controlling interests		—	—	—	—	—	—	—	(6,967)	(6,967)
Balance, June 30, 2015		1,409,728,153	14,097	970,871	(55,662)	(56,136)	393,528	1,266,698	37,685	1,304,383

The accompanying notes form part of the consolidated interim financial statements.

Consolidated Statement of Changes in Equity (Unaudited) (continued)

(Expressed in thousands of US Dollars, except number of shares)	Note	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Retained earnings	Total equity attributable to equity holders	Non-controlling interest	Total equity
Six months ended June 30, 2016:										
Balance, January 1, 2016		**1,409,833,525**	**14,098**	**971,221**	**(71,543)**	**(53,068)**	**498,846**	**1,359,554**	**39,832**	**1,399,386**
Profit for the period		**—**	**—**	**—**	**—**	**—**	**82,404**	**82,404**	**10,081**	**92,485**
Other comprehensive income (loss):										
Changes in fair value of foreign exchange forward contracts, net of tax	17 (b)	**—**	**—**	**—**	**—**	**(3,003)**	**—**	**(3,003)**	**(18)**	**(3,021)**
Changes in fair value of interest rate swaps, net of tax	17 (b)	**—**	**—**	**—**	**—**	**(13,884)**	**—**	**(13,884)**	**—**	**(13,884)**
Foreign currency translation gains (losses)		**—**	**—**	**—**	**12,553**	**—**	**—**	**12,553**	**643**	**13,196**
Total comprehensive income (loss) for the period		**—**	**—**	**—**	**12,553**	**(16,887)**	**82,404**	**78,070**	**10,706**	**88,776**
Transactions with owners recorded directly in equity:										
Change in fair value of put options	20	**—**	**—**	**—**	**—**	**—**	**1,030**	**1,030**	**—**	**1,030**
Cash distributions declared to equity holders	5 (c)	**—**	**—**	**—**	**—**	**—**	**(93,000)**	**(93,000)**	**—**	**(93,000)**
Share-based compensation expense	14	**—**	**—**	**—**	**—**	**6,270**	**—**	**6,270**	**—**	**6,270**
Exercise of stock options	14	**833,968**	**9**	**2,674**	**—**	**(777)**	**—**	**1,906**	**—**	**1,906**
Dividends paid to non-controlling interests		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(7,892)**	**(7,892)**
Balance, June 30, 2016		**1,410,667,493**	**14,107**	**973,895**	**(58,990)**	**(64,462)**	**489,280**	**1,353,830**	**42,646**	**1,396,476**

The accompanying notes form part of the consolidated interim financial statements.

Consolidated Statement of Cash Flows (Unaudited)

(Expressed in thousands of US Dollars)	Note	Six months ended June 30, 2016	2015
Cash flows from operating activities:			
Profit for the period		**92,485**	104,614
Adjustments to reconcile profit to net cash generated from operating activities:			
Loss (gain) on sale and disposal of assets, net		**(31)**	55
Depreciation	7	**26,472**	23,229
Amortization of intangible assets	8	**5,628**	5,120
Provision for doubtful accounts		**(316)**	84
Change in fair value of put options	20 (b)	**5,566**	2,057
Non-cash share-based compensation	14	**6,270**	7,831
Income tax expense	17	**34,730**	36,569
		170,804	179,559
Changes in operating assets and liabilities (excluding allocated purchase price in business combinations):			
Trade and other receivables		**(46,288)**	(32,614)
Inventories		**(31,951)**	(20,665)
Other current assets		**(4,750)**	(8,747)
Trade and other payables		**35,130**	12,598
Other assets and liabilities, net		**(6,864)**	(7,036)
Cash generated from operating activities		**116,081**	123,095
Interest paid		**(582)**	(936)
Income tax paid		**(34,384)**	(42,277)
Net cash generated from operating activities		**81,115**	79,882
Cash flows from investing activities:			
Purchases of property, plant and equipment	7	**(25,885)**	(25,174)
Other intangible asset additions		**(3,914)**	(3,186)
Acquisition of businesses, net of cash acquired		**—**	(23,862)
Other proceeds		**1,758**	409
Net cash used in investing activities		**(28,041)**	(51,813)
Cash flows from financing activities:			
Current loans and borrowings proceeds	13 (b)	**42,695**	50,517
Acquisition of non-controlling interest	12 (b)	**—**	(15,560)
Payment of deferred financing costs	13 (b)	**(4,317)**	—
Proceeds from the exercise of share options	14	**2,683**	5,896
Dividend payments to non-controlling interests		**(7,892)**	(6,967)
Net cash generated from financing activities		**33,169**	33,886
Net increase in cash and cash equivalents		**86,243**	61,955
Cash and cash equivalents, at January 1		**180,803**	140,423
Effect of exchange rate changes on cash and cash equivalents		**5,869**	657
Cash and cash equivalents, at June 30	11 (a)	**272,915**	203,035

The accompanying notes form part of the consolidated interim 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*®, *Tumi*®, *American Tourister*®, *Hartmann*®, *High Sierra*®, *Gregory*®, *Speck*®, *Lipault*® and *Kamiliant*® 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 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 liability company (a *société anonyme*), whose registered office is 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 29, 2016 and is unaudited. The Company's auditor, KPMG LLP, performed a review in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information and in accordance with International Standards on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

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*, and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The consolidated interim financial statements should be read in conjunction with the Group's audited consolidated financial statements as of and for the year ended December 31, 2015, 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 (the "IASB").

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, 2016. 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, 2016.

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, 2016.

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, 2016.

(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 statement 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 presented 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 consolidated interim financial information are consistent with those applied by the Group in the consolidated annual financial statements as of and for the year ended December 31, 2015.

(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 as of and for the six months ended June 30, 2016, there was a change in presenting other comprehensive income in accordance with IAS 1, *Presentation of Financial Statements* ("IAS 1"). IAS 1, paragraph 82A(b) states that the other comprehensive income section shall present a new line item disclosure for the share of other comprehensive income of associates and joint ventures accounted for using the equity method. The adoption of this change in accounting policy did not have any impact of the financial results of the Group for the six months ended June 30, 2016.

(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, 2016, 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 Instruments* ("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 will come into effect on January 1, 2018 with early application permitted. The Group has not determined the extent of the impact on its consolidated financial statements.

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"). IFRS 15 sets out requirements for recognizing revenue that applies to all contracts with customers. IFRS 15 is effective as of January 1, 2018 with earlier application permitted. The Group has not determined the extent of the impact on its consolidated financial statements.

In January 2016, the IASB issued IFRS 16, *Leases* ("IFRS 16") which, once adopted, replaces the existing standard IAS 17, *Leases*. IFRS 16 will provide much-needed transparency on companies' lease assets and liabilities, meaning that off balance sheet lease financing generally is no longer possible and therefore also will improve comparability between companies that lease and those that borrow to buy. IFRS 16 is effective January 1, 2019. Early application is permitted for companies that also adopt IFRS 15. The Group has not yet determined the extent of the impact on its consolidated financial statements.

In February 2016, the IASB issued Amendments to IAS 7, *Statement of Cash Flows*. These amendments are part of the IASB's broader disclosure initiative to improve presentation and disclosure in financial statements. Amendments to IAS7, *Statement of Cash Flows* requires new disclosures that help users to evaluate changes in liabilities arising from financing activities, including both cash flow and non-cash flow changes. Amendments to IAS 7, *Statement of Cash Flows* will come into effect for periods beginning on or after January 1, 2017 with early application permitted. The Group has not determined the extent of the impact on its consolidated financial statements.

4. Segment Reporting

The reportable segments for the six months ended June 30, 2016 are consistent with the reportable segments included within the annual consolidated financial statements as of and for the year ended December 31, 2015.

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, 2016 and June 30, 2015 is as follows:

	Six months ended June 30, 2016					
(Expressed in thousands of US Dollars)	**Asia**	**North America**	**Europe**	**Latin America**	**Corporate**	**Consolidated**
External revenues	**470,614**	**403,588**	**268,794**	**62,539**	**3,952**	**1,209,487**
Operating profit (loss)	**55,874**	**23,628**	**23,022**	**(914)**	**39,452**	**141,062**
Operating profit (loss) excluding intragroup charges	**86,587**	**52,098**	**29,725**	**428**	**(27,776)**	**141,062**
Depreciation and amortization	**10,448**	**6,640**	**10,682**	**3,071**	**1,259**	**32,100**
Capital expenditures	**6,876**	**3,944**	**9,419**	**3,820**	**1,826**	**25,885**
Interest income	**275**	**2**	**68**	**183**	**5**	**533**
Interest expense	**(146)**	**—**	**(190)**	**(304)**	**(4,179)**	**(4,819)**
Income tax expense	**(16,710)**	**(9,055)**	**(6,393)**	**(6)**	**(2,566)**	**(34,730)**
Total assets	**639,207**	**1,063,611**	**486,916**	**104,075**	**788,922**	**3,082,731**
Total liabilities	**254,956**	**789,726**	**253,990**	**33,651**	**353,932**	**1,686,255**

	Six months ended June 30, 2015					
(Expressed in thousands of US Dollars)	Asia	North America	Europe	Latin America	Corporate	Consolidated
External revenues	471,426	402,710	255,006	62,895	4,429	1,196,466
Operating profit	60,882	27,321	14,648	993	43,119	146,963
Operating profit (loss) excluding intragroup charges	93,059	53,730	22,696	2,856	(25,378)	146,963
Depreciation and amortization	10,179	6,229	8,616	2,127	1,198	28,349
Capital expenditures	7,799	5,910	8,357	2,975	133	25,174
Interest income	215	1	43	12	—	271
Interest expense	(85)	(53)	(118)	(201)	(1,366)	(1,823)
Income tax (expense) benefit	(16,134)	(10,893)	(4,675)	110	(4,977)	(36,569)
Total assets	612,113	739,122	480,100	92,497	335,244	2,259,076
Total liabilities	244,665	477,691	262,524	61,307	(91,494)	954,693

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, 2016 and June 30, 2015.

(Expressed in thousands of US Dollars, except share and per share data)	Six months ended June 30, 2016	2015
Issued ordinary shares at the beginning of the period	**1,409,833,525**	1,408,026,456
Weighted-average impact of share options exercised during the period	**406,811**	953,900
Weighted-average number of shares at the end of the period	**1,410,240,336**	1,408,980,356
Profit attributable to the equity holders	**82,404**	94,390
Basic earnings per share *(Expressed in US Dollars per share)*	**0.058**	0.067

(b) Diluted

Dilutive earnings per share are 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, 2016	2015
Weighted-average number of ordinary shares (basic) at the end of the period	**1,410,240,336**	1,408,980,356
Effect of share options	**1,545,527**	3,094,205
Weighted-average number of shares at the end of the period	**1,411,785,863**	1,412,074,561
Profit attributable to the equity holders	**82,404**	94,390
Diluted earnings per share *(Expressed in US Dollars per share)*	**0.058**	0.067

(c) Dividends and Distributions

On March 16, 2016, the Board recommended that a cash distribution in the amount of US$93.0 million, or approximately US$0.0659 per share, be made to the Company's shareholders of record on June 17, 2016 from its ad hoc distributable reserve. The shareholders approved this distribution on June 2, 2016 at the Annual General Meeting and the distribution was paid on July 13, 2016.

On March 16, 2015, the Board recommended that a cash distribution in the amount of US$88.0 million, or approximately US$0.0624 per share, be made to the Company's shareholders of record on June 17, 2015 from its ad hoc distributable reserve. The shareholders approved this distribution on June 4, 2015 at the Annual General Meeting and the distribution was paid on July 13, 2015.

No other dividends or distributions were declared or paid during the six months ended June 30, 2016 and June 30, 2015.

6. Seasonality of Operations

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

7. Property, Plant and Equipment, Net

For the six months ended June 30, 2016 and June 30, 2015, the cost of additions to property, plant and equipment was US$25.9 million and US$25.2 million, respectively, excluding assets acquired through business combinations. Depreciation expense for the six months ended June 30, 2016 and June 30, 2015 amounted to US$26.5 million and US$23.2 million, respectively. Of this amount, US$6.6 million and US$3.7 million was included in cost of sales during the six months ended June 30, 2016 and June 30, 2015, respectively. Remaining amounts were presented in distribution and general and administrative expenses.

8. Other Intangible Assets, Net

Amortization expense for the six months ended June 30, 2016 and June 30, 2015 amounted to US$5.6 million and US$5.1 million, respectively, which was included within distribution expenses on the consolidated income statement.

In accordance with IAS 36, *Impairment of Assets*, the Group is required to evaluate its intangible assets 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, 2016.

9. Inventories

Inventories consisted of the following:

(Expressed in thousands of US Dollars)	**June 30, 2016**	December 31, 2015
Raw materials	**28,480**	22,608
Work in process	**246**	1,725
Finished goods	**357,774**	324,743
Total inventories	**386,500**	349,076

The amounts above included inventories carried at net realizable value (estimated selling price less costs to sell) of US$119.8 million and US$94.7 million as of June 30, 2016 and December 31, 2015, respectively. For the six months ended June 30, 2016 and June 30, 2015, the impairment of inventories to net realizable value amounted to US$3.1 million and US$0.5 million, respectively. For the six months ended June 30, 2016 and June 30, 2015 the reversal of impairments recognized in profit or loss amounted to US$0.7 million and US$0.0 million, respectively, where the Group was able to sell the previously written-down inventories at higher selling prices than previously estimated.

10. Trade and Other Receivables, Net

Trade and other receivables are presented net of related allowances for doubtful accounts of US$11.3 million and US$12.7 million as of June 30, 2016 and December 31, 2015, respectively.

Included in trade and other receivables are trade receivables (net of allowance for doubtful accounts) of US$322.1 million and US$269.1 million as of June 30, 2016 and December 31, 2015, respectively, with the following aging analysis by due date of the respective invoice:

(Expressed in thousands of US Dollars)	**June 30, 2016**	December 31, 2015
Current	**277,480**	232,027
Past due	**44,628**	37,092
Total trade receivables	**322,108**	269,119

Credit terms are granted based on the credit worthiness of individual customers. As of June 30, 2016 and December 31, 2015, trade receivables were on average due within 60 days from the invoice date.

11. Cash

(a) Cash and cash equivalents

(Expressed in thousands of US Dollars)	**June 30, 2016**	December 31, 2015
Bank balances	**272,283**	169,994
Short-term investments	**632**	10,809
Total cash and cash equivalents	**272,915**	180,803

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

(b) Restricted cash

As of June 30, 2016, restricted cash amounted to US$671.6 million, consisting of the US$675.0 million Term Loan B Facility funded into escrow, less the original issue discount of US$3.4 million (see Note 13. Loans and Borrowings). The net proceeds from the Term Loan B Facility were deposited into an escrow account. The receipt of the proceeds from the Term Loan B Facility has not been presented as a cash inflow in the consolidated statement of cash flows given that the proceeds were deposited directly into an escrow account which does not meet the definition of cash or cash equivalent because the amount is only available for the specific purpose to fund the acquisition and, as such, restricted and not available for general use. The Group had no restrictions on the use of any of its cash as of December 31, 2015.

12. Share Capital and Reserves

(a) Ordinary Shares

On March 3, 2016, the Company's shareholders approved the resolution proposed to (i) reduce the Company's authorized share capital from US$1,012,800,369.99, representing 101,280,036,999 shares (including the subscribed share capital) to US$35,000,000, representing 3,500,000,000 shares (including the subscribed share capital) with a par value of US$0.01 each and (ii) renew, for a period of five years from the date of the publication of the amendment of the authorized share capital in Luxembourg, the authorization of the Board to issue shares, to grant options to subscribe for shares and to issue any other securities or instruments convertible into shares, subject to the restrictions set out in the Company's Articles of Incorporation, the Luxembourg companies law and the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules").

During the six months ended June 30, 2016, the Company issued 833,968 ordinary shares at a weighted-average exercise price of HK$17.73 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 2016.

During the six months ended June 30, 2015, the Company issued 1,701,697 ordinary shares at a weighted-average exercise price of HK$19.11 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 2015.

(b) Acquisition of Non-controlling Interests

On June 26, 2015, a wholly-owned subsidiary of the Company acquired the 40% non-controlling interest in its Russian subsidiary, increasing its ownership from 60% to 100%, for US$15.6 million in cash. A subsequent working capital settlement of US$0.1 million in July 2015 resulted in a total purchase price of US$15.7 million in cash. The carrying amount of the Russian subsidiary's net assets in the consolidated interim financial statements on the date of acquisition was US$5.1 million. The Group recognized a decrease in the non-controlling interest of US$2.1 million and a decrease in retained earnings of US$6.0 million as of June 30, 2015.

13. 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, 2016**	December 31, 2015
Term Loan B Facility	**675,000**	—
Finance lease obligations, net of current installments of $30 and $30 as of June 30, 2016 and December 31, 2015, respectively	**54**	57
Total non-current obligations	**675,054**	57
Less deferred financing costs	**(3,375)**	—
Non-current loans and borrowings	**671,679**	57

On March 3, 2016, the Company and PTL Acquisition Inc. ("Merger Sub"), an indirect wholly-owned subsidiary of the Company, entered into an agreement and plan of merger (the "Merger Agreement") with Tumi Holdings, Inc. ("Tumi"), pursuant to which the Company agreed to acquire Tumi for cash consideration of US$26.75 per outstanding common share of Tumi, without interest (the "Per Share Merger Consideration"), subject to the terms and conditions set out in the Merger Agreement. The acquisition was completed on August 1, 2016 and was effected by way of a merger of Merger Sub with and into Tumi, with Tumi surviving the merger as an indirect wholly-owned subsidiary of the Company (see Note 22. Subsequent Events for further information).

Senior Credit Facility

Overview

On May 13, 2016, an indirect wholly-owned subsidiary of the Company entered into a Credit and Guaranty Agreement dated as of May 13, 2016 (the "Credit Agreement") with certain lenders and financial institutions. On August 1, 2016 (the "Closing Date"), the Company and certain of its other indirect wholly-owned subsidiaries became parties to the

Credit Agreement. The Credit Agreement provides for (1) a US$1,250.0 million senior secured term loan A facility (the "Term Loan A Facility"), (2) a US$675.0 million senior secured term loan B facility (the "Term Loan B Facility" and, together with the Term Loan A Facility, the "Term Loan Facilities") and (3) a US$500.0 million revolving credit facility (the "Revolving Facility", and, together with the Term Loan Facilities, the "Senior Credit Facilities"). On May 13, 2016, the proceeds of the borrowings under the Term Loan B Facility were funded and deposited into an escrow account and were held in escrow until the consummation of the merger with Tumi on the Closing Date, at which time such proceeds were released from escrow and were used to pay a portion of the consideration under the Merger Agreement.

On the Closing Date, the Company and certain of its other indirect wholly-owned subsidiaries became parties to the Credit Agreement, and the Group used the proceeds from the Term Loan Facilities, as well as US$105.8 million of borrowings under the Revolving Facility, to pay the total consideration under the Merger Agreement, to repay all amounts then outstanding under the Group's prior US$500.0 million revolving credit facility (the "Prior Revolving Facility"), which Prior Revolving Facility was then terminated, and to pay fees, costs and expenses related to the foregoing transactions, as well as for general corporate purposes.

Interest Rate and Fees
Interest on the borrowings under the Term Loan A Facility and the Revolving Facility began to accrue on the Closing Date. The interest rates for such borrowings are initially based on the London Interbank Offered Rate ("LIBOR") plus an applicable margin of 2.75% per annum. The borrowers under such facilities may also elect to pay interest at a base rate plus 1.75% per annum. The applicable margin for borrowings under both the Term Loan A Facility and the Revolving Facility may step down based on achievement of a specified total net leverage ratio of the Company and its subsidiaries at the end of each fiscal quarter, commencing with the quarter ending December 31, 2016. Interest on the borrowing under the Term Loan B Facility began to accrue on May 13, 2016 at the rate of LIBOR plus 3.25% per annum. The borrower under such facility may also elect to pay interest at a base rate plus 2.25%.

In addition to paying interest on outstanding principal under the Senior Credit Facilities, the borrowers will pay customary agency fees and a commitment fee in respect of the unutilized commitments under the Revolving Facility, which will initially be 0.50% per annum. The commitment fee may step down based on the achievement of a specified total net leverage ratio level of the Company and its subsidiaries at the end of each fiscal quarter, commencing with the quarter ending December 31, 2016.

Mandatory Prepayments
The Credit Agreement requires certain mandatory prepayments of outstanding loans under the Term Loan Facilities from the net cash proceeds of certain asset sales and casualty and condemnation events (subject to reinvestment rights), and the net cash proceeds of any incurrence or issuance of debt not permitted under the Senior Credit Facilities, in each case subject to customary exceptions and thresholds. The Credit Agreement also provides for mandatory prepayments of the Term Loan B Facility to be made based on the excess cash flow of the Company and its subsidiaries.

Voluntary Prepayments
Voluntary prepayments of the Term Loan B Facility in connection with re-pricing transactions on or prior to six months following the Closing Date will be subject to a call premium of 1.0%. Otherwise, all outstanding loans under the Senior Credit Facilities may be voluntarily prepaid at any time without premium or penalty other than customary "breakage" costs with respect to LIBOR loans.

Amortization and Final Maturity
The Term Loan A Facility requires scheduled quarterly payments, with an amortization of 2.5% of the original principal amount of the loans under the Term Loan A Facility made on the Closing Date, with a step-up to 5.0% amortization during the second and third years, 7.5% during the fourth year and 10.0% during the fifth year, with the balance due and payable on the fifth anniversary of the Closing Date. The Term Loan B Facility requires scheduled quarterly payments each equal to 0.25% of the original principal amount of the loans under the Term Loan B Facility made on the Closing Date, with the balance due and payable on the seventh anniversary of the Closing Date. There is no scheduled amortization of the principal amounts of the loans outstanding under the Revolving Facility. Any principal amount outstanding under the Revolving Facility is due and payable on the fifth anniversary of the Closing Date.

Guarantees and Security
The obligations of the borrowers under the Senior Credit Facilities are unconditionally guaranteed by the Company and certain of the Company's existing direct or indirect wholly-owned material subsidiaries, and are required to be guaranteed by certain future direct or indirect wholly-owned material subsidiaries organized in the jurisdictions of Luxembourg, Belgium, Canada, Hong Kong, Hungary, Mexico and the United States. All obligations under the Senior Credit Facilities, and the guarantees of those obligations, are secured, subject to certain exceptions, by substantially all

of the assets of the Company and the assets of certain of its direct and indirect wholly-owned subsidiaries that are borrowers and/or guarantors under the Senior Credit Facilities, including: (i) a first-priority pledge of all of the equity interests of certain of the Company's subsidiaries and each wholly-owned material restricted subsidiary of these entities (which pledge, in the case of any foreign subsidiary of a U.S. entity, is limited to 66% of the voting capital stock and 100% of the non-voting capital stock of such foreign subsidiary); and (ii) a first-priority security interest in substantially all of the tangible and intangible assets of the Company and the subsidiary guarantors.

Certain Covenants and Events of Default

The Senior Credit Facilities contain a number of customary negative covenants that, among other things and subject to certain exceptions, may restrict the ability of the Company and its subsidiaries to: (i) incur additional indebtedness; (ii) pay dividends on its capital stock or redeem, repurchase or retire its capital stock or its other indebtedness; (iii) make investments, loans and acquisitions; (iv) engage in transactions with its affiliates; (v) sell assets, including capital stock of its subsidiaries; (vi) consolidate or merge; (vii) materially alter the business it conducts; (viii) incur liens; and (ix) prepay or amend any junior debt or subordinated debt.

In addition, the Credit Agreement requires the Company and its subsidiaries to meet certain quarterly financial covenants. Commencing with the fiscal quarter ending December 31, 2016, the Company and its subsidiaries will be required to maintain (i) a pro forma total net leverage ratio of not greater than 4.75:1.00, which threshold will decrease to 4.50:1.00 for test periods in 2018, 4.25:1.00 for test periods in 2019 and 4.00:1.00 for test periods in 2020, and (ii) a pro forma interest coverage ratio of not less than 3.25:1.00.

The Credit Agreement also contains certain customary representations and warranties, affirmative covenants and provisions relating to events of default (including upon a change of control).

The proceeds from the Term Loan B Facility, net of an original issue discount of US$3.4 million, amounted to US$671.6 million. This sum was funded into escrow by the lenders on May 13, 2016, and was released from escrow to certain subsidiaries of the Company acting as term loan borrowers under the Credit Agreement on the Closing Date.

Interest Rate Swaps

The Group entered into interest rate swap transactions on June 1, 2016 that will become effective December 31, 2016 and ending August 31, 2021. The Group will use the interest rate swap transactions to minimize its exposure to interest rate fluctuations of the floating-rate Senior Credit Facilities by swapping certain US Dollar floating-rate bank borrowings with fixed-rate agreements. The interest rate swap agreements will have initial notional amounts totaling US$1,237.0 million representing approximately 65% of the anticipated balances of the Term Loan Facilities. The notional amounts of the interest rate swap agreements decrease over time in line with required amortization and anticipated prepayments on the Term Loan Facilities. Each agreement has a fixed LIBOR of approximately 1.30%. Each of the interest rate swap agreements will have fixed payments due monthly starting January 31, 2017. The interest rate swap transactions are expected to qualify as cash flow hedges under IFRS. As of June 30, 2016, the interest rate swaps were marked-to-market, resulting in a net loss position of the Group in the amount of US$19.6 million, which was recorded as a liability with the effective portion of the loss deferred to other comprehensive income.

Deferred Financing Costs

The Group recognized US$7.7 million of deferred financing costs during the first half of 2016 related to the Senior Credit Facilities. Of this amount US$3.4 million represented the original issue discount on the Term Loan B Facility, which was excluded from the consolidated statement of cash flows as noted above. The remaining US$4.3 million is included in current loans and borrowings below.

(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, 2016**	December 31, 2015
Prior Revolving Facility	**98,528**	48,174
Other lines of credit	**9,948**	15,921
Finance lease obligations	**30**	30
Total current obligations	**108,506**	64,125
Less deferred financing costs	**(5,517)**	(1,401)
Current loans and borrowings	**102,989**	62,724

Through June 30, 2016, the Group maintained a revolving credit facility (the "Prior Revolving Facility") in the amount of US$500.0 million. The Prior Revolving Facility had 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 Prior Revolving Facility was 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 Prior Revolving Facility carried 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 joined the Prior Revolving Facility. The Prior Revolving Facility was secured by certain of the Group's assets in the United States and Europe, as well as the Group's intellectual property. The Prior Revolving Facility also contained financial covenants related to interest coverage and leverage ratios, and operating covenants that, among other things, limited 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, 2016. As of June 30, 2016, US$398.9 million was available to be borrowed on the Prior Revolving Facility as a result of US$98.5 million of outstanding borrowings and the utilization of US$2.5 million of the facility for outstanding letters of credit extended to certain creditors. As of December 31, 2015, US$449.3 million was available to be borrowed as a result of US$48.2 million of outstanding borrowings and the utilization of US$2.5 million of the facility for outstanding letters of credit extended to certain creditors. The Prior Revolving Facility was terminated and all outstanding balances were repaid in conjunction with the financing for the Tumi acquisition on August 1, 2016.

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$9.9 million and US$15.9 million as of June 30, 2016 and December 31, 2015, respectively.

14. Employee Benefits

Employee benefits expense, which consists of payroll, pension plan expenses, share-based payments and other benefits, amounted to US$158.4 million and US$146.6 million for the six months ended June 30, 2016 and June 30, 2015, respectively. Of these amounts, US$12.9 million and US$11.3 million were included in cost of sales, respectively. The remaining amounts were presented in distribution expenses and general and administrative expenses.

Share-based Payment Arrangements

On September 14, 2012, the Company's shareholders adopted the Company's Share Award Scheme to remain in effect until September 13, 2022. 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, 2016 (the "Latest Practicable Date"), the maximum aggregate number of shares in respect of which awards may be granted pursuant to the Share Award Scheme was 65,255,803 shares, representing approximately 4.6% 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 May 6, 2016, the Company granted share options exercisable for 19,953,760 ordinary shares to certain directors, key management personnel and other employees of the Group with an exercise price of HK$24.91 per share. Such options are subject to *pro rata* vesting over a 4-year period, with 25% of the options vesting on each anniversary date of the grant. Such options have a 10-year term.

On May 6, 2016, the Company made an additional special grant of 4,190,013 share options to two members of the Group's senior management team. The exercise price of the options granted was HK$24.91. 60% of such options will vest on May 6, 2019 and 40% will vest on May 6, 2021. Such options have a 10-year term.

On May 11, 2016, the Company granted share options exercisable for 62,160 ordinary shares to an employee of a subsidiary of the Company with an exercise price of HK$24.23 per share. Such options are subject to *pro rata* vesting over a 4-year period, with 25% of the options vesting on each anniversary date of the grant. Such options have a 10-year term.

On June 16, 2016, the Company granted share options exercisable for 99,972 ordinary shares to an employee of a subsidiary of the Company with an exercise price of HK$23.19 per share. Such options are subject to *pro rata* vesting over a 4-year period, with 25% of the options vesting on each anniversary date of the grant. Such 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. Any award of share options or RSUs that is forfeited without the issuance of shares may be granted again under the Share Award Scheme.

The grant-date fair value of the share options granted is generally recognized as an expense, with a corresponding increase in equity when such options represent equity-settled awards, 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 for the 19,953,760 share options made on May 6, 2016:

Fair value at grant date	HK$6.57
Share price at grant date	HK$24.00
Exercise price	HK$24.91
Expected volatility (weighted average volatility)	35.5%
Option life (expected weighted average life)	6.25 years
Expected dividends	2.0%
Risk-free interest rate (based on government bonds)	1.0%

The following inputs were used in the measurement of the fair value at grant date of the share-based payment for the additional special grant of 4,190,013 share options made on May 6, 2016:

Fair value at grant date	HK$6.84
Share price at grant date	HK$24.00
Exercise price	HK$24.91
Expected volatility (weighted average volatility)	35.5%
Option life (expected weighted average life)	7 years
Expected dividends	2.0%
Risk-free interest rate (based on government bonds)	1.1%

The following inputs were used in the measurement of the fair value at grant date of the share-based payment for the 62,160 share options made on May 11, 2016:

Fair value at grant date	HK$6.79
Share price at grant date	HK$24.10
Exercise price	HK$24.23
Expected volatility (weighted average volatility)	35.5%
Option life (expected weighted average life)	6.25 years
Expected dividends	2.0%
Risk-free interest rate (based on government bonds)	1.0%

The following inputs were used in the measurement of the fair value at grant date of the share-based payment for the 99,972 share options made on June 16, 2016:

Fair value at grant date	HK$5.84
Share price at grant date	HK$22.45
Exercise price	HK$23.19
Expected volatility (weighted average volatility)	35.2%
Option life (expected weighted average life)	6.25 years
Expected dividends	2.3%
Risk-free interest rate (based on government bonds)	0.8%

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. The expected dividends are based on the Group's history and expectation of dividend payouts.

In total, share-based compensation expense of US$6.3 million and US$7.8 million was recognized in the consolidated income statement, with the offset in equity reserves, for the six months ended June 30, 2016 and June 30, 2015, respectively.

Particulars and movements of share options during the six months ended June 30, 2016 were as follows:

	Number of Options	Weighted-average exercise price
Outstanding at January 1, 2016	**49,101,566**	**HK$21.83**
Granted during the period	**24,305,905**	**HK$24.90**
Exercised during the period	**(833,968)**	**HK$17.73**
Canceled / lapsed during the period	**(532,194)**	**HK$22.83**
Outstanding at June 30, 2016	**72,041,309**	**HK$22.90**
Exercisable at June 30, 2016	**17,201,274**	**HK$20.53**

At June 30, 2016, the range of exercise prices for outstanding share options was HK$17.36 to HK$24.91 with a weighted average contractual life of 8.5 years.

15. Trade and Other Payables

(Expressed in thousands of US Dollars)	**June 30, 2016**	December 31, 2015
Accounts payable	**383,900**	345,438
Other payables and accruals	**76,431**	89,523
Cash distribution payable to equity holders	**93,000**	—
Other tax payables	**6,473**	7,180
Total trade and other payables	**559,804**	442,141

Included in accounts payable are trade payables with the following aging analysis by due date of the respective invoice:

(Expressed in thousands of US Dollars)	**June 30, 2016**	December 31, 2015
Current	**298,218**	262,325
Past due	**19,255**	21,360
Total trade payables	**317,473**	283,685

Trade payables as of June 30, 2016 were on average due within 105 days from the invoice date.

16. Commitments

(a) Capital Commitments

The Group's capital expenditures budget for 2016 is approximately US$84.0 million. Capital commitments outstanding as of June 30, 2016 and December 31, 2015 were US$12.3 million and US$7.8 million, respectively, which were not recognized as liabilities in the consolidated statement of financial position as they had not met 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, 2016 and December 31, 2015, future minimum payments under non-cancellable leases were as follows:

(Expressed in thousands of US Dollars)	**June 30, 2016**	December 31, 2015
Within one year	**113,271**	94,453
After one year but within two years	**78,510**	89,374
After two years but within five years	**122,510**	102,717
More than five years	**73,861**	64,573
Total operating lease commitments	**388,152**	351,117

Rental expense under cancellable and non-cancellable operating leases amounted to US$64.5 million and US$57.5 million for the six months ended June 30, 2016 and June 30, 2015, respectively.

17. Income Taxes

(a) Taxation in the Consolidated Income Statement

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, 2016 and June 30, 2015 was 27.3% and 25.9%, respectively. The increase in the consolidated effective reported tax rate was primarily the result of an increase in withholding taxes and changes in profit mix among high and low tax jurisdictions.

Taxation in the consolidated income statement for the six months ended June 30, 2016 and June 30, 2015 consisted of the following:

	Six months ended June 30,	
(Expressed in thousands of US Dollars)	**2016**	2015
Hong Kong profits tax (expense) benefit	**58**	(565)
Foreign profits tax expense	**(34,788)**	(36,004)
Income tax expense	**(34,730)**	(36,569)

Income tax expense for Hong Kong profits was calculated at an effective tax rate of 16.5% for the six months ended June 30, 2016 and June 30, 2015.

(b) Income Tax (Expense) Benefit Recognized in Other Comprehensive Income

	Six months ended June 30, 2016			Six months ended June 30, 2015		
(Expressed in thousands of US Dollars)	**Before tax**	**Income tax (expense) benefit**	**Net of tax**	Before tax	Income tax (expense) benefit	Net of tax
Foreign exchange forward contracts	**(4,544)**	**1,523**	**(3,021)**	3,044	(1,051)	1,993
Interest rate swap agreements	**(19,615)**	**5,731**	**(13,884)**	—	—	—
Foreign currency translation differences for foreign operations	**13,196**	**—**	**13,196**	(17,026)	—	(17,026)
	(10,963)	**7,254**	**(3,709)**	(13,982)	(1,051)	(15,033)

18. 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, 2016 and June 30, 2015:

	Six months ended June 30,	
(Expressed in thousands of US Dollars)	**2016**	2015
Recognized in income or loss:		
Interest income on bank deposits	**533**	271
Total finance income	**533**	271
Interest expense on financial liabilities measured at amortized cost(1)	**(4,819)**	(1,823)
Change in fair value of put options	**(5,566)**	(2,057)
Net foreign exchange loss	**(2,883)**	(664)
Other finance costs	**(1,112)**	(1,507)
Total finance costs	**(14,380)**	(6,051)
Net finance costs recognized in profit or loss	**(13,847)**	(5,780)
Recognized in other comprehensive income (loss):		
Foreign currency translation differences for foreign operations	**13,196**	(17,026)
Changes in fair value of interest rate swaps, net of tax	**(13,884)**	—
Changes in fair value of foreign exchange forward contracts, net of tax	**(3,021)**	1,993
Net finance costs recognized in total comprehensive income, net of tax	**(17,556)**	(20,813)

Note

(1) Interest expense for the six months ended June 30, 2016 included interest expense of US$3.6 million associated with the Term Loan B Facility, which has been funded by the lenders and is being held in an escrow account with a third party ahead of the completion of the acquisition of Tumi on August 1, 2016.

19. 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 measurable, 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, 2016.

20. 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 interest rate swap agreements have been entered into with financial institution counterparties with satisfactory credit worthiness. The fair value of interest rate swap agreements is based on broker quotes.

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, 2016 and December 31, 2015:

		Fair value measurements at reporting date using		
(Expressed in thousands of US Dollars)	**June 30, 2016**	**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	**272,915**	**272,915**	**—**	**—**
Foreign currency forward contracts	**1,173**	**1,173**	**—**	**—**
Total assets	**274,088**	**274,088**	**—**	**—**
Liabilities:				
Interest rate swaps	**19,615**	**19,615**	**—**	**—**
Non-controlling interest put options	**60,365**	**—**	**—**	**60,365**
Total liabilities	**79,980**	**19,615**	**—**	**60,365**

		Fair value measurements at reporting date using		
(Expressed in thousands of US Dollars)	December 31, 2015	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	180,803	180,803	—	—
Foreign currency forward contracts	1,785	1,785	—	—
Total assets	182,588	182,588	—	—
Liabilities:				
Non-controlling interest put options	55,829	—	—	55,829
Total liabilities	55,829	—	—	55,829

Certain non-U.S. subsidiaries of the Group periodically enter into forward contracts related to the purchase of inventory denominated primarily in US Dollars 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 an asset of US$1.2 million and US$1.8 million as of June 30, 2016 and December 31, 2015, respectively.

The Group did not include any contractual cash flows associated with the interest rate swap agreements as of June 30, 2016 in the table above. Contractual cash flows on the interest rate swap agreements are contingent upon the approval of the Tumi acquisition (see Note 22. Subsequent Events).

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, 2016: 3%) - Risk adjusted discount rate (June 30, 2016: 10.5%)	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 a reconciliation from the opening balance to the closing balance for Level 3 fair values:

(Expressed in thousands of US Dollars)	
Balance at January 1, 2016	55,829
Change in fair value included in equity	**(1,030)**
Change in fair value included in finance costs	**5,566**
Balance at June 30, 2016	**60,365**

For the fair value of non-controlling interest put options, reasonably possible changes to one of the significant unobservable inputs, holding other inputs constant, would have the following effects at June 30, 2016:

	Profit or loss		Shareholders' Equity	
(Expressed in thousands of US Dollars)	Increase	Decrease	Increase	Decrease
EBITDA multiple (movement of 0.1x)	**1,556**	**(1,556)**	**346**	**(346)**
Growth rate (50 basis points)	**94**	**(94)**	**—**	**—**
Risk adjusted discount rate (100 basis points)	**(113)**	**115**	**—**	**—**

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.

21. 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 a post-employment plan on their behalf.

Key management is comprised of the Group's directors and senior management. Compensation paid to key management personnel during the six months ended June 30, 2016 and June 30, 2015 comprised:

	Six months ended June 30,	
(Expressed in thousands of US Dollars)	**2016**	2015
Director's fees	**614**	560
Salaries, allowances and other benefits in kind	**3,140**	2,836
Bonus(1)	**3,104**	3,955
Share-based compensation	**3,785**	4,312
Contributions to post-employment plans	**671**	87
Total compensation	**11,314**	11,750

Note
(1) Bonus is based on the performance of the Group.

(b) Other Related Party Transactions

I. Certain subsidiaries of the Group purchase raw materials and finished goods from, and the Group's Indian subsidiary, Samsonite South Asia Private Limited, sells certain raw materials and components to, Abhishri Packaging Pvt. Ltd, which is managed and controlled by the family of Mr. Ramesh Tainwala, Executive Director and Chief Executive Officer of the Group ("Mr. Tainwala"). Abhishri Packaging Pvt. Ltd also manufactures hard-side luggage products on behalf of Samsonite South Asia Private Limited. The Group's Middle East subsidiary, Samsonite Middle East FZCO, also purchases finished goods from Abhishri Packaging Pvt. Ltd.

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

	Six months ended June 30,	
(Expressed in thousands of US Dollars)	**2016**	2015
Purchases	**4,569**	2,165
Sales	**97**	136

(Expressed in thousands of US Dollars)	**June 30, 2016**	December 31, 2015
Payables	**2,107**	735
Receivables	**15**	39

II. Samsonite South Asia Private Limited 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 non-controlling interests in Samsonite South Asia Private Limited and in the Group's United Arab Emirates subsidiary, Samsonite Middle East FZCO.

	Six months ended June 30,	
(Expressed in thousands of US Dollars)	**2016**	2015
Sales	**4,904**	5,723
Rent	**43**	38

(Expressed in thousands of US Dollars)	**June 30, 2016**	December 31, 2015
Receivables	**10,943**	8,919

Approximately US$0.4 million and US$0.2 million was paid to entities owned by Mr. Tainwala and his family, for office space rent for the six months ended June 30, 2016 and June 30, 2015, respectively. As of June 30, 2016 and December 31, 2015, no amounts were payable to or receivable from Mr. Tainwala and his family.

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.

22. Subsequent Events

The Group has evaluated events occurring subsequent to June 30, 2016, the interim reporting date, through August 29, 2016, the date this financial information was authorized for issue by the Board.

On March 16, 2016, the Board recommended that a cash distribution in the amount of US$93.0 million, or approximately US$0.0659 per share, be made to the Company's shareholders of record on June 17, 2016 from its ad hoc distributable reserve. The shareholders approved this distribution on June 2, 2016 at the Annual General Meeting and the distribution was paid on July 13, 2016.

From June 30, 2016 to July 31, 2016, the Company issued 8,686 ordinary shares 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 since June 30, 2016.

Business Combination

Tumi Holdings, Inc.

On March 3, 2016, the Company and Merger Sub, an indirect wholly-owned subsidiary of the Company, entered into the Merger Agreement with Tumi, pursuant to which the Company agreed to acquire Tumi for the Per Share Merger Consideration, subject to the terms and conditions set out in the Merger Agreement. The acquisition was completed on August 1, 2016 and was effected by way of a merger of Merger Sub with and into Tumi, with Tumi surviving the merger as an indirect wholly-owned subsidiary of the Company.

Pursuant to the terms of the Merger Agreement, as of the effective time of the merger (the "Effective Time"), each issued and outstanding share of Tumi common stock, other than dissenting shares and shares owned by the Company, Merger Sub, Tumi or any of their respective wholly-owned subsidiaries (including treasury shares), was canceled and converted into the right to receive the Per Share Merger Consideration. All Tumi stock options, service restricted stock unit awards and performance restricted stock unit awards (in each case whether vested or unvested) that were outstanding immediately prior to the Effective Time were canceled upon the completion of the merger, and the holders thereof were paid an aggregate of approximately US$19.0 million in cash in respect of such cancellation pursuant to the terms of the Merger Agreement. Upon the Effective Time, holders of Tumi common stock immediately prior to the Effective Time ceased to have any rights as stockholders in Tumi (other than their right to receive the Per Share Merger Consideration, or, in the case of shares of Tumi common stock as to which appraisal rights have been properly exercised and not withdrawn, the rights pursuant to Section 262 of the Delaware General Corporation Law). The total consideration paid under the Merger Agreement at the Effective Time amounted to approximately US$1,818.8 million, which was funded by a new committed debt financing (described in Note 13. Loans and Borrowings).

The acquisition brings together Tumi, an iconic North American purveyor of premium business bags, travel luggage and accessories, with the Group, the world's best known and largest lifestyle bags and travel luggage company, to create a leading global travel lifestyle company. Tumi's leading market position in the premium business and luggage segment is a perfect complement to the Group's strong and diverse portfolio of brands and products, with limited overlap in market positioning, price point and distribution. The acquisition gives the Group opportunities to leverage the Group's extensive global retail and wholesale network and its strengths in marketing and distribution, sourcing, technical innovation and localization of products to consumer preferences to significantly expand the *Tumi* brand to new customers in additional markets worldwide.

Tumi is a leading global premium lifestyle brand offering a comprehensive line of business bags, travel luggage and accessories. The brand is consistently recognized as "best in class" for the high quality, durability, functionality and innovative design of its products, which range from its iconic black ballistic business cases and travel luggage synonymous with the modern business professional, to travel accessories, women's bags and outdoor apparel. As of

June 30, 2016, the *Tumi* brand was sold in approximately 2,200 points of distribution, including in the world's top department, specialty and travel retail stores in over 75 countries and including 199 company-operated retail stores.

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

Proforma results
If the acquisition had occurred on January 1, 2016, the Group estimates that consolidated net sales for the six months ended June 30, 2016 would have been approximately US$1,475.3 million, and consolidated profit for the period for the six months ended June 30, 2016 would have been approximately US$113.6 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, 2015, Tumi recorded net sales of US$547.7 million, an increase of 3.9% from US$527.2 million for the year ended December 31, 2014.

Acquisition-related Costs
The Group incurred approximately US$6.9 million in acquisition-related costs during the six months ended June 30, 2016, which were recognized within other expenses on the consolidated income statement.

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®*, *Tumi®*, *American Tourister®*, *Hartmann®*, *High Sierra®*, *Gregory®*, *Speck®*, *Lipault®* and *Kamiliant®* 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 in over 100 countries through a variety of wholesale distribution channels, through its company-operated retail stores and through e-commerce. The Group sells its products in Asia, North America, Europe and Latin America.

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

Net Sales

The following table sets forth a breakdown of net sales by region for the six months ended June 30, 2016 and June 30, 2015, both in absolute terms and as a percentage of total net sales.

	Six months ended June 30,					
	2016		2015		2016 vs 2015	
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[2]
Net sales by region[1]:						
Asia	**470,614**	**38.9%**	471,426	39.4%	(0.2)%	3.7 %
North America	**403,588**	**33.4%**	402,710	33.7%	0.2 %	0.5 %
Europe	**268,794**	**22.2%**	255,006	21.3%	5.4 %	8.6 %
Latin America	**62,539**	**5.2%**	62,895	5.3%	(0.6)%	13.6 %
Corporate	**3,952**	**0.3%**	4,429	0.3%	(10.8)%	(10.8)%
Net sales	**1,209,487**	**100.0%**	1,196,466	100.0%	1.1 %	4.1 %

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) Results stated on a constant currency basis are calculated by applying the average exchange rate of the comparable period in the prior year to current period local currency results.

Excluding foreign currency effects, net sales increased by US$49.5 million, or 4.1%, for the six months ended June 30, 2016 compared to the six months ended June 30, 2015. US Dollar reported net sales increased by US$13.0 million, or 1.1%, to US$1,209.5 million for the six months ended June 30, 2016, reflecting the impact of foreign currency translation from the strengthening of the US Dollar during the period.

Brands

The following table sets forth a breakdown of net sales by brand for the six months ended June 30, 2016 and June 30, 2015, both in absolute terms and as a percentage of total net sales.

	Six months ended June 30,					
	2016		2015		2016 vs 2015	
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(2)
Net sales by brand:						
Samsonite	**734,619**	**60.8%**	736,276	61.5%	(0.2)%	2.7 %
American Tourister	**259,308**	**21.4%**	263,773	22.0%	(1.7)%	2.3 %
High Sierra	**52,357**	**4.3%**	54,380	4.5%	(3.7)%	(2.7)%
Speck	**49,635**	**4.1%**	50,185	4.2%	(1.1)%	(1.1)%
Gregory	**21,769**	**1.8%**	18,004	1.5%	20.9 %	17.6 %
Lipault	**12,183**	**1.0%**	4,438	0.4%	174.6 %	183.7 %
Hartmann	**12,066**	**1.0%**	8,265	0.7%	46.0 %	46.4 %
Other(1)	**67,550**	**5.6%**	61,145	5.2%	10.5 %	17.6 %
Net sales	**1,209,487**	**100.0%**	1,196,466	100.0%	1.1 %	4.1 %

Notes

(1) Other includes certain other brands owned by the Group, such as *Kamiliant*, *Saxoline* and *Xtrem*, as well as third party brands sold through the Rolling Luggage and Chic Accent retail stores.

(2) Results stated on a constant currency basis are calculated by applying the average exchange rate of the comparable period in the prior year to current period local currency results.

Excluding foreign currency effects, net sales of the *Samsonite* brand increased by US$19.6 million, or 2.7%, for the six months ended June 30, 2016 compared to the first half of 2015. US Dollar reported net sales of the *Samsonite* brand decreased by US$1.7 million, or 0.2%, due to the impact of foreign currency translation from the strengthening of the US Dollar. *Samsonite* comprised 60.8% of the net sales of the Group during the six months ended June 30, 2016 compared to 61.5% for the six months ended June 30, 2015, reflecting the continued diversification of the Group's brand portfolio with increased contributions from the *Lipault*, *Hartmann* and *Gregory* brands as well as the recently introduced *Kamiliant* brand. Excluding foreign currency effects, net sales of the *American Tourister* brand increased by US$6.0 million, or 2.3%, for the six months ended June 30, 2016 compared to the same period in the prior year driven by an increase in net sales in the European region from expanded product offerings and further penetration of existing markets, which were supported by the Group's targeted advertising activities. US Dollar reported net sales of the *American Tourister* brand decreased by US$4.5 million, or 1.7%, due to the impact of foreign currency translation from the strengthening of the US Dollar.

The Group has acquired five brands from January 1, 2012 through June 30, 2016, namely *High Sierra* (July 2012), *Hartmann* (August 2012), *Lipault* (April 2014), *Speck* (May 2014) and *Gregory* (July 2014). These acquired brands accounted for 12.2% and 11.3% of US Dollar reported net sales for the six months ended June 30, 2016 and June 30, 2015, respectively. On a constant currency basis, net sales of the *High Sierra* brand decreased by 2.7% for the six months ended June 30, 2016 compared to the six months ended June 30, 2015 largely due to shifts in the timing of certain sales programs in North America. Excluding foreign currency effects, net sales of the *Hartmann* brand increased by 46.4% for the six months ended June 30, 2016 compared to the first half of 2015, driven by increased traction of the brand in Asia and Europe as well as an 18.7% increase in North America. On a constant currency basis, net sales of the *Lipault* brand nearly tripled for the six months ended June 30, 2016, driven by geographical expansion in Asia, increased sales in Europe and the direct-to-market strategy adopted in North America. Excluding foreign currency effects, net sales of the *Speck* brand decreased by 1.1% for the six months ended June 30, 2016 compared to the six months ended June 30, 2015, due to lower net sales of protective laptop cases, partially offset by robust growth in net sales of protective phone cases. Retailers have also begun reducing replenishment orders in anticipation of new device launches in the second half of 2016. Excluding foreign currency effects, net sales of the *Gregory* brand increased by 17.6% for the six months ended June 30, 2016, with Asia, North America and Europe all recording double-digit net sales growth.

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, 2016 and June 30, 2015, both in absolute terms and as a percentage of total net sales.

	Six months ended June 30,					
	2016		2015		2016 vs 2015	
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[3]
Net sales by product category:						
Travel	**817,029**	**67.5%**	808,917	67.6%	1.0 %	4.0 %
Casual	**142,926**	**11.8%**	155,912	13.0%	(8.3)%	(5.3)%
Business[1]	**133,176**	**11.0%**	130,149	10.9%	2.3 %	5.5 %
Accessories[2]	**92,582**	**7.7%**	76,903	6.4%	20.4 %	23.6 %
Other	**23,774**	**2.0%**	24,585	2.1%	(3.3)%	1.3 %
Net sales	**1,209,487**	**100.0%**	1,196,466	100.0%	1.1 %	4.1 %

Notes

(1) Includes tablet and laptop cases.

(2) Includes protective phone cases.

(3) Results stated on a constant currency basis are calculated by applying the average exchange rate of the comparable period in the prior year to current period local currency results.

Excluding foreign currency effects, net sales in the travel product category increased by US$32.3 million, or 4.0%, for the six months ended June 30, 2016 compared to the six months ended June 30, 2015. US Dollar reported net sales in the travel product category increased by US$8.1 million, or 1.0%. Country-specific product designs and locally relevant marketing strategies continued 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 decreased by US$8.2 million, or 5.3%, due to a decrease in net sales of the *Samsonite Red* sub-brand, driven by a change in new product mix from casual products to business products in South Korea, and a shift in business-to-business sales in China from mainly casual products in the first half of 2015 to mainly travel products in the first half of 2016, partially offset by increased sales of the *Gregory* brand. US Dollar reported net sales in the casual product category decreased by US$13.0 million, or 8.3%. Excluding foreign currency effects, net sales in the business product category increased by US$7.1 million, or 5.5%. US Dollar reported net sales in the business product category increased by US$3.0 million, or 2.3%. This increase was primarily due to growth in Asia and Europe, partially offset by a decrease in North America driven by lower sales of protective laptop cases under the *Speck* brand. Excluding foreign currency effects, net sales in the accessories category increased by US$18.1 million, or 23.6%. US Dollar reported net sales in the accessories category increased by US$15.7 million, or 20.4%, driven by an increase of US$6.3 million in net sales of protective phone cases sold under the *Speck* brand compared to the first half of 2015, as well as the full half impact of sales made through the Rolling Luggage and Chic Accent retail chains that were acquired during 2015.

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, 2016 and June 30, 2015, both in absolute terms and as a percentage of total net sales.

	Six months ended June 30,					
	2016		2015		2016 vs 2015	
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(2)
Net sales by distribution channel:						
Wholesale	**951,835**	**78.7%**	956,758	80.0%	(0.5)%	2.4 %
Retail	**253,700**	**21.0%**	235,279	19.7%	7.8 %	11.3 %
Other(1)	**3,952**	**0.3%**	4,429	0.3%	(10.8)%	(10.8)%
Net sales	**1,209,487**	**100.0%**	1,196,466	100.0%	1.1 %	4.1 %

Notes

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

(2) Results stated on a constant currency basis are calculated by applying the average exchange rate of the comparable period in the prior year to current period local currency results.

Excluding foreign currency effects, net sales in the wholesale channel increased by US$23.3 million, or 2.4%, for the six months ended June 30, 2016 compared to the six months ended June 30, 2015 driven by increases in Asia and Europe. US Dollar reported net sales in the wholesale channel decreased by US$4.9 million, or 0.5%, reflecting the impact of foreign currency translation from the strengthening of the US Dollar during the period. Excluding foreign currency effects, net sales in the retail channel increased by US$26.7 million, or 11.3%, and US Dollar reported net sales in the retail channel increased by US$18.4 million, or 7.8%. This increase was driven by the addition of 32 net new company-operated retail stores opened in the first six months of 2016 and the full half impact of 162 net new stores (including 31 Rolling Luggage stores and 30 Chic Accent stores from the respective acquisitions) added during 2015, as well as the continued growth of the Group's direct-to-consumer e-commerce business. On a same store, constant currency basis, net sales in the retail channel decreased by 0.5% for the six months ended June 30, 2016 compared to the six months ended June 30, 2015. This decrease in same store net sales was driven in part by a 5.3% decline in Asia as a result of fewer visitors from Mainland China to Hong Kong (including Macau) and generally weak consumer sentiment in certain other countries in the Asia region. In addition, there was a 4.4% decline in North America primarily due to the impact of the strong US Dollar on foreign travelers to gateway tourist markets. These factors were partially offset by constant currency same store net sales growth of 4.6% and 7.1% in Europe and Latin America, respectively. The Group's same store analysis includes existing company-operated retail stores which have been open for at least 12 months before the end of the relevant financial period. The 11.3% constant currency net sales growth in the retail channel reflects the Group's strategy of investing resources to support the growth of its retail business.

During the six months ended June 30, 2016, approximately US$99.9 million, or 8.3%, of the Group's US Dollar reported net sales were derived from e-commerce (comprising US$39.9 million from the Group's direct-to-consumer e-commerce business, which is included within the retail channel, and US$59.9 million of net sales to e-retailers, which are included within the wholesale channel). This represents an increase of 18.4%, on a constant currency basis, and an increase of 15.8%, on a US Dollar reported basis, compared to the six months ended June 30, 2015, when e-commerce comprised approximately US$86.2 million, or 7.2%, of the Group's net sales. Excluding foreign currency effects, net sales to e-retailers increased by US$10.3 million, or 20.4%, for the six months ended June 30, 2016 compared to the six months ended June 30, 2015. US Dollar reported net sales to e-retailers increased by US$9.4 million, or 18.5%. Excluding foreign currency effects, net sales in the Group's direct-to-consumer e-commerce business increased by US$5.6 million, or 15.6%, for the six months ended June 30, 2016 compared to the six months ended June 30, 2015. US Dollar reported net sales in the direct-to-consumer e-commerce business increased by US$4.3 million, or 12.0%.

Regions

Asia

Excluding foreign currency effects, the Group's net sales in Asia increased by US$17.4 million, or 3.7%, for the six months ended June 30, 2016 compared to the first half of 2015. US Dollar reported net sales for the region decreased by US$0.8 million, or 0.2%, reflecting the impact of foreign currency translation from the strengthening of the US Dollar during the period.

On a constant currency basis, net sales of the *Samsonite* brand increased by US$9.3 million, or 3.7%, for the six months ended June 30, 2016 compared to the six months ended June 30, 2015, driven by the success of the direct-to-consumer e-commerce channel and an increase in business-to-business sales. Excluding foreign currency effects, net sales of the *American Tourister* brand in the Asia region decreased by US$7.8 million, or 4.0%, year-on-year, primarily driven by decreased net sales of *American Tourister* product in the TV home shopping channel in China and South Korea. Net sales of the *High Sierra* brand amounted to US$8.0 million in Asia during the six months ended June 30, 2016, an increase of 19.0% from the first half of 2015 on a constant currency basis. Net sales of the *Hartmann* brand amounted to US$3.9 million in Asia during the six months ended June 30, 2016, an increase of 82.4% from the first half of 2015 on a constant currency basis as the brand continued to gain traction in the region. Net sales of the *Gregory* brand in Asia amounted to US$11.1 million during the six months ended June 30, 2016, an increase of 16.4% year-on-year on a constant currency basis, as the Group developed products designed specifically for the tastes and preferences of consumers within the region. Net sales of the *Lipault* brand amounted to US$4.5 million in Asia during the six months ended June 30, 2016 compared to net sales of US$0.4 million during the first half of 2015 as the brand began to successfully expand throughout the region. Net sales of *Kamiliant*, a recently introduced value-conscious, entry level brand, contributed US$8.2 million of net sales during the six months ended June 30, 2016 compared to US$1.0 million for the six months ended June 30, 2015.

Excluding foreign currency effects, net sales in the travel product category increased by US$16.2 million, or 5.0%, and US Dollar reported net sales increased by US$3.5 million, or 1.1%, for the six months ended June 30, 2016 compared to the six months ended June 30, 2015. Net sales in the casual product category decreased by US$9.1 million, or 13.1%, on a constant currency basis, and US Dollar reported net sales decreased by US$11.1 million, or 16.0%, due to a decrease in net sales of the *Samsonite Red* sub-brand, driven by a change in new product mix from casual products to business products in South Korea, and a shift in business-to-business sales in China from mainly casual products in the first half of 2015 to mainly travel products in the first half of 2016, partially offset by increased sales of the *Gregory* brand. Excluding foreign currency effects, net sales in the business product category increased by US$8.3 million, or 14.0%, and US Dollar reported net sales increased by US$5.9 million, or 9.9%, for the six months ended June 30, 2016 compared to the first half of 2015 driven by a change in new product mix of *Samsonite Red* products from casual products to business products. Net sales in the accessories product category increased by US$2.1 million, or 16.5%, on a constant currency basis, and US Dollar reported net sales increased by US$1.4 million, or 11.1%, year-on-year.

Excluding foreign currency effects, net sales in the wholesale channel increased by US$11.3 million, or 2.8%, and US Dollar reported net sales decreased by US$4.8 million, or 1.2%, for the six months ended June 30, 2016 compared to the six months ended June 30, 2015, despite the challenging trading conditions in China and South Korea. Net sales in the retail channel increased by US$6.1 million, or 8.5%, on a constant currency basis. US Dollar reported net sales in the retail channel increased by US$3.9 million, or 5.5%, driven by the addition of 8 net new company-operated retail stores opened in the first six months of 2016 and the full half impact of 39 net new stores added during 2015 and strong growth in the Group's direct-to-consumer e-commerce net sales, partially offset by a decrease in same store net sales. Direct-to-consumer e-commerce sales in the region increased year-on-year by 35.5%, on a constant currency basis, as the Group focused on expanding its presence online. On a same store, constant currency basis, net sales in the retail channel decreased by 5.3% due to fewer visitors from Mainland China shopping in Hong Kong (including Macau) and generally weak retail sentiment in South Korea. Excluding Hong Kong (including Macau) and South Korea, same store net sales, on a constant currency basis, increased by 4.8% year-on-year.

Japan experienced strong constant currency net sales growth of 17.3% for the six months ended June 30, 2016 compared to the six months ended June 30, 2015, driven by increased sales of the *Samsonite*, *American Tourister* and *Gregory* brands. Australia had strong constant currency net sales growth of 25.4%, driven by increased sales of the *Samsonite*, *American Tourister* and *High Sierra* brands. On a constant currency basis, net sales in India increased by 1.1% for the six months ended June 30, 2016 compared to the six months ended June 30, 2015, as the Group introduced the *Kamiliant* brand in the country. Net sales in South Korea were flat year-on-year on a constant currency basis due to weak consumer sentiment. The Group continued to penetrate the emerging markets within the region with notable constant currency net sales growth in the Philippines and Thailand of 6.0% and 11.6%, respectively, year-on-year. These constant currency net sales increases were partially offset by constant currency decreases in China of 0.4% due to challenging trading conditions with decreased net sales in the TV home shopping channel, as consumer behavior is shifting away from TV home shopping towards e-commerce, as well as in the department store channel, and in Hong Kong (including Macau) of 15.6% primarily related to fewer Chinese shoppers visiting from the Mainland.

The following table sets forth a breakdown of net sales within the Asian region by geographic location for the six months ended June 30, 2016 and June 30, 2015, both in absolute terms and as a percentage of total regional net sales.

	Six months ended June 30,					
	2016		2015		2016 vs 2015	
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(3)]
Net sales by geographic location[(1)]:						
China	**123,579**	**26.3%**	130,404	27.7%	(5.2)%	(0.4)%
South Korea	**86,023**	**18.3%**	92,287	19.6%	(6.8)%	0.0 %
India	**65,772**	**14.0%**	69,568	14.8%	(5.5)%	1.1 %
Japan	**53,343**	**11.3%**	42,440	9.0%	25.7 %	17.3 %
Hong Kong[(2)]	**32,142**	**6.8%**	38,168	8.1%	(15.8)%	(15.6)%
Australia	**30,625**	**6.5%**	25,788	5.5%	18.8 %	25.4 %
Other	**79,129**	**16.8%**	72,771	15.3%	8.7 %	12.7 %
Net sales	**470,613**	**100.0%**	471,426	100.0%	(0.2)%	3.7 %

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.

(3) Results stated on a constant currency basis are calculated by applying the average exchange rate of the comparable period in the prior year to current period local currency results.

North America

Excluding foreign currency effects, the Group's net sales in North America increased by US$2.1 million, or 0.5%, for the six months ended June 30, 2016 compared to the six months ended June 30, 2015. US Dollar reported net sales for the North American region increased by US$0.9 million, or 0.2%.

Excluding foreign currency effects, net sales of the *Samsonite* brand decreased by US$1.5 million, or 0.6%, and US Dollar reported net sales decreased by US$2.5 million, or 1.0%, for the six months ended June 30, 2016 compared to the first half of 2015 driven by a decrease in Canada, due to certain promotional product sales during the first half of 2015 that were not repeated in 2016. Net sales of the *American Tourister* brand increased by US$2.8 million, or 7.9%, on a constant currency basis, while US Dollar reported net sales increased by US$2.7 million, or 7.6%. Excluding foreign currency effects, net sales of the *High Sierra* brand decreased by US$1.1 million, or 2.6%, and US Dollar reported net sales decreased by US$1.2 million, or 2.7%, mainly due to shifts in the timing of certain sales programs. US Dollar reported net sales of the *Hartmann* brand amounted to US$6.6 million, a constant currency increase of 18.7%, as the Group continued its efforts to redefine the product assortment and increase brand awareness. Excluding foreign currency effects, net sales of the *Speck* brand decreased by US$0.6 million, or 1.2%, due to lower net sales of protective laptop cases, partially offset by robust growth in net sales of protective phone cases. Retailers have also begun reducing replenishment orders in anticipation of new device launches in the second half of 2016. Net sales of the *Gregory* brand increased by US$1.3 million, or 16.6%, on a constant currency basis for the six months ended June 30, 2016 compared to the first half of 2015. The Group implemented a direct-to-market model for its *Lipault* brand in the North American region by taking its business with a former distributor in-house, which generated US Dollar reported net sales of US$1.4 million for the six months ended June 30, 2016.

Excluding foreign currency effects, net sales in the travel product category increased by US$4.5 million, or 1.7%, and US Dollar reported net sales increased by US$3.5 million, or 1.3%, for the six months ended June 30, 2016 compared to the six months ended June 30, 2015. Net sales in the casual product category decreased by US$0.3 million, or 0.5%, on a constant currency basis and US Dollar reported net sales decreased by US$0.3 million, or 0.6%, year-on-year, resulting primarily from the decrease in net sales of the *High Sierra* brand. Excluding foreign currency effects, net sales in the business product category decreased by US$8.4 million, or 20.4%, and US Dollar reported net sales decreased by US$8.5 million, or 20.6%, year-on-year, due to a strategic business decision to stop selling *Speck* protective laptop cases in an unprofitable sales channel. Net sales in the accessories category increased by US$6.4

million, or 16.7%, on a constant currency basis and US Dollar reported net sales increased by US$6.3 million, or 16.6%, primarily due to increased sales of *Speck* protective phone cases.

Excluding foreign currency effects, net sales in the wholesale channel increased by US$1.8 million, or 0.5%, and US Dollar reported net sales increased by US$0.7 million, or 0.2%, for the six months ended June 30, 2016 compared to the six months ended June 30, 2015. The U.S. wholesale business had mixed first half performance throughout its account base with strong shipments to e-commerce retailers and other key customers, while sales to the warehouse club channel decreased. Such decrease was largely due to a change in a key customer's strategy for the timing of new product transitions. Net sales in the retail channel increased by US$0.4 million, or 0.6%, on a constant currency basis, and US Dollar reported net sales increased by US$0.2 million, or 0.2%, year-on-year. The increase in net sales in the retail channel was primarily driven by the addition of 4 net new company-operated retail stores opened in the first six months of 2016 and the full half impact of 16 net new stores added during 2015, offset by a 4.4% decrease in same store net sales. Excluding foreign currency effects, net sales through the Group's direct-to-consumer e-commerce channel decreased by US$1.0 million, or 6.5%, driven by a 24.2% increase in net sales in the Group's owned e-commerce sites, offset by reduced net sales through the leading e-commerce marketplace. On a same store, constant currency basis, net sales decreased by 4.4% due to the negative impact that the strengthening US Dollar had on foreign tourist arrivals to gateway markets in the United States during the first half of 2016.

Excluding foreign currency effects, net sales in Canada decreased by 2.5% year-on-year due to certain promotional product sales during the first half of 2015 that were not repeated in 2016.

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, 2016 and June 30, 2015, both in absolute terms and as a percentage of total regional net sales.

	Six months ended June 30,					
	2016		2015		2016 vs 2015	
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[2]
Net sales by geographic location[1]:						
United States	**384,244**	**95.2%**	381,591	94.8%	0.7 %	0.7 %
Canada	**19,344**	**4.8%**	21,119	5.2%	(8.4)%	(2.5)%
Net sales	**403,588**	**100.0%**	402,710	100.0%	0.2 %	0.5 %

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) Results stated on a constant currency basis are calculated by applying the average exchange rate of the comparable period in the prior year to current period local currency results.

Europe

Excluding foreign currency effects, the Group's net sales in Europe increased by US$22.0 million, or 8.6%, for the six months ended June 30, 2016 compared to the six months ended June 30, 2015. US Dollar reported net sales for the region increased by US$13.8 million, or 5.4%.

Excluding foreign currency effects, net sales of the *Samsonite* brand increased by US$8.3 million, or 4.1%, for the six months ended June 30, 2016 compared to the six months ended June 30, 2015. US Dollar reported net sales of the *Samsonite* brand increased by US$1.3 million, or 0.6%. Net sales of the *American Tourister* brand increased by US$7.9 million, or 25.7%, on a constant currency basis, and US Dollar reported net sales increased by US$7.2 million, or 23.4%, year-on-year. *American Tourister* comprised 14.1% of the net sales in the European region during the first half of 2016 compared to 12.1% during the first half of 2015 as the Group continued its focus on driving growth of the brand and increasing its presence in Europe. Excluding foreign currency effects, net sales of the *Lipault* brand increased by US$2.5 million, or 62.4%, year-on-year, to US$6.3 million driven by further expansion within the region. On a constant currency basis, net sales of the *Gregory* brand increased by 32.1% to US$1.7 million and net sales of the *Hartmann* brand nearly tripled to US$1.5 million during the first half of 2016 compared to the first half of 2015.

Excluding foreign currency effects, net sales in the travel product category increased by US$7.9 million, or 4.0%, and US Dollar reported net sales increased by US$1.4 million, or 0.7%, for the six months ended June 30, 2016 compared to the six months ended June 30, 2015 driven by the *American Tourister* brand. Excluding foreign currency effects, net sales in the casual product category increased by US$1.6 million, or 20.1%, year-on-year, mainly attributable to increases from the *American Tourister* and *Gregory* brands. Successful new business product introductions under the *Samsonite* and *Hartmann* brands drove net sales in the business product category to increase by US$5.5 million, or 22.5%, on a constant currency basis, while US Dollar reported net sales increased by US$4.7 million, or 19.2%.

Excluding foreign currency effects, net sales in the wholesale channel increased by US$8.2 million, or 4.6%, for the six months ended June 30, 2016 compared to the first half of 2015, and US Dollar reported net sales increased by US$3.0 million, or 1.7%, year-on-year. Net sales in the retail channel increased by US$13.8 million, or 18.1%, on a constant currency basis, and US Dollar reported net sales increased by US$10.8 million, or 14.1%, over the same period. The increase was primarily driven by the addition of 2 net new company-operated retail stores opened in the first six months of 2016 and the full half impact of 79 net new stores added during 2015, which included 30 Chic Accent stores and 21 Rolling Luggage stores acquired in 2015. On a same store, constant currency basis, net sales in the retail channel increased by 4.6%. Direct-to-consumer e-commerce sales in the region increased year-on-year by 23.3% on a constant currency basis.

Germany, the Group's leading market in Europe representing 15.8% of total US Dollar reported net sales in the region, achieved 13.6% constant currency net sales growth during the six months ended June 30, 2016 compared to the same period in the prior year. The Group's business in Italy continued to improve with constant currency net sales growth of 19.6% during the six months ended June 30, 2016, which included the results from the acquisition of 30 Chic Accent stores on September 30, 2015. Spain, representing 8.0% of total US Dollar reported net sales in the region, saw an increase in its net sales on a constant currency basis of 15.3% year-on-year, primarily due to the Group's continued focus on driving growth of the *American Tourister* brand. The United Kingdom posted constant currency net sales growth of 8.0% year-on-year. The Group's business in Russia generated constant currency net sales growth of 23.3% year-on-year. Net sales in France decreased by 7.8% on a constant currency basis, primarily related to negative impacts from the recent terrorist attacks.

The following table sets forth a breakdown of net sales within the European region by geographic location for the six months ended June 30, 2016 and June 30, 2015, both in absolute terms and as a percentage of total regional net sales.

	Six months ended June 30,					
	2016		2015		2016 vs 2015	
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[3]
Net sales by geographic location[1]:						
Germany	**42,350**	**15.8%**	37,375	14.7%	13.3 %	13.6 %
Belgium[2]	**34,293**	**12.8%**	32,347	12.7%	6.0 %	6.0 %
Italy	**30,632**	**11.4%**	25,724	10.1%	19.1 %	19.6 %
France	**30,448**	**11.3%**	33,235	13.0%	(8.4)%	(7.8)%
United Kingdom	**27,877**	**10.4%**	27,599	10.8%	1.0 %	8.0 %
Spain	**21,484**	**8.0%**	18,763	7.4%	14.5 %	15.3 %
Russia	**12,727**	**4.7%**	12,449	4.9%	2.2 %	23.3 %
Other	**68,983**	**25.6%**	67,514	26.4%	2.2 %	6.7 %
Net sales	**268,794**	**100.0%**	255,006	100.0%	5.4 %	8.6 %

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$9.6 million and US$9.4 million for the six months ended June 30, 2016 and June 30, 2015, respectively. Remaining sales consisted of direct shipments to distributors, customers and agents in other countries.

(3) Results stated on a constant currency basis are calculated by applying the average exchange rate of the comparable period in the prior year to current period local currency results.

Latin America

Excluding foreign currency effects, the Group's net sales in Latin America increased by US$8.5 million, or 13.6%, for the six months ended June 30, 2016 compared to the six months ended June 30, 2015. US Dollar reported net sales for the region decreased by US$0.4 million, or 0.6%, as the Group was negatively impacted by foreign currency translation from the strengthening of the US Dollar during the period.

Excluding foreign currency effects, net sales of the *Samsonite* brand increased by US$3.5 million, or 13.8%, and US Dollar reported net sales decreased by US$0.6 million, or 2.3%, for the six months ended June 30, 2016 compared to the six months ended June 30, 2015. Net sales of the *American Tourister* brand increased by US$3.1 million, or 94.9%, on a constant currency basis, and US Dollar reported net sales increased by US$2.2 million, or 66.4%, year-on-year as the Group continued to expand the geographical presence of the brand. Sales of women's handbags under the *Secret* brand name enjoyed continued success, with constant currency net sales growth of 13.9% and US Dollar reported net sales of US$5.7 million during the first half of 2016. Excluding foreign currency effects, net sales of the local brands *Saxoline* and *Xtrem* increased by 3.9% and 9.9%, respectively.

Excluding foreign currency effects, net sales in the travel product category increased by US$3.7 million, or 14.1%, for the six months ended June 30, 2016 compared to the same period in the previous year. US Dollar reported net sales decreased by US$0.3 million, or 1.1%. Net sales in the casual product category decreased by US$0.4 million, or 2.1%, on a constant currency basis due to a shift in timing of certain back-to-school sales to the fourth quarter of 2015. US Dollar reported net sales decreased by US$3.0 million, or 14.2%. Excluding foreign currency effects, net sales in the business product category increased by 34.0% and US Dollar reported net sales increased by US$0.9 million, or 18.8%.

Excluding foreign currency effects, net sales in the wholesale channel increased by US$2.0 million, or 4.6%, for the six months ended June 30, 2016 compared to the six months ended June 30, 2015. US Dollar reported net sales decreased by US$3.9 million, or 8.8%, year-on-year. Net sales in the retail channel increased by US$6.5 million, or 35.2%, on a constant currency basis, primarily driven by the addition of 18 net new company-operated retail stores opened in the first six months of 2016 and the full half impact of 28 net new stores added during 2015. US Dollar reported net sales increased by 19.3%. On a same store, constant currency basis, net sales in the retail channel increased by 7.1% as the Group continued to invest in retail expansion in Latin America to gain market share and drive future profitability.

Excluding foreign currency effects, net sales in Chile increased by 6.4% year-on-year. US Dollar reported net sales for Chile decreased by US$1.4 million, or 4.5%, due to negative foreign currency effects. The constant currency net sales growth in Chile was primarily due to improved year-on-year net sales of the *Samsonite* brand and the women's handbag brand *Secret*. Excluding foreign currency effects, net sales in Mexico increased by 16.3% for the six months ended June 30, 2016 compared to the six months ended June 30, 2015, driven by increased net sales in the *American Tourister* and *Xtrem* brands. Net sales in Brazil increased by 22.5% on a constant currency basis and US Dollar reported net sales decreased by 0.9% driven by retail expansion. The Group continues to invest in Brazil, where the Group's presence has historically been under-represented, to drive future net sales growth and gain market share.

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, 2016 and June 30, 2015, both in absolute terms and as a percentage of total regional net sales.

	Six months ended June 30,					
	2016		2015		2016 vs 2015	
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[4]
Net sales by geographic location[1]:						
Chile	**30,118**	**48.2%**	31,544	50.2%	(4.5)%	6.4%
Mexico	**20,425**	**32.7%**	20,567	32.7%	(0.7)%	16.3%
Brazil[2]	**4,312**	**6.9%**	4,349	6.9%	(0.9)%	22.5%
Other[3]	**7,684**	**12.2%**	6,435	10.2%	19.4 %	34.0%
Net sales	**62,539**	**100.0%**	62,895	100.0%	(0.6)%	13.6%

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 to third party distributors in Brazil.

(3) The net sales figure for the “Other” geographic location includes sales in Argentina, Colombia, Panama, Peru and through the Group’s distribution center in Uruguay, but does not include sales in Brazil to third party distributors.
(4) Results stated on a constant currency basis are calculated by applying the average exchange rate of the comparable period in the prior year to current period local currency results.

Cost of Sales and Gross Profit

Cost of sales increased by US$2.4 million, or 0.4%, to US$577.0 million (representing 47.7% of net sales) for the six months ended June 30, 2016 from US$574.6 million (representing 48.0% of net sales) for the six months ended June 30, 2015.

Gross profit increased by US$10.6 million, or 1.7%, to US$632.5 million for the six months ended June 30, 2016 from US$621.9 million for the six months ended June 30, 2015. Gross profit margin increased to 52.3% for the six months ended June 30, 2016 from 52.0% for the six months ended June 30, 2015.

The increase in gross profit margin was attributable to several factors, including a higher proportion of sales coming from the retail channel, including direct-to-consumer e-commerce, and a reduction in certain product costs.

Distribution Expenses

Distribution expenses increased by US$22.0 million, or 6.9%, to US$342.5 million (representing 28.3% of net sales) for the six months ended June 30, 2016 from US$320.5 million (representing 26.8% of net sales) for the six months ended June 30, 2015. This increase was primarily due to the increase in sales volume during the first half of 2016. Distribution expenses as a percentage of net sales increased year-on-year primarily due to increased costs from the Group’s retail expansion strategy, investment in the infrastructure of the Group’s business in Latin America and investment in the geographical expansion of the *American Tourister*, *Lipault* and *Hartmann* brands.

Marketing Expenses

The Group spent US$65.9 million (representing 5.5% of net sales) on marketing during the six months ended June 30, 2016 compared to US$70.8 million (representing 5.9% of net sales) for the six months ended June 30, 2015, a decrease of US$4.8 million, or 6.8%. On a constant currency basis, marketing expenses decreased by US$3.1 million, or 4.3%, from the same period in the previous year. The Group scaled back marketing spend during the first half of 2016 to help mitigate the effects of certain economic challenges and foreign currency pressures in certain parts of the world. The reduction in marketing spend also reflects more normalized spending on the *American Tourister* brand in Europe following two years of investment to increase awareness and drive growth of the brand in the region. 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 decreased by US$4.6 million, or 6.1%, to US$72.0 million (representing 6.0% of net sales) for the six months ended June 30, 2016 from US$76.7 million (representing 6.4% of net sales) for the six months ended June 30, 2015. General and administrative expenses decreased as a percentage of net sales as the Group maintained tight control of its fixed cost base and leveraged it against year-on-year net sales growth. Share-based compensation expense, a non-cash expense included in general and administrative expenses, amounted to US$6.3 million, a decrease of US$1.6 million year-on-year due to a shift in the timing of the share option grants year-on-year.

Other Expenses

The Group incurred other expenses of US$10.9 million and US$6.9 million for the six months ended June 30, 2016 and June 30, 2015, respectively. Other expenses for the first half of 2016 included acquisition-related costs of US$6.9 million, which were primarily comprised of costs associated with due diligence and professional and legal fees associated with the acquisition of Tumi, which was completed on August 1, 2016, and certain integration costs of previous acquisitions. Other expenses for 2015 included acquisition-related costs of US$2.7 million, which were primarily comprised of costs associated with due diligence and integration activities, severance, and professional and legal fees associated with the Rolling Luggage acquisition that was completed in the first half of 2015.

Operating Profit

On a constant currency basis, the Group’s operating profit decreased by US$2.9 million, or 2.0%, for the six months ended June 30, 2016 compared to the six months ended June 30, 2015. Excluding acquisition-related costs, the Group’s operating profit for the six months ended June 30, 2016 increased by US$1.4 million, or 0.9%, on a constant currency basis, year-on-year. US Dollar reported operating profit of US$141.1 million for the six months ended

June 30, 2016 decreased by US$5.9 million, or 4.0%, from US$147.0 million for the six months ended June 30, 2015 due to increased acquisition-related costs and distribution expenses, marginally offset by improved gross margin and the reduction in advertising expenditures. Excluding acquisition-related costs, the Group's US Dollar reporting operating profit decreased by US$1.7 million, or 1.1%, for the six months ended June 30, 2016 compared to the six months ended June 30, 2015.

Net Finance Costs

Net finance costs increased by US$8.1 million, or 139.6%, to US$13.8 million for the six months ended June 30, 2016 from US$5.8 million for the six months ended June 30, 2015. This increase was attributable to a US$3.0 million increase in interest expense, primarily related to the Term Loan B Facility (described in the Indebtedness section of Management Discussion and Analysis), which has been funded by the lenders and is being held in an escrow account with a third party ahead of the completion of the acquisition of Tumi on August 1, 2016. In addition, the increase in net finance costs was also due to a US$3.5 million increase in the expense recognized for the change in fair value of put options related to agreements with certain holders of non-controlling interests during the first half of 2016 and a US$2.2 million increase in foreign exchange losses year-on-year.

Profit before Income Tax

On a constant currency basis, profit before income tax decreased by US$11.3 million, or 8.0%, to US$129.8 million for the six months ended June 30, 2016 from US$141.2 million for the six months ended June 30, 2015. Excluding acquisition-related costs, interest expense associated with the Term Loan B Facility and foreign exchange losses, the Group's profit before income tax for the period, on a constant currency basis, decreased by US$1.0 million, or 0.7%. US Dollar reported profit before income tax decreased by US$14.0 million, or 9.9%, to US$127.2 million for the six months ended June 30, 2016 from US$141.2 million for the six months ended June 30, 2015 due to the factors noted above.

Income Tax Expense

On a constant currency basis, income tax expense decreased by US$0.8 million, or 2.2%, to US$35.8 million for the six months ended June 30, 2016 from US$36.6 million for the six months ended June 30, 2015. US Dollar reported income tax expense decreased by US$1.8 million, or 5.0%, to US$34.7 million for the six months ended June 30, 2016 from US$36.6 million for the six months ended June 30, 2015.

For interim reporting purposes, the Group uses the effective tax rate applied to profit before income tax for the interim period. The reported effective 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 changes in unrecognized deferred tax assets. The Group's consolidated effective tax rate for operations was 27.3% and 25.9% for the six months ended June 30, 2016 and June 30, 2015, respectively. The increase in the Group's effective tax rate was primarily due to an increase in withholding taxes and changes in profit mix among high and low tax jurisdictions.

Profit for the Period

On a constant currency basis, profit for the period decreased by US$10.5 million, or 10.1%, for the six months ended June 30, 2016 compared to the six months ended June 30, 2015. Excluding tax-effected acquisition-related costs, interest expense associated with the Term Loan B Facility and foreign exchange losses, the Group's profit for the period, on a constant currency basis, decreased by US$2.3 million, or 2.2%, year-on-year. US Dollar reported profit for the period of US$92.5 million for the six months ended June 30, 2016 decreased by US$12.1 million, or 11.6%, from US$104.6 million for the six months ended June 30, 2015. Profit for the period was adversely impacted by an increase in acquisition-related costs, an increase in interest expense from the Term Loan B Facility, which was funded by the lenders into an escrow account with a third party ahead of the completion of the acquisition of Tumi on August 1, 2016, an increase in the expense recognized for the change in fair value of put options related to agreements with certain holders of non-controlling interests during the first half of 2016 and an increase in foreign exchange losses year-on-year. These adverse impacts were marginally offset by the improvement in gross margin and reduction in advertising expenditures. Excluding tax-effected acquisition-related costs, interest expense associated with the Term Loan B Facility and foreign exchange losses, the Group's US Dollar reported profit for the period decreased by US$4.1 million, or 3.8%, for the six months ended June 30, 2016 compared to the six months ended June 30, 2015.

On a constant currency basis, profit attributable to the equity holders decreased by US$10.4 million, or 11.0%, for the six months ended June 30, 2016 compared to the six months ended June 30, 2015. Excluding tax-effected acquisition-related costs, interest expense associated with the Term Loan B Facility and foreign exchange losses, the Group's profit attributable to equity holders, on a constant currency basis, decreased by US$2.2 million, or 2.3%, year-on-year. US Dollar reported profit attributable to the equity holders was US$82.4 million for the six months ended June 30, 2016, a decrease of US$12.0 million, or 12.7%, from US$94.4 million for the six months ended June 30, 2015. Excluding tax-effected acquisition-related costs, interest expense associated with the Term Loan B Facility and foreign exchange losses, the Group's US Dollar reported profit attributable to equity holders decreased by US$4.0 million, or 4.1%, for the six months ended June 30, 2016 compared to the six months ended June 30, 2015.

On a constant currency basis, Adjusted Net Income, a non-IFRS measure, decreased by US$0.1 million, or 0.1%, for the six months ended June 30, 2016 compared to the six months ended June 30, 2015. Excluding tax-effected foreign exchange losses, the Group's Adjusted Net Income, on a constant currency basis, increased by US$1.7 million, or 1.7%. US Dollar reported Adjusted Net Income decreased by US$1.8 million, or 1.7%, to US$100.3 million for the six months ended June 30, 2016 from US$102.1 million for the six months ended June 30, 2015. Adjusted Net Income was impacted by the factors noted above. 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 US Dollar reported profit for the period.

Basic earnings per share ("Basic EPS") and diluted earnings per share ("Diluted EPS") decreased by 13.4% to US$0.058 for the six months ended June 30, 2016 from US$0.067 for the six months ended June 30, 2015. The weighted average number of shares utilized in the Basic EPS calculation increased by 1.3 million shares from June 30, 2015 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 decreased by 0.3 million shares from June 30, 2015 as certain outstanding share options became dilutive in the first half of 2016.

Adjusted Basic EPS and adjusted Diluted EPS decreased to US$0.071 for the six months ended June 30, 2016 from US$0.072 for the six months ended June 30, 2015.

Adjusted EBITDA

On a constant currency basis, adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), a non-IFRS measure, increased by $6.3 million, or 3.3%, on a constant currency basis compared to the six months ended June 30, 2015. US Dollar reported Adjusted EBITDA increased by US$0.3 million, or 0.2%, to US$190.3 million for the six months ended June 30, 2016 from US$190.0 million for the six months ended June 30, 2015. US Dollar reported Adjusted EBITDA margin decreased to 15.7% from 15.9% due to increased costs from the Group's retail store expansion, lower comparative sales in the retail channel in certain markets, such as the United States and Hong Kong, investment in the infrastructure of the Group's business in Latin America and an investment in the geographical expansion of the *American Tourister*, *Lipault* and *Hartmann* brands. These adverse impacts were marginally offset by the improvement in gross margin and the reduction in advertising expenditures. The Group continued to maintain tight control of its fixed cost base while experiencing net sales growth in its business.

The following table presents the reconciliation from the Group's profit for the period to Adjusted EBITDA for the six months ended June 30, 2016 and June 30, 2015:

(Expressed in thousands of US Dollars)	Six months ended June 30, 2016	2015
Profit for the period	**92,485**	104,614
Plus (Minus):		
Income tax expense	**34,730**	36,569
Finance costs	**14,380**	6,051
Finance income	**(533)**	(271)
Depreciation	**26,472**	23,229
Amortization	**5,628**	5,120
EBITDA	**173,162**	175,312
Plus:		
Share-based compensation expense	**6,270**	7,831
Other adjustments[1]	**10,881**	6,874
Adjusted EBITDA	**190,313**	190,017
Adjusted EBITDA growth	**0.2%**	
Adjusted EBITDA growth, constant currency basis	**3.3%**	
Adjusted EBITDA margin	**15.7%**	15.9%

Note

(1) Other adjustments primarily comprised of 'Other expenses' per the consolidated income statement, which includes acquisition-related costs of US$6.9 million and US$2.7 million for the six months ended June 30, 2016 and June 30, 2015, respectively.

The following tables present reconciliations from profit (loss) for the period to Adjusted EBITDA on a regional basis for the six months ended June 30, 2016 and June 30, 2015:

	Six months ended June 30, 2016					
(Expressed in thousands of US Dollars)	**Asia**	**North America**	**Europe**	**Latin America[1]**	**Corporate**	**Total**
Profit (loss) for the period	**39,964**	**14,526**	**13,500**	**(2,507)**	**27,002**	**92,485**
Plus (Minus):						
Income tax expense	**16,710**	**9,055**	**6,393**	**6**	**2,566**	**34,730**
Finance costs	**(525)**	**49**	**3,197**	**1,770**	**9,889**	**14,380**
Finance income	**(275)**	**(2)**	**(68)**	**(183)**	**(5)**	**(533)**
Depreciation	**7,781**	**5,923**	**9,787**	**1,759**	**1,222**	**26,472**
Amortization	**2,667**	**717**	**895**	**1,312**	**37**	**5,628**
EBITDA	**66,322**	**30,268**	**33,704**	**2,157**	**40,711**	**173,162**
Plus (Minus):						
Share-based compensation expense	**492**	**1,194**	**376**	**53**	**4,155**	**6,270**
Other adjustments[2]	**31,093**	**28,499**	**6,650**	**1,535**	**(56,896)**	**10,881**
Adjusted EBITDA	**97,907**	**59,961**	**40,730**	**3,745**	**(12,030)**	**190,313**
Adjusted EBITDA growth	**(5.9)%**	**(3.6)%**	**25.4%**	**(29.8)%**	**(14.7)%**	**0.2%**
Adjusted EBITDA growth, constant currency basis	**(1.5)%**	**(3.3)%**	**28.4%**	**(25.0)%**	**(14.7)%**	**3.3%**
Adjusted EBITDA margin	**20.8 %**	**14.9 %**	**15.2%**	**6.0 %**	***nm***	**15.7%**

Notes

(1) During the six months ended June 30, 2016, the Group's profitability in Latin America was negatively impacted by the continued investment in retail expansion, team and infrastructure necessary to position the region for strong growth in the coming years.

(2) Other adjustments primarily comprised of 'Other expenses' per the consolidated income statement which includes acquisition-related costs. Regional results include intra-group royalty income/expense.

nm Not meaningful.

(Expressed in thousands of US Dollars)	Six months ended June 30, 2015 Asia	North America	Europe	Latin America	Corporate	Total
Profit (loss) for the period	44,155	15,814	10,850	(148)	33,943	104,614
Plus (Minus):						
Income tax expense (benefit)	16,134	10,893	4,675	(110)	4,977	36,569
Finance costs	808	615	(834)	1,263	4,199	6,051
Finance income	(215)	(1)	(43)	(12)	—	(271)
Depreciation	7,561	5,555	7,770	1,161	1,182	23,229
Amortization	2,618	674	846	966	16	5,120
EBITDA	71,061	33,550	23,264	3,120	44,317	175,312
Plus (Minus):						
Share-based compensation expense	558	1,598	657	149	4,869	7,831
Other adjustments[(1)]	32,459	27,068	8,564	2,068	(63,285)	6,874
Adjusted EBITDA	104,078	62,216	32,485	5,337	(14,099)	190,017
Adjusted EBITDA margin	22.1%	15.4%	12.7%	8.5%	*nm*	15.9%

Notes

(1) Other adjustments primarily comprised of 'Other expenses' per the consolidated income statement which includes acquisition-related costs. Regional results include intra-group royalty income/expense.

nm Not meaningful.

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 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 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

On a constant currency basis, Adjusted Net Income, a non-IFRS measure, decreased by US$0.1 million, or 0.1%, for the six months ended June 30, 2016 compared to the six months ended June 30, 2015. Excluding tax-effected foreign exchange losses, the Group's Adjusted Net Income, on a constant currency basis, increased by US$1.7 million, or 1.7%. US Dollar reported Adjusted Net Income decreased by US$1.8 million, or 1.7%, to US$100.3 million for the six months ended June 30, 2016 from US$102.1 million for the six months ended June 30, 2015 due to the factors noted above.

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, 2016 and June 30, 2015:

(Expressed in thousands of US Dollars)	Six months ended June 30, **2016**	2015
Profit for the period	**92,485**	104,614
Profit attributable to non-controlling interests	**(10,081)**	(10,224)
Profit attributable to the equity holders	**82,404**	94,390
Plus (Minus):		
Change in fair value of put options	**5,566**	2,057
Amortization of intangible assets	**5,628**	5,120
Acquisition-related costs	**6,922**	2,686
Other adjustments[(1)]	**3,600**	—
Tax adjustments[(2)]	**(3,835)**	(2,185)
Adjusted Net Income[(3)]	**100,285**	102,068

Notes

(1) Other adjustments consisted of US$3.6 million for interest expense associated with the Term Loan B Facility (described in the Indebtedness section of Management Discussion and Analysis).

(2) Tax adjustments represent the tax effect of the reconciling line items as included in the consolidated income statement.

(3) 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, charges and credits and certain other non-cash charges, along with their respective tax effects, that impact US Dollar 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 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 Capital 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.

Cash provided by operating activities increased by US$1.2 million, or 1.5%, to US$81.1 million for the six months ended June 30, 2016 compared to US$79.9 million for the six months ended June 30, 2015. This increase was primarily attributable to increased accounts payable and a decrease in income taxes paid, which were partially offset by a decrease in profits, an increase in trade and other receivables and an increase in inventories.

For the six months ended June 30, 2016, net cash used in investing activities was US$28.0 million compared to US$51.8 million for the six months ended June 30, 2015. This decrease was primarily due to the acquisition of Rolling Luggage in the first half of 2015, an increase in intangible assets for the key money paid associated with the retail expansion in Latin America and an increase in purchases of property, plant and equipment compared to the same period in the previous year.

Net cash flows generated from financing activities were US$33.2 million for the six months ended June 30, 2016 compared to US$33.9 million for the six months ended June 30, 2015. The net proceeds from the Term Loan B Facility (described further below) were deposited into an escrow account. The receipt of the proceeds from the Term Loan B Facility has not been presented as a cash inflow in the consolidated statement of cash flows given that the proceeds were deposited directly into an escrow account which does not meet the definition of cash or cash equivalent because the amount is only available for the specific purpose to fund the acquisition and, as such, restricted and not available for general use.

Indebtedness

The following table sets forth the carrying amount of the Group's loans and borrowings as of June 30, 2016 and December 31, 2015:

(Expressed in thousands of US Dollars)	**June 30, 2016**	December 31, 2015
Term Loan B Facility	**675,000**	—
Prior Revolving Facility	**98,528**	48,174
Other lines of credit	**9,948**	15,921
Finance lease obligations	**84**	87
Total loans and borrowings	**783,560**	64,182
Less deferred financing costs	**(8,892)**	(1,401)
Total loans and borrowings less deferred financing costs	**774,668**	62,781

As of June 30, 2016, the Group had US$272.9 million in unrestricted cash and cash equivalents and restricted cash of US$671.6 million in an escrow account from the funding of the Term Loan B Facility, net of the original issue discount, discussed further below.

Through June 30, 2016, the Group maintained a revolving credit facility (the "Prior Revolving Facility") in the amount of US$500.0 million. The Prior Revolving Facility had 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 Prior Revolving Facility was 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 Prior Revolving Facility carried 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 joined the Prior Revolving Facility. The Prior Revolving Facility was secured by certain of the Group's assets in the United States and Europe, as well as the Group's intellectual property. The Prior Revolving Facility also contained financial covenants related to interest coverage and leverage ratios, and operating covenants that, among other things, limited 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, 2016. As of June 30, 2016, US$398.9 million was available to be borrowed on the Prior Revolving Facility as a result of US$98.5 million of outstanding borrowings and the utilization of US$2.5 million of the facility for outstanding letters of credit extended to certain creditors. As of December 31, 2015, US$449.3 million was available to be borrowed as a result of US$48.2 million of outstanding borrowings and the utilization of US$2.5 million of the facility for outstanding letters of credit extended to certain creditors. The Prior Revolving Facility was terminated and all outstanding balances were repaid in conjunction with the financing for the Tumi acquisition on August 1, 2016.

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$9.9 million and US$15.9 million as of June 30, 2016 and December 31, 2015, respectively.

On March 3, 2016, the Company and Merger Sub, an indirect wholly-owned subsidiary of the Company, entered into the Merger Agreement with Tumi, pursuant to which the Company agreed to acquire Tumi for the Per Share Merger Consideration, subject to the terms and conditions set out in the Merger Agreement. The acquisition was completed on August 1, 2016 and was effected by way of a merger of Merger Sub with and into Tumi, with Tumi surviving the merger as an indirect wholly-owned subsidiary of the Company.

Senior Credit Facility

Overview

On May 13, 2016, an indirect wholly-owned subsidiary of the Company entered into the Credit Agreement with certain lenders and financial institutions. On the Closing Date, the Company and certain of its other indirect wholly-owned subsidiaries became parties to the Credit Agreement. The Credit Agreement provides for (1) the US$1,250.0 million Term Loan A Facility, (2) the US$675.0 million Term Loan B Facility and, together with the Term Loan A Facility, the Term Loan Facilities and (3) the US$500.0 million Revolving Facility, and, together with the Term Loan Facilities, the Senior Credit Facilities. On May 13, 2016, the proceeds of the borrowings under the Term Loan B Facility were funded and deposited into an escrow account and were held in escrow until the consummation of the merger with Tumi on the Closing Date, at which time such proceeds were released from escrow and were used to pay a portion of the consideration under the Merger Agreement.

On the Closing Date, the Company and certain of its other indirect wholly-owned subsidiaries became parties to the Credit Agreement, and the Group used the proceeds from the Term Loan Facilities, as well as US$105.8 million of borrowings under the Revolving Facility, to pay the total consideration under the Merger Agreement, to repay all amounts then outstanding under the Group's US$500.0 million Prior Revolving Facility, which Prior Revolving Facility was then terminated, and to pay fees, costs and expenses related to the foregoing transactions, as well as for general corporate purposes.

Interest Rate and Fees

Interest on the borrowings under the Term Loan A Facility and the Revolving Facility began to accrue on the Closing Date. The interest rates for such borrowings are initially based on the London Interbank Offered Rate ("LIBOR") plus an applicable margin of 2.75% per annum. The borrowers under such facilities may also elect to pay interest at a base rate plus 1.75% per annum. The applicable margin for borrowings under both the Term Loan A Facility and the

Revolving Facility may step down based on achievement of a specified total net leverage ratio of the Company and its subsidiaries at the end of each fiscal quarter, commencing with the quarter ending December 31, 2016. Interest on the borrowing under the Term Loan B Facility began to accrue on May 13, 2016 at the rate of LIBOR plus 3.25% per annum. The borrower under such facility may also elect to pay interest at a base rate plus 2.25%.

In addition to paying interest on outstanding principal under the Senior Credit Facilities, the borrowers will pay customary agency fees and a commitment fee in respect of the unutilized commitments under the Revolving Facility, which will initially be 0.50% per annum. The commitment fee may step down based on the achievement of a specified total net leverage ratio level of the Company and its subsidiaries at the end of each fiscal quarter, commencing with the quarter ending December 31, 2016.

Mandatory Prepayments
The Credit Agreement requires certain mandatory prepayments of outstanding loans under the Term Loan Facilities from the net cash proceeds of certain asset sales and casualty and condemnation events (subject to reinvestment rights), and the net cash proceeds of any incurrence or issuance of debt not permitted under the Senior Credit Facilities, in each case subject to customary exceptions and thresholds. The Credit Agreement also provides for mandatory prepayments of the Term Loan B Facility to be made based on the excess cash flow of the Company and its subsidiaries.

Voluntary Prepayments
Voluntary prepayments of the Term Loan B Facility in connection with re-pricing transactions on or prior to six months following the Closing Date will be subject to a call premium of 1.0%. Otherwise, all outstanding loans under the Senior Credit Facilities may be voluntarily prepaid at any time without premium or penalty other than customary “breakage” costs with respect to LIBOR loans.

Amortization and Final Maturity
The Term Loan A Facility requires scheduled quarterly payments, with an amortization of 2.5% of the original principal amount of the loans under the Term Loan A Facility made on the Closing Date, with a step-up to 5.0% amortization during the second and third years, 7.5% during the fourth year and 10.0% during the fifth year, with the balance due and payable on the fifth anniversary of the Closing Date. The Term Loan B Facility requires scheduled quarterly payments each equal to 0.25% of the original principal amount of the loans under the Term Loan B Facility made on the Closing Date, with the balance due and payable on the seventh anniversary of the Closing Date. There is no scheduled amortization of the principal amounts of the loans outstanding under the Revolving Facility. Any principal amount outstanding under the Revolving Facility is due and payable on the fifth anniversary of the Closing Date.

Guarantees and Security
The obligations of the borrowers under the Senior Credit Facilities are unconditionally guaranteed by the Company and certain of the Company’s existing direct or indirect wholly-owned material subsidiaries, and are required to be guaranteed by certain future direct or indirect wholly-owned material subsidiaries organized in the jurisdictions of Luxembourg, Belgium, Canada, Hong Kong, Hungary, Mexico and the United States. All obligations under the Senior Credit Facilities, and the guarantees of those obligations, are secured, subject to certain exceptions, by substantially all of the assets of the Company and the assets of certain of its direct and indirect wholly-owned subsidiaries that are borrowers and/or guarantors under the Senior Credit Facilities, including: (i) a first-priority pledge of all of the equity interests of certain of the Company’s subsidiaries and each wholly-owned material restricted subsidiary of these entities (which pledge, in the case of any foreign subsidiary of a U.S. entity, is limited to 66% of the voting capital stock and 100% of the non-voting capital stock of such foreign subsidiary); and (ii) a first-priority security interest in substantially all of the tangible and intangible assets of the Company and the subsidiary guarantors.

Certain Covenants and Events of Default
The Senior Credit Facilities contain a number of customary negative covenants that, among other things and subject to certain exceptions, may restrict the ability of the Company and its subsidiaries to: (i) incur additional indebtedness; (ii) pay dividends on its capital stock or redeem, repurchase or retire its capital stock or its other indebtedness; (iii) make investments, loans and acquisitions; (iv) engage in transactions with its affiliates; (v) sell assets, including capital stock of its subsidiaries; (vi) consolidate or merge; (vii) materially alter the business it conducts; (viii) incur liens; and (ix) prepay or amend any junior debt or subordinated debt.

In addition, the Credit Agreement requires the Company and its subsidiaries to meet certain quarterly financial covenants. Commencing with the fiscal quarter ending December 31, 2016, the Company and its subsidiaries will be required to maintain (i) a pro forma total net leverage ratio of not greater than 4.75:1.00, which threshold will decrease to 4.50:1.00 for test periods in 2018, 4.25:1.00 for test periods in 2019 and 4.00:1.00 for test periods in 2020, and (ii) a pro forma interest coverage ratio of not less than 3.25:1.00.

The Credit Agreement also contains certain customary representations and warranties, affirmative covenants and provisions relating to events of default (including upon a change of control).

The proceeds from the Term Loan B Facility, net of an original issue discount of US$3.4 million, amounted to US$671.6 million. This sum was funded into escrow by the lenders on May 13, 2016, and was released from escrow to certain subsidiaries of the Company acting as term loan borrowers under the Credit Agreement on the Closing Date.

Interest Rate Swaps
The Group entered into interest rate swap transactions on June 1, 2016 that will become effective December 31, 2016 and ending August 31, 2021. The Group will use the interest rate swap transactions to minimize its exposure to interest rate fluctuations of the floating-rate Senior Credit Facilities by swapping certain US Dollar floating-rate bank borrowings with fixed-rate agreements. The interest rate swap agreements will have initial notional amounts totaling US$1,237.0 million representing approximately 65% of the anticipated balances of the Term Loan Facilities. The notional amounts of the interest rate swap agreements decrease over time in line with required amortization and anticipated prepayments on the Term Loan Facilities. Each agreement has a fixed LIBOR of approximately 1.30%. Each of the interest rate swap agreements will have fixed payments due monthly starting January 31, 2017. The interest rate swap transactions are expected to qualify as cash flow hedges under IFRS. As of June 30, 2016, the interest rate swaps were marked-to-market, resulting in a net loss position of the Group in the amount of US$19.6 million, which was recorded as a liability with the effective portion of the loss deferred to other comprehensive income.

The following represents the contractual maturity dates of the Group's loans and borrowings (excluding the impact of netting agreements) as of June 30, 2016 and December 31, 2015:

(Expressed in thousands of US Dollars)	**June 30, 2016**	December 31, 2015
On demand or within one year	**108,506**	64,125
After one year but within two years	**6,768**	18
After two years but within five years	**20,286**	39
More than five years	**648,000**	—
	783,560	64,182

The Group recognized US$7.7 million of deferred financing costs during the first half of 2016 related to the Senior Credit Facilities. Of this amount US$3.4 million represented the original issue discount on the Term Loan B Facility, which was excluded from the consolidated statement of cash flows as noted above. The remaining US$4.3 million is included in current loans and borrowings.

Foreign Exchange 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 outflows associated with these derivatives as of June 30, 2016 are expected to be US$51.6 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, 2016 and June 30, 2015:

	Six months ended June 30,	
(Expressed in thousands of US Dollars)	**2016**	2015
Average inventory(1)	**367,788**	338,661
Cost of sales	**576,988**	574,555
Average inventory turnover days(2)	**116**	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 2016 (US$386.5 million as of June 30, 2016 compared to US$349.1 million as of December 31, 2015) compared to the first half of 2015 (US$345.0 million as of June 30, 2015 compared to US$332.3 million as of December 31, 2014) to support increased customer demand and new product introductions as well as the Group's retail store expansion during the first half of 2016.

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, 2016 and June 30, 2015:

	Six months ended June 30,	
(Expressed in thousands of US Dollars)	**2016**	2015
Average trade and other receivables[(1)]	**308,338**	303,554
Net sales	**1,209,487**	1,196,466
Turnover days of trade and other receivables[(2)]	**47**	46

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 2016 (US$333.2 million as of June 30, 2016 compared to US$283.5 million as of December 31, 2015) compared to the first half of 2015 (US$316.3 million as of June 30, 2015 compared to US$290.8 million as of December 31, 2014) due to the increase in net sales and timing of receipts period over period.

Trade receivables as of June 30, 2016 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, 2016 and June 30, 2015:

	Six months ended June 30,	
(Expressed in thousands of US Dollars)	**2016**	2015
Average trade and other payables[(1)]	**500,973**	456,294
Cost of sales	**576,988**	574,555
Turnover days of trade and other payables[(2)]	**158**	145

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 2016 (US$559.8 million as of June 30, 2016 compared to US$442.1 million as of December 31, 2015) compared to the first half of 2015 (US$497.1 million as of June 30, 2015 compared to US$415.4 million as of December 31, 2014) primarily due to the timing of payments associated with inventory purchases period over period and the expansion of the Group's vendor financing program.

Trade payables as of June 30, 2016 are on average due within 105 days from the invoice date.

Gearing Ratio

The following table sets forth the Group's loans and borrowings (excluding deferred financing costs), total equity and gearing ratio as of June 30, 2016 and December 31, 2015:

(Expressed in thousands of US Dollars)	**June 30, 2016**	December 31, 2015
Loans and borrowings (excluding deferred financing costs)	**783,560**	64,182
Total equity	**1,396,476**	1,399,386
Gearing ratio[(1)]	**56.1%**	4.6%

Note

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

The increase in the Group's loans and borrowings (excluding deferred financing costs) from December 31, 2015 to June 30, 2016 was primarily driven by the borrowings under the Term Loan B Facility in conjunction with the acquisition of Tumi, completed on August 1, 2016, totaling US$675.0 million.

Other Information

Total current assets were US$1,750.6 million (including restricted cash of US$671.6 million) and US$894.1 million, and total assets less current liabilities were US$2,297.6 million and US$1,604.4 million, as of June 30, 2016 and December 31, 2015, respectively.

Strategic Review and Full Year Prospects

Financial results of the Group during the first half of 2016 were as follows:

Financial Results

Key Group metrics showed the following for the six months ended June 30, 2016 compared to the six months ended June 30, 2015:

- Net sales increased to a record level of US$1,209.5 million, reflecting an increase of 4.1% on a constant currency basis from the comparable period in 2015. US Dollar reported net sales increased by 1.1%.
- Adjusted EBITDA increased by US$6.3 million, or 3.3%, on a constant currency basis from the comparable period in 2015. US Dollar reported Adjusted EBITDA increased by US$0.3 million, or 0.2%, to US$190.3 million. Adjusted EBITDA margin decreased to 15.7% from 15.9% due to increased costs from the Group's retail expansion strategy and lower same store retail net sales in certain markets, such as the United States and Hong Kong, partially offset by gross margin improvement and reduced advertising costs.
- Operating profit decreased by US$2.9 million, or 2.0%, on a constant currency basis from the comparable period in 2015. US Dollar reported operating profit decreased by US$5.9 million, or 4.0%, to US$141.1 million. Excluding acquisition-related costs, operating profit, on a constant currency basis, increased by US$1.4 million, or 0.9%, and US Dollar reported operating profit decreased by US$1.7 million, or 1.1%.
- Profit for the period decreased by US$10.5 million, or 10.1%, on a constant currency basis from the comparable period in 2015. US Dollar reported profit for the period decreased by US$12.1 million, or 11.6%, to US$92.5 million. Excluding tax-effected acquisition-related costs, interest expense associated with the Term Loan B Facility and foreign exchange losses, the Group's profit for the period, on a constant currency basis, decreased by US$2.3 million, or 2.2%, and US Dollar reported profit for the period decreased by US$4.1 million, or 3.8%.
- Profit attributable to the equity holders decreased by US$10.4 million, or 11.0%, on a constant currency basis from the comparable period in the prior year. US Dollar reported profit attributable to the equity holders decreased by US$12.0 million, or 12.7%, to US$82.4 million. Excluding tax-effected acquisition-related costs, interest expense associated with the Term Loan B Facility and foreign exchange losses, the Group's profit attributable to equity holders, on a constant currency basis, decreased by US$2.2 million, or 2.3%, and US Dollar reported profit attributable to the equity holders decreased by US$4.0 million, or 4.1%.
- Adjusted Net Income was approximately the same as the prior year on a constant currency basis. US Dollar reported Adjusted Net Income decreased by US$1.8 million, or 1.7%, to US$100.3 million. Further, excluding tax-effected foreign exchange losses, the Group's Adjusted Net Income, on a constant currency basis, increased by US$1.7 million, or 1.7%, and US Dollar reported Adjusted Net Income decreased by US$0.1 million, or 0.1%.
- The Group generated US$81.1 million of cash from operating activities for the six months ended June 30, 2016.

Significant investment in advertising and promotion

The Group maintained its investment in marketing, which amounted to approximately 5.5% of net sales during the first half of 2016 on a constant currency basis, 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.

Acquisitions

On March 3, 2016, the Company and Merger Sub, an indirect wholly-owned subsidiary of the Company, entered into the Merger Agreement with Tumi, pursuant to which the Company agreed to acquire Tumi for the Per Share Merger Consideration, subject to the terms and conditions set out in the Merger Agreement. The acquisition was completed on August 1, 2016 and was effected by way of a merger of Merger Sub with and into Tumi, with Tumi surviving the merger as an indirect wholly-owned subsidiary of the Company. *Tumi* is a leading global premium lifestyle brand offering a comprehensive line of business bags, travel luggage and accessories. The brand is consistently recognized as "best in class" for the high quality, durability, functionality and innovative design of its products, which range from its iconic black ballistic business cases and travel luggage synonymous with the modern business professional, to travel accessories, women's bags and outdoor apparel. As of June 30, 2016, the *Tumi* brand was sold in approximately 2,200 points of distribution, including in the world's top department, specialty and travel retail stores in over 75 countries and including 199 company-operated retail stores.

Pursuant to the terms of the Merger Agreement, as of the Effective Time, each issued and outstanding share of Tumi common stock, other than dissenting shares and shares owned by the Company, Merger Sub, Tumi or any of their respective wholly-owned subsidiaries (including treasury shares), was canceled and converted into the right to receive the Per Share Merger Consideration. All Tumi stock options, service restricted stock unit awards and performance restricted stock unit awards (in each case whether vested or unvested) that were outstanding immediately prior to the Effective Time were canceled upon the completion of the merger, and the holders thereof were paid an aggregate of approximately US$19.0 million in cash in respect of such cancellation pursuant to the terms of the Merger Agreement. Upon the Effective Time, holders of Tumi common stock immediately prior to the Effective Time ceased to have any rights as stockholders in Tumi (other than their right to receive the Per Share Merger Consideration, or, in the case of shares of Tumi common stock as to which appraisal rights have been properly exercised and not withdrawn, the rights pursuant to Section 262 of the Delaware General Corporation Law). The total consideration paid under the Merger Agreement at the Effective Time amounted to approximately US$1,818.8 million.

On May 13, 2016, an indirect wholly-owned subsidiary of the Company entered into the Credit Agreement with certain lenders and financial institutions. On the Closing Date, the Company and certain of its other indirect wholly-owned subsidiaries became parties to the Credit Agreement. The Credit Agreement provides for (1) the US$1,250.0 million Term Loan A Facility, (2) the US$675.0 million Term Loan B Facility and, together with the Term Loan A Facility, the Term Loan Facilities and (3) the US$500.0 million Revolving Facility, and, together with the Term Loan Facilities, the Senior Credit Facilities. On May 13, 2016, the proceeds of the borrowings under the Term Loan B Facility were funded and deposited into an escrow account and were held in escrow until the consummation of the merger with Tumi on the Closing Date, at which time such proceeds were released from escrow and were used to pay a portion of the consideration under the Merger Agreement.

On the Closing Date, the Company and certain of its other indirect wholly-owned subsidiaries became parties to the Credit Agreement, and the Group used the proceeds from the Term Loan Facilities, as well as US$105.8 million of borrowings under the Revolving Facility, to pay the total consideration under the Merger Agreement, to repay all amounts then outstanding under the Group's US$500.0 million Prior Revolving Facility, which Prior Revolving Facility was then terminated, and to pay fees, costs and expenses related to the foregoing transactions, as well as for general corporate purposes.

Future Prospects

The Group's growth strategy will continue as planned for the second half of 2016, with a focus on the following:

- Continue to develop the Company into a well-diversified multi-brand, multi-category and multi-channel luggage, bag and accessories business.
- Leverage the Company's regional management structure, sourcing and distribution expertise and marketing engine to extend the strong *Tumi* brand into new markets and penetrate deeper into existing channels.
- Tactfully deploy multiple brands to operate at wider price points and broader consumer demographics in each category.
- Increase the proportion of sales from the Group's retail channel by growing direct-to-consumer e-commerce sales and through targeted expansion of its retail presence.
- Continue to invest in the Group's core brands with sustained R&D spending to produce exciting and innovative new products as well as new materials, supported by effective marketing spend to drive awareness among consumers.
- Execute on market opportunities for newly acquired brands to further diversify the Group's product offerings into non-travel categories.

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

Forward-Looking Statements

This document contains forward-looking statements. Forward-looking statements reflect the Group's current views with respect to future events and performance. These statements may discuss, among other things, the Group's net sales, operating profit, Adjusted Net Income, Adjusted EBITDA, Adjusted EBITDA margin, cash flow, liquidity and capital resources, impairments, growth, strategies, plans, achievements, distributions, organizational structure, future store openings, market opportunities and general market and industry conditions. The Group generally identifies forward-looking statements by words such as "expect", "seek", "believe", "plan", "intend", "estimate", "project", "anticipate", "may", "will", "would" and "could" or similar words or statements. Forward-looking statements are based on beliefs and assumptions made by management using currently available information. These statements are only predictions and are not guarantees of future performance, actions or events. Forward-looking statements are subject to risks and uncertainties. If one or more of these risks or uncertainties materialize, or if management's underlying beliefs and assumptions prove to be incorrect, actual results may differ materially from those contemplated by a forward-looking statement. Forward-looking statements speak only as of the date on which they are made. The Group expressly disclaims any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable securities laws and regulations.

Corporate Governance and Other Information

Directors

At June 30, 2016, the composition of the Board of Directors of the Company (the "Board") was as follows:

Executive Directors ("EDs")
Ramesh Dungarmal Tainwala
Kyle Francis Gendreau

Non-Executive Directors ("NEDs")
Timothy Charles Parker
Tom Korbas

Independent Non-Executive Directors ("INEDs")
Paul Kenneth Etchells
Keith Hamill
Miguel Kai Kwun Ko
Bruce Hardy McLain (Hardy)
Ying Yeh

At June 30, 2016, 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 Kenneth Etchells (Chairman of the Audit Committee) (INED), Mr. Keith Hamill (INED), Mr. Miguel Kai Kwun Ko (INED) and Ms. Ying Yeh (INED).

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 Company whenever required.

The primary duties of the Audit *C*ommittee are to review and supervise the Company's financial reporting process and risk management and internal control systems, to monitor the integrity of the Company'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, 2016 with the Board of Directors. The interim financial information has 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 *C*ommittee consists of four members, namely Mr. Timothy Charles Parker (Chairman of the Nomination Committee) (NED), Mr. Paul Kenneth Etchells (INED), Mr. Miguel Kai Kwun Ko (INED) and Ms. Ying Yeh (INED).

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 INEDs. 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 five members, namely Mr. Miguel Kai Kwun Ko (Chairman of the Remuneration Committee) (INED), Mr. Paul Kenneth Etchells (INED), Mr. Keith Hamill (INED), Mr. Bruce Hardy McLain (Hardy) (INED) and Ms. Ying Yeh (INED).

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company'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 EDs 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, 2016 to June 30, 2016, except for the deviation from code provision F.1.3 discussed below regarding the Company's Joint Company Secretaries.

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, its 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 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.

Risk Management and Internal Control

The Board is responsible for ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board has delegated to the Audit Committee the responsibility for reviewing the Group's risk management and internal control systems. The Company's management, under the oversight of the Board, is responsible for the design, implementation and monitoring of the Company's risk management and internal control systems.

Changes in Directors' Information

A summary of changes in information concerning certain Directors of the Company that have occurred subsequent to the publication of the Company's 2015 annual report pursuant to Rule 13.51(B)(1) of the Listing Rules is as follows:

- Ying Yeh retired as non-executive director of InterContinental Hotels Group plc with effect from May 6, 2016.

Joint Company Secretaries and Authorized Representatives

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

Directors' Securities Transactions

The Company 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 have confirmed that they complied with the required standard set out in the Trading Policy during the six months ended June 30, 2016.

Share Award Scheme

On September 14, 2012, the Company's shareholders adopted the Company's Share Award Scheme to remain in effect until September 13, 2022. 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, 2016 (the "Latest Practicable Date"), the maximum aggregate number of shares in respect of which awards may be granted pursuant to the Share Award Scheme was 65,255,803 shares, representing approximately 4.6% 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 May 6, 2016, the Company granted share options exercisable for 19,953,760 ordinary shares to certain directors, key management personnel and other employees of the Group with an exercise price of HK$24.91 per share. Such options are subject to *pro rata* vesting over a 4-year period, with 25% of the options vesting on each anniversary date of the grant. Such options have a 10-year term.

On May 6, 2016, the Company made an additional special grant of 4,190,013 share options to two members of the Group's senior management team. The exercise price of the options granted was HK$24.91. 60% of such options will vest on May 6, 2019 and 40% will vest on May 6, 2021. Such options have a 10-year term.

On May 11, 2016, the Company granted share options exercisable for 62,160 ordinary shares to an employee of a subsidiary of the Company with an exercise price of HK$24.23 per share. Such options are subject to *pro rata* vesting over a 4-year period, with 25% of the options vesting on each anniversary date of the grant. Such options have a 10-year term.

On June 16, 2016, the Company granted share options exercisable for 99,972 ordinary shares to an employee of a subsidiary of the Company with an exercise price of HK$23.19 per share. Such options are subject to *pro rata* vesting over a 4-year period, with 25% of the options vesting on each anniversary date of the grant. Such 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. Any award of share options or RSUs that is forfeited without the issuance of shares may be granted again under the Share Award Scheme.

The grant-date fair value of the share options granted is generally recognized as an expense, with a corresponding increase in equity when such options represent equity-settled awards, 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 for the 19,953,760 share options made on May 6, 2016:

Fair value at grant date	HK$6.57
Share price at grant date	HK$24.00
Exercise price	HK$24.91
Expected volatility (weighted average volatility)	35.5%
Option life (expected weighted average life)	6.25 years
Expected dividends	2.0%
Risk-free interest rate (based on government bonds)	1.0%

The following inputs were used in the measurement of the fair value at grant date of the share-based payment for the additional special grant of 4,190,013 share options made on May 6, 2016:

Fair value at grant date	HK$6.84
Share price at grant date	HK$24.00
Exercise price	HK$24.91
Expected volatility (weighted average volatility)	35.5%
Option life (expected weighted average life)	7 years
Expected dividends	2.0%
Risk-free interest rate (based on government bonds)	1.1%

The following inputs were used in the measurement of the fair value at grant date of the share-based payment for the 62,160 share options made on May 11, 2016:

Fair value at grant date	HK$6.79
Share price at grant date	HK$24.10
Exercise price	HK$24.23
Expected volatility (weighted average volatility)	35.5%
Option life (expected weighted average life)	6.25 years
Expected dividends	2.0%
Risk-free interest rate (based on government bonds)	1.0%

The following inputs were used in the measurement of the fair value at grant date of the share-based payment for the 99,972 share options made on June 16, 2016:

Fair value at grant date	HK$5.84
Share price at grant date	HK$22.45
Exercise price	HK$23.19
Expected volatility (weighted average volatility)	35.2%
Option life (expected weighted average life)	6.25 years
Expected dividends	2.3%
Risk-free interest rate (based on government bonds)	0.8%

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. The expected dividends are based on the Group’s history and expectation of dividend payouts.

In total, share-based compensation expense of US$6.3 million and US$7.8 million was recognized in the consolidated income statement, with the offset in equity reserves, for the six months ended June 30, 2016 and June 30, 2015, respectively.

Particulars and movements of share options during the six months ended June 30, 2016 were as follows:

	Number of share options								
Name / category of grantee	As of January 1, 2016	Granted during the period	Exercised during the period[1]	Canceled / lapsed during the period	As of June 30, 2016	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
Ramesh Tainwala	—	2,636,708	—	—	2,636,708	May 6, 2016	May 6, 2017 - May 5, 2026	24.91	24.00
Ramesh Tainwala	2,166,815	—	—	—	2,166,815	January 7, 2015	January 7, 2016 - January 6, 2025	23.31	23.30
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
Kyle Gendreau	—	1,230,464	—	—	1,230,464	May 6, 2016	May 6, 2017 - May 5, 2026	24.91	24.00
Kyle Gendreau	866,726	—	—	—	866,726	January 7, 2015	January 7, 2016 - January 6, 2025	23.31	23.30
Kyle Gendreau	2,506,600	—	—	—	2,506,600	January 7, 2015	January 7, 2018 - January 6, 2025	23.31	23.30
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
Tom Korbas	714,182	—	—	—	714,182	January 7, 2015	January 7, 2016 - January 6, 2025	23.31	23.30
Tom Korbas	577,351	—	—	—	577,351	January 7, 2014	January 7, 2015 - January 6, 2024	23.30	23.30
Tom Korbas	552,588	—	(350,000)	—	202,588	January 8, 2013	January 8, 2014 - January 7, 2023	17.36	16.90
Total Directors	14,424,534	3,867,172	(350,000)	—	17,941,706				
Others									
Employee	—	99,972	—	—	99,972	June 16, 2016	June 16, 2017 - June 15, 2026	23.19	22.45
Employee	—	62,160	—	—	62,160	May 11, 2016	May 11, 2017 - May 10, 2026	24.23	24.05
Employees	—	4,190,013	—	—	4,190,013	May 6, 2016	May 6, 2017 - May 5, 2026	24.91	24.00
Employees	—	16,086,588	—	—	16,086,588	May 6, 2016	May 6, 2017 - May 5, 2026	24.91	24.00
Employees	11,560,438	—	(30,298)	(300,783)	11,229,357	January 7, 2015	January 7, 2016 - January 6, 2025	23.31	23.30
Employees	7,533,799	—	—	—	7,533,799	January 7, 2015	January 7, 2018 - January 6, 2025	23.31	23.30
Employees	114,158	—	—	—	114,158	August 31, 2015	August 31, 2016 - August 30, 2025	24.15	24.15
Employees	7,297,712	—	(21,892)	(188,992)	7,086,828	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	7,804,837	—	(431,778)	(42,419)	7,330,640	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	34,677,032	20,438,733	(483,968)	(532,194)	54,099,603				
Total	49,101,566	24,305,905	(833,968)	(532,194)	72,041,309				

Note

(1) The weighted average closing price of the shares immediately before the date of exercise by participants was HK$25.57.

Human Resources and Remuneration

As of June 30, 2016, the Group had approximately 10,300 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 its distributions to 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 condition, 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 16, 2016, the Board recommended that a cash distribution in the amount of US$93.0 million, or approximately US$0.0659 per share, be made to the Company's shareholders of record on June 17, 2016 from its ad hoc distributable reserve. The shareholders approved this distribution on June 2, 2016 at the Annual General Meeting and the distribution was paid on July 13, 2016.

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, 2016, the Company issued 833,968 ordinary shares at a weighted-average exercise price of HK$17.73 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 2016.

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, 2016 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 30, 2016

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