SAMSONITE INTERNATIONAL S.A.

13–15 Avenue de la Liberté, L-1931, Luxembourg
RCS Luxembourg: B159469
(Incorporated under the laws of Luxembourg with limited liability)

Consolidated financial statements for the year ended December 31, 2011
(with report of the Réviseur d'Entreprises Agréé thereon)

Directors' Report

Principal activities

Samsonite International S.A. (together with its consolidated subsidiaries, the "Company") is the world's largest travel luggage company, with a heritage dating back more than 100 years. The Company is principally engaged in the design, manufacture, sourcing and distribution of luggage, business and computer bags, outdoor and casual bags, and travel accessories throughout the world, primarily under the *Samsonite*® and *American Tourister*® brand names as well as other owned and licensed brand names. The Company's core brand, *Samsonite*®, is one of the most well-known travel luggage brands in the world.

The Company sells its products through a variety of wholesale distribution channels and through its company operated retail stores. Its principal luggage wholesale distribution customers are department and specialty retail stores, mass merchants, catalog showrooms and warehouse clubs. The Company sells its products in Asia, Europe, North America and Latin America. As of December 31, 2011, the Company's products were sold in more than 40,000 points of sale in over 100 countries.

The report of the directors should be read in conjunction with the Company's audited consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS as adopted by the EU"). Certain comparative amounts have been reclassified to conform with the presentation adopted in the current year. None of the changes impacts the Company's previously reported consolidated net sales, gross profit, operating profit, income tax expense, profit for the year, earnings per share, or statement of financial position.

1. *Review of the Financial Year 2011*

Global Offering and Use of Proceeds

Please refer to note 6 of the accompanying consolidated financial statements for further details on the listing of the Company's ordinary shares on the Main Board of the Stock Exchange of Hong Kong Limited on June 16, 2011 (the "Global Offering").

Net Sales

Geographically, the Company operates across four regions, each of which is led by its own regional management team with local expertise and is considered an operating segment under IFRS.

The following table sets forth a breakdown of net sales by region for the years ended December 31, 2011 and December 31, 2010, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,				**2011 vs**
	2011		**2010**		**2010**
	US$'000	**Percentage of net sales**	**US$'000**	**Percentage of net sales**	**Percentage increase (decrease)**
Net sales by region:					
Asia	578,316	37.0%	405,143	33.3%	42.7%
Europe	479,089	30.6%	406,696	33.5%	17.8%[1]
North America	388,190	24.8%	302,968	24.9%	28.1%
Latin America	108,601	6.9%	88,960	7.3%	22.1%
Corporate	10,951	0.7%	11,540	1.0%	(5.1)%
Net sales	1,565,147	100.0%	1,215,307	100.0%	28.8%

(1) Excluding the effect of the termination of the *Lacoste* and *Timberland* licensing agreements, net sales in the Company's European region increased by 27.6% for the year ended December 31, 2011 compared to the previous year.

Directors' Report

Net sales increased by US$399.1 million, or 34.4%, for the year ended December 31, 2011 compared to the previous year, excluding the effect of the termination of the *Lacoste* and *Timberland* licensing agreements, which were no longer active from December 2010.

Net sales increased across all of the Company's regions. Including net sales attributable to the *Lacoste* and *Timberland* licensing agreements, net sales increased by US$349.8 million, or 28.8%, to US$1,565.1 million for the year ended December 31, 2011 from US$1,215.3 million for the year ended December 31, 2010. Excluding foreign currency effects, net sales for the year ended December 31, 2011 increased by US$295.7 million, or 24.3%, compared to the previous year.

The Company's *Lacoste* license expired at the end of 2010. The Company also elected to exit its *Timberland* license at the same time to focus its efforts on strengthening its core *Samsonite*® and *American Tourister*® product offerings and products in the business and casual categories.

Brands

The following table sets forth a breakdown of net sales by brand for the years ended December 31, 2011 and December 31, 2010, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,				**2011 vs 2010**
	2011		**2010**		
	US$'000	**Percentage of net sales**	**US$'000**	**Percentage of net sales**	**Percentage increase (decrease)**
Net sales by brand:					
Samsonite®	1,223,353	78.2%	917,792	75.5%	33.3%
American Tourister®	249,873	16.0%	161,117	13.3%	55.1%
Lacoste/Timberland[1]	4,661	0.3%	53,934	4.4%	(91.4)%
Other[2]	87,260	5.5%	82,464	6.8%	5.8%
Net sales	1,565,147	100.0%	1,215,307	100.0%	28.8%

(1) The *Lacoste* and *Timberland* licensing agreements were no longer active from December 2010. Net sales of the *Lacoste* and *Timberland* brands in 2011 relate to the sales of residual product on hand at December 31, 2010.

(2) Other includes local brands *Saxoline* and *Xtrem*.

Net sales of the Samsonite® brand increased by US$305.6 million, or 33.3%, for the year ended December 31, 2011 compared to the previous year. Net sales of the *American Tourister*® brand increased by US$88.8 million, or 55.1%, for the year ended December 31, 2011 compared to the previous year. Asia accounted for US$79.5 million, or 89.6%, of the US$88.8 million increase in *American Tourister*® brand sales for the year ended December 31, 2011 compared to the previous year. These increases were attributable to expanded product offerings and further penetration of existing markets, which were all supported by the Company's targeted advertising activities.

Directors' Report

Product Categories

The Company sells products in four principal product categories: travel, business, casual and accessories. Travel is by far the Company's largest product category and has been the Company's traditional strength. The following table sets forth a breakdown of net sales by product category for the years ended December 31, 2011 and December 31, 2010, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,				2011 vs 2010
	2011		2010		
	US$'000	Percentage of net sales	US$'000	Percentage of net sales	Percentage increase (decrease)
Net sales by product category:					
Travel	$ 1,186,683	75.8%	$ 885,944	72.9%	33.9%
Business	189,582	12.1%	110,321	9.1%	71.8%
Casual (excl. *Lacoste* & *Timberland*)	77,188	4.9%	58,279	4.8%	32.4%
Casual (*Lacoste* & *Timberland* only)[1]	4,661	0.3%	53,934	4.4%	(91.4)%
Accessories	70,786	4.5%	50,186	4.1%	41.0%
Other	36,247	2.4%	56,643	4.7%	(36.0)%
Net sales	$ 1,565,147	100.0%	$ 1,215,307	100.0%	28.8%

[1] The *Lacoste* and *Timberland* licensing agreements were no longer active from December 2010. Net sales of the *Lacoste* and *Timberland* brands in 2011 relate to the sales of residual product on hand at December 31, 2010.

The US$349.8 million increase in net sales for the year ended December 31, 2011 compared to the previous year was largely driven by an increase in net sales in the travel product category, which increased by US$300.7 million, or 33.9%. Net sales in the business product category increased by US$79.3 million, or 71.8%, for the year ended December 31, 2011 compared to the previous year, reflecting the Company's efforts to further penetrate the business bag market. Excluding the effect of the termination of the *Lacoste* and *Timberland* licensing agreements, net sales in the casual product category increased by US$18.9 million, or 32.4%, for the year ended December 31, 2011 compared to the previous year, reflecting the Company's strategic focus to expand its casual product offerings. Net sales in the accessories product category increased by US$20.6 million, or 41.0%, for the year ended December 31, 2011 compared to the previous year, reflecting expanded accessories product offerings. Net sales in the other product category decreased by US$20.4 million, or 36.0%, for the year ended December 31, 2011 compared to the previous year, reflecting the Company's focus on its core product offerings.

Distribution Channels

The Company sells products in two primary distribution channels: wholesale and retail. The following table sets forth a breakdown of net sales by distribution channel for the years ended December 31, 2011 and December 31, 2010, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,				2011 vs
	2011		2010		2010
	US$'000	Percentage of net sales	US$'000	Percentage of net sales	Percentage increase (decrease)
Net sales by distribution channel:					
Wholesale	$ 1,252,893	80.0%	$ 971,743	80.0%	28.9%
Retail	301,301	19.3%	230,373	19.0%	30.8%
Other[1]	10,953	0.7%	13,191	1.0%	(17.0)%
Net sales	$ 1,565,147	100.0%	$ 1,215,307	100.0%	28.8%

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

During the year ended December 31, 2011, the Company expanded its points of sale by approximately 2,900 to over 40,000 points of sale worldwide. Over 2,300 points of sale were added in North America and over 400 points of sale were added in Asia during 2011.

The wholesale channel accounted for US$281.2 million, or 80.4%, of the US$349.8 million increase in net sales for the year ended December 31, 2011 compared to the previous year. Net sales in the retail channel increased by US$70.9 million, or 30.8%, to US$301.3 million for the year ended December 31, 2011 from US$230.4 million for the year ended December 31, 2010. On a same store constant currency basis, net sales in the retail channel increased by 19.0% compared to the previous year. Net sales in the "other" channel decreased by US$2.2 million, or 17.0%, for the year ended December 31, 2011 compared to the previous year, primarily as a result of the Company's decision to terminate certain licensing agreements with third parties and to sell the formerly licensed products directly to its customers.

Regions

Geographically, the Company operates across four regions, each of which is led by its own regional management team with local expertise and is considered an operating segment under IFRS.

Asia

Net sales for the Asian region increased by US$187.4 million, or 48.1%, for the year ended December 31, 2011 compared to the previous year, excluding the effect of the termination of the *Lacoste* and *Timberland* licensing agreements.

Including net sales attributable to the *Lacoste* and *Timberland* licensing agreements, net sales for the Company's Asian region increased by US$173.2 million, or 42.7%, to US$578.3 million for the year ended December 31, 2011 from US$405.1 million for the year ended December 31, 2010. Excluding foreign currency effects, net sales for the Asian region increased by US$149.7 million, or 37.0%, for the year ended December 31, 2011 compared to the previous year.

Net sales continued to grow across all major and emerging markets in Asia. The US$173.2 million increase in net sales for the year ended December 31, 2011 was driven by the *Samsonite*® and *American Tourister*® brands. Net sales of the *Samsonite*® brand increased by US$113.1 million, or 42.1%, and net sales of the *American Tourister*® brand increased by US$79.5 million, or 77.1%, compared to the year ended December 31, 2010. These increases were partially offset by a decrease of US$14.2 million in *Lacoste* and *Timberland* net sales as a result of the termination of the licensing agreements in December 2010 and a US$5.2 million decrease in other brands.

Net sales in the travel product category increased by US$152.4 million, or 54.9%, for the year ended December 31, 2011 compared to the previous year. Net sales in the business product category more than doubled compared to the previous year to US$100.8 million for the year ended December 31, 2011 from US$49.7 million for the year ended December 31, 2010. Net sales in the casual product category increased by US$3.1 million, or 14.6%, for the year ended December 31, 2011 compared to the previous year, excluding the effect of the termination of the *Lacoste* and *Timberland* licensing agreements. Net sales in the other product category decreased by US$23.6 million for the year ended December 31, 2011 compared to the previous year as the Company focuses on its core product offerings.

Net sales in the wholesale channel increased by US$153.5 million, or 44.3%, to US$500.0 million for the year ended December 31, 2011 from US$346.5 million for the year ended December 31, 2010. Net sales in the retail channel increased by US$21.3 million, or 37.4%, to US$78.3 million for the year ended December 31, 2011 compared to the previous year. On a same store constant currency basis, net sales in the retail channel increased by 17.1% year over year.

These increases were a result of the Company's continued focus on country-specific product and marketing strategies within Asia to capitalize on the increasing awareness of and demand for its products. Over 400 points of sale were added in Asia during 2011, bringing the Company's total points of sale in Asia to more than 5,600 as of December 31, 2011. The general economic growth within the region and the expanding middle-class and their increasing travel-related expenditure, particularly in China and India, also contributed to the strong sales performance.

The following table sets forth a breakdown of net sales within the Asian region by geographic location for the years ended December 31, 2011 and December 31, 2010, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,				2011 vs 2010
	2011		2010		
	US$'000	Percentage of regional net sales	US$'000	Percentage of regional net sales	Percentage increase (decrease)
Net sales by geographic location[1]:					
China	144,594	25.0%	91,844	22.7%	57.4%
India	109,846	19.0%	77,852	19.2%	41.1%
South Korea	93,969	16.2%	62,531	15.4%	50.3%
Japan	51,984	9.0%	36,528	9.0%	42.3%
Hong Kong[2]	48,392	8.4%	42,481	10.5%	13.9%
Other	129,531	22.4%	93,907	23.2%	37.9%
Net Sales	578,316	100.0%	405,143	100.0%	42.7%

Note:

(1) The geographic location of the Company'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.

Europe

Net sales for the European region increased by US$103.0 million, or 27.6%, for the year ended December 31, 2011 compared to the previous year, excluding the effect of the termination of the *Lacoste* and *Timberland* licensing agreements.

Including net sales attributable to the *Lacoste* and *Timberland* licensing agreements, net sales for the Company's European region increased by US$72.4 million, or 17.8%, to US$479.1 million for the year ended December 31, 2011 from US$406.7 million for the year ended December 31, 2010. Excluding foreign currency effects, net sales for the European region increased by US$46.0 million, or 11.3%, for the year ended December 31, 2011 compared to the previous year.

The US$72.4 million increase in net sales for the year ended December 31, 2011 was primarily due to a US$95.9 million, or 26.8%, increase in net sales of the *Samsonite*® brand. Net sales of the *American Tourister*® brand increased by US$5.6 million, or 61.9%, for the year ended December 31, 2011 compared to the previous year. These increases were partially offset by a US$30.6 million decrease in *Lacoste* and *Timberland* sales for the year ended December 31, 2011 compared to the previous year.

Net sales in the travel product category increased by US$73.1 million, or 24.0%, for the year ended December 31, 2011 compared to the previous year, reflecting the success of the Company's Cosmolite, Cubelite and B-Lite product lines, strong sell-through of new product introductions in the travel category and an effective marketing strategy. Net sales in the business product category increased by US$11.1 million, or 32.8%, for the year ended December 31, 2011 compared to the previous year. Excluding the effect of the termination of the *Lacoste* and *Timberland* licensing agreements, net sales in the casual product category increased by US$8.2 million. This increase was more than three times casual product net sales in 2010, reflecting the Company's focus on the expansion of its casual product offerings. Net sales attributable to the *Lacoste* and *Timberland* licensing agreements decreased by US$30.6 million for the year ended December 31, 2011 compared to the previous year.

Net sales in the wholesale channel increased by US$51.5 million, or 15.2%, for the year ended December 31, 2011 compared to the previous year. Net sales in the retail channel increased by US$20.9 million, or 30.9% for the year ended December 31, 2011 compared to the previous year. On a same store constant currency basis, net sales in the retail channel increased by 14.8% year over year.

The following table sets forth a breakdown of net sales within the European region by geographic location for the years ended December 31, 2011 and December 31, 2010, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,				**2011 vs**
	2011		**2010**		**2010**
	US$'000	**Percentage of regional net sales**	**US$'000**	**Percentage of regional net sales**	**Percentage increase (decrease)**
Net sales by geographic location[1]:					
Italy	67,549	14.1%	69,191	17.0%	(2.4)%[2]
Germany	61,077	12.7%	46,671	11.5%	30.9%
France	61,024	12.7%	48,206	11.9%	26.6%
Belgium[3]	59,561	12.4%	50,996	12.5%	16.8%
Spain	46,973	9.8%	40,929	10.1%	14.8%
Other	182,905	38.3%	150,703	37.0%	21.4%
Net Sales	479,089	100.0%	406,696	100.0%	17.8%

Note:

(1) The geographic location of the Company'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 US$1.1 million and US$12.8 million of sales related to the *Lacoste* and *Timberland* licensed business for the years ended December 31, 2011 and December 31, 2010, respectively. Excluding these amounts, net sales increased by US$10.1 million, or 17.8%.

(3) Net sales in Belgium consisted of US$24.4 million and US$17.3 million for the years ended December 31, 2011 and 2010, respectively, an increase of US$7.1 million, or 41.0%. Remaining sales were direct shipments to distributors, customers and agents in other countries.

North America

Net sales in the North American region increased by US$88.7 million, or 29.7%, for the year ended December 31, 2011 compared to the previous year, excluding the effect of the termination of the *Lacoste* and *Timberland* licensing agreements.

Including net sales attributable to the *Lacoste* and *Timberland* licensing agreements, net sales for the North American region increased by US$85.2 million, or 28.1%, to US$388.2 million for the year ended December 31, 2011 from US$303.0 million for the year ended December 31, 2010. Excluding foreign currency effects, net sales for the North American region increased by US$83.8 million, or 27.7%, for the year ended December 31, 2011 compared to the previous year.

The US$85.2 million increase in net sales was primarily due to a 35.8% increase in net sales of *Samsonite*® brand products to US$335.5 million for the year ended December 31, 2011 from US$247.1 million for the year ended December 31, 2010. Net sales of the *American Tourister*® brand increased by US$4.8 million, or 11.6%, for the year ended December 31, 2011 compared to the previous year. These increases were partially offset by a US$3.5 million decrease in *Lacoste* and *Timberland* sales and a US$4.5 million decrease in other brand sales.

Net sales in the travel product category increased by US$69.4 million, or 26.7%, to US$329.3 million for the year ended December 31, 2011 from US$259.9 million for the year ended December 31, 2010. Net sales in the business product category increased by US$13.1 million, or 76.2%, for the year ended December 31, 2011 compared to the previous year. Net sales in the accessories product category within North America increased by US$5.5 million, or 73.4%, for the year ended December 31, 2011 compared to the previous year.

Net sales in the wholesale channel increased by US$63.1 million, or 28.1%, for the year ended December 31, 2011 compared to the previous year. Net sales in the retail channel increased by US$22.1 million, or 28.3%, for the year ended December 31, 2011 compared to the previous year. On a same store constant currency basis, net sales in the retail channel increased 25.4% year over year.

These increases were largely due to the Company's continued focus on marketing and selling regionally developed products, which has enabled it to bring to market products designed to appeal to the tastes and preferences of consumers in the United States. The Company's decision to terminate certain licensing agreements with third parties, primarily in the business and accessories product categories, and to sell the formerly licensed products directly to its customers also contributed to the net sales growth in North America. In addition, more than 2,300 points of sale were added in North America during 2011, primarily resulting from relationships formed with new wholesale customers.

The following table sets forth a breakdown of net sales for the North American region by geographic location for the years ended December 31, 2011 and December 31, 2010, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,				2011 vs 2010
	2011		2010		
	US$'000	Percentage of regional net sales	US$'000	Percentage of regional net sales	Percentage increase (decrease)
Net sales by geographic location[1]:					
United States	360,314	92.8%	281,911	93.0%	27.8%
Canada	27,876	7.2%	21,057	7.0%	32.4%
Net Sales	388,190	100.0%	302,968	100.0%	28.1%

Note:

(1) The geographic location of the Company'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.

Latin America

Net sales in the Latin American region increased by US$20.7 million, or 23.5%, for the year ended December 31, 2011 compared to the previous year, excluding the effect of the termination of the *Lacoste* and *Timberland* licensing agreements.

Including net sales attributable to the *Lacoste* and *Timberland* licensing agreements, net sales for the Latin American region increased by US$19.6 million, or 22.1%, to US$108.6 million for the year ended December 31, 2011 from US$89.0 million for the year ended December 31, 2010. Excluding foreign currency effects, net sales for the Latin American region increased by US$16.7 million, or 18.8%, for the year ended December 31, 2011 compared to the previous year.

Net sales in the travel product category increased by US$5.8 million, or 13.4%, for the year ended December 31, 2011 compared to the previous year. Net sales in the business product category increased by US$4.0 million, or 41.9%, for the year ended December 31, 2011 compared to the previous year. Excluding the effect of the termination of the *Lacoste* and *Timberland* licensing agreements, net sales in the casual product category increased by US$7.1 million, or 36.3%, for the year ended December 31, 2011 compared to the previous year, reflecting the Company's strategic focus to expand its casual product offerings.

The following table sets forth a breakdown of net sales for the Latin American region by geographic location, for the years ended December 31, 2011 and December 31, 2010, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,				2011 vs 2010
	2011		2010		
	US$'000	Percentage of regional net sales	US$'000	Percentage of regional net sales	Percentage increase (decrease)
Net sales by geographic location[1]:					
Chile	50,158	46.2%	40,130	45.1%	25.0%
Mexico	32,790	30.2%	27,493	30.9%	19.3%
Argentina	14,218	13.1%	14,189	16.0%	0.2%[4]
Brazil[2]	8,481	7.8%	5,089	5.7%	66.7%
Other[3]	2,954	2.7%	2,059	2.3%	43.5%
Net Sales	108,601	100.0%	88,960	100.0%	22.1%

Note:

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

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

(3) The net sales figure for Other primarily represents sales made through the Company's distribution center in Uruguay but does not include net sales attributable to sales made in Brazil to third party distributors.

(4) Sales in Argentina have been negatively impacted by import restrictions imposed by the local government during the year ended December 31, 2011.

For further details on the geographical regions the Company derives revenues from, please refer to note 7 of the consolidated financial statements.

Cost of Sales and Gross Profit

Cost of sales increased by US$182.6 million, or 34.7%, to US$708.2 million (representing 45.2% of net sales) for the year ended December 31, 2011 from US$525.6 million (representing 43.3% of net sales) for the year ended December 31, 2010. The increase in cost of sales as a percentage of net sales was primarily due to increased product costs, which reflect increased production costs from the Company's suppliers driven by higher commodity prices and labor costs, as well as unfavorable currency impacts. The Company also recognized additional depreciation and amortization expenses associated with the increased carrying amounts of certain assets in 2011 as a result of reversals of impairments of intangible assets and fixed assets that were recorded in the second half of 2010. Had the initial impairments not occurred in 2008, the Company would have incurred an additional US$4.1 million of depreciation and amortization expenses for the year ended December 31, 2010.

Gross profit increased by US$167.3 million, or 24.3%, to US$856.9 million for the year ended December 31, 2011 from US$689.7 million for the year ended December 31, 2010. Gross profit margin decreased from 56.7% for the year ended December 31, 2010 to 54.8% for the year ended December 31, 2011, primarily as a result of the reasons described above. Also contributing to lower margins was a change in the Company's product mix with increased sales of lower margin products.

Distribution Expenses

Distribution expenses increased by US$91.3 million, or 28.6%, to US$410.9 million (representing 26.3% of net sales) for the year ended December 31, 2011 from US$319.6 million (representing 26.3% of net sales) for the year ended December 31, 2010. This increase, which was reflected in additional freight to customers, commissions, rent, and increased personnel expenses, was primarily due to the increase in sales volume in 2011. The Company also recognized additional depreciation and amortization expenses associated with the increased carrying amounts of certain assets in 2011 as a result of reversals of impairments of intangible assets and fixed assets that were recorded in the second half of 2010. Had the initial impairments not occurred in 2008, the Company would have incurred an additional US$9.2 million of depreciation and amortization expenses for the year ended December 31, 2010.

Marketing Expenses

Marketing expenses increased by US$20.3 million, or 19.9%, to US$122.8 million (representing 7.8% of net sales) for the year ended December 31, 2011 from US$102.5 million (representing 8.4% of net sales) for the year ended December 31, 2010. This increase reflects management's commitment to enhance brand and product awareness and drive additional net sales growth through marketing activities. The Company believes the success of its advertising campaigns is evident in its net sales growth.

General and Administrative Expenses

General and administrative expenses increased by US$16.5 million, or 17.0%, to US$113.6 million (representing 7.3% of net sales) for the year ended December 31, 2011 from US$97.1 million (representing 8.0% of net sales) for the year ended December 31, 2010. Although general and administrative expenses increased in absolute terms, such expenses decreased as a percentage of net sales by 0.7%. The increase in absolute terms was primarily due to the Company's efforts to support its sales growth, increased personnel expenses, additional costs associated with operating as a public company, and increased depreciation and amortization expenses in 2011. The Company recognized additional depreciation and amortization expenses associated with the increased carrying amounts of certain assets in 2011 as a result of reversals of impairments of intangible assets and fixed assets that were recorded in the second half of 2010. Had the initial impairment not occurred in 2008, the Company would have incurred an additional US$3.8 million of depreciation and amortization expenses for the year ended December 31, 2010.

Reversal of Impairment of Intangible Assets and Fixed Assets

No impairments or reversals of impairments were recognized for the year ended December 31, 2011.

In 2008, as a result of the global economic downturn, the Company analyzed certain intangible assets and certain fixed assets for impairment, which resulted in the recognition of an impairment of tradenames, fixed assets at certain retail and non-retail locations, customer relationships and leasehold rights. In 2010, as required by IFRS, impairment losses recognized in prior periods were assessed at the year-end reporting date for any indications that the loss decreased or ceased to exist. As a result of this analysis, the Company recognized a US$379.9 million reversal of previously recorded impairments. Of this reversal, US$273.8 million was attributable to the reversal of the outstanding tradename impairments, US$66.3 million was attributable to the reversal of fixed asset impairments, US$38.0 million was attributable to the reversal of customer relationship impairments and US$1.8 million was attributable to the reversal of leasehold rights impairments. There were no accumulated impairment losses remaining as of December 31, 2010.

Restructuring Charges

For the year ended December 31, 2011, US$0.9 million of restructuring charges were reversed to reflect a refund from certain local governmental agencies for upfront employee related payments made in connection with restructuring initiatives in 2009.

Restructuring charges of US$4.3 million for the year ended December 31, 2010 were primarily attributable to lease exit costs related to the closure of retail stores in North America.

Other Expenses

The Company recognized other expenses of US$0.6 million and US$2.4 million for the years ended December 31, 2011 and December 31, 2010, respectively.

Operating Profit

The following table sets forth the Company's operating profit, and certain non-recurring costs and charges affecting such operating profit, for the years ended December 31, 2011 and December 31, 2010.

(Expressed in thousands of US Dollars)

	Year ended December 31,	
	2011	**2010**
Operating profit	209,930	543,602
(Plus) Minus:		
Reversal of impairment of intangible assets and fixed assets	—	379,826
Reversal of restructuring charges/(restructuring charges)	877	(4,348)
Depreciation and amortization not recognized on impaired assets	—	17,144
	209,053	150,980

Excluding the impact of the items noted above, operating profit for the year ended December 31, 2011 increased by US$58.1 million, or 38.5%, compared to the previous year.

The Company's operating profit was US$209.9 million for the year ended December 31, 2011, a decrease of US$333.7 million, or 61.4%, from an operating profit of US$543.6 million for the year ended December 31, 2010.

Net Finance Costs

Net finance costs increased by US$41.6 million to US$70.6 million for the year ended December 31, 2011 from US$29.0 million for the year ended December 31, 2010. This increase was primarily attributable to the recognition of the remaining unamortized discount of US$28.6 million on the former amended senior credit facility upon repayment in full of such facility following the completion of the Global Offering, as well as US$24.8 million of transaction costs related to the Global Offering. Partially offsetting these effects were Stabilization Proceeds of US$3.5 million and a decrease in net foreign exchange losses of US$3.7 million for the year ended December 31, 2011 compared to the previous year. Net foreign exchange (gain) loss includes a foreign exchange gain of US$10.3 million and a foreign exchange loss of US$8.7 million on the former amended senior credit facility, as well as a foreign exchange loss on the translation of a non-US Dollar denominated intercompany loan of US$8.3 million and a foreign exchange gain of US$7.1 million for the years ended December 31, 2011 and December 31, 2010, respectively. This intercompany loan was settled in June 2011 in conjunction with the repayment of the Company's former amended senior credit facility and former term loan facility.

Net finance costs of US$11.6 million in the second half of 2011 were primarily comprised of a change in fair value of put options of US$4.5 million and net foreign exchange losses of US$6.8 million. Interest expense of US$1.7 million in the second half of 2011 is reflective of the Company's strong balance sheet with limited loans and borrowings following the Global Offering.

Profit before Income Tax

The following table sets forth the Company's profit before income tax, and certain non-recurring costs and charges affecting such profit before income tax, for the years ended December 31, 2011 and December 31, 2010.

(Expressed in thousands of US Dollars)

	Year ended December 31,	
	2011	**2010**
Profit before income tax	139,298	514,589
(Plus) Minus:		
Reversal of impairment of intangible assets and fixed assets	—	379,826
Reversal of restructuring charges/(restructuring charges)	877	(4,348)
Depreciation and amortization not recognized on impaired assets	—	17,144
Additional interest expense recognized on immediate recognition of unamortized discount on debt	(28,639)	—
Expenses related to the Global Offering	(24,805)	—
Global Offering Stabilization Proceeds	3,474	—
	188,391	121,967

Excluding the impact of the items noted above, profit before income tax for the year ended December 31, 2011 increased by US$66.4 million, or 54.5%, compared to the previous year.

Profit before income tax was US$139.3 million for the year ended December 31, 2011, a decrease of US$375.3 million, or 72.9%, from US$514.6 million for the year ended December 31, 2010.

Income Tax Expense

Income tax expense decreased by US$112.1 million, or 75.9%, to US$35.7 million for the year ended December 31, 2011 from US$147.8 million for the year ended December 31, 2010. In 2010, the increased level of tax expense was primarily attributable to the tax impact on the reversal of impairments of intangible assets and fixed assets in the amount of US$102.2 million.

The Company's consolidated effective tax rate for operations was 25.6% and 28.7% for the years ended December 31, 2011 and December 31, 2010, respectively, and the applicable tax rate (representing a weighted average of the various tax rates to which the Company is subject) was 27.4% and 30.4% for the years ended December 31, 2011 and December 31, 2010, respectively. The effective tax rate is calculated using a weighted average income tax rate from those jurisdictions in which the Company is subject to tax, adjusted for permanent book/tax differences, tax incentives, changes in tax reserves and unrecognized deferred tax assets.

The decrease in the Company's effective tax rate for the year ended December 31, 2011 was primarily the result of changes to the global mix of profitability between high and low tax jurisdictions. Royalty income, which is taxed in a low tax jurisdiction, contributed to the decrease in the effective tax rate, and the costs associated with the Global Offering did not provide a tax benefit to the Company.

Profit for the Year

Profit for the year was US$103.6 million for the year ended December 31, 2011, a change of US$263.2 million, or 71.8%, from US$366.8 million for the year ended December 31, 2010. Adjusted Net Income, a non-IFRS measure, increased by US$31.2 million, or 29.6%, to US$136.8 million for the year ended December 31, 2011 from US$105.6 million for the year ended December 31, 2010. See the reconciliation of profit for the year to Adjusted Net Income below for a detailed discussion of the Company's results excluding certain non-recurring costs and charges and other non-cash charges that impacted reported profit for the year.

Basic and diluted earnings per share decreased to US$0.06 for the year ended December 31, 2011 from US$0.27 for the year ended December 31, 2010. Adjusted basic and diluted earnings per share increased to US$0.10 for the year ended December 31, 2011 from US$0.08 for the year ended December 31, 2010. The weighted average number of shares outstanding for the year ended December 31, 2011 increased by 66.1 million shares to 1,352.1 million, compared to 1,286.0 million shares for the year ended December 31, 2010, as a result of the issuance of new shares by the Company in the Global Offering.

Profit attributable to the equity holders of the Company for the year ended December 31, 2011 was US$86.7 million, which exceeded the Company's forecast profit by US$22.5 million, or 35.1%. The Company surpassed the forecast profit primarily due to each operating segment exceeding the Company's financial forecast for the year.

Adjusted EBITDA

Adjusted EBITDA, which is a non-IFRS measure, increased by US$79.0 million, or 47.2%, for the year ended December 31, 2011 compared to the previous year and our Adjusted EBITDA margin increased to 15.8% from 14.4%, excluding the effect of the termination of the *Lacoste* and *Timberland* licensing agreements.

Including the effect of the termination of the *Lacoste* and *Timberland* licensing agreements, Adjusted EBITDA increased by US$56.3 million, or 29.3%, to US$248.3 million for the year ended December 31, 2011 from US$191.9 million for the year ended December 31, 2010, and Adjusted EBITDA margin was 15.9% and 15.8% for the years ended December 31, 2011 and December 31, 2010, respectively.

The following table presents the reconciliation from the Company's profit for the year to Adjusted EBITDA for the years ended December 31, 2011 and December 31, 2010.

(Expressed in thousands of US Dollars)

	Year ended December 31,	
	2011	**2010**
Profit for the year	103,618	366,814
(Plus) Minus:		
Income tax expense	(35,680)	(147,775)
Finance costs	(71,879)	(30,660)
Finance income	1,247	1,647
Depreciation	(30,158)	(16,335)
Amortization	(8,333)	(4,409)
EBITDA	248,421	564,346
(Plus) Minus:		
Reversal of restructuring charges/(restructuring charges)	877	(4,348)
Reversal of impairment of intangible assets and fixed assets	—	379,826
Other adjustments	(709)	(3,073)
Adjusted EBITDA	248,253	191,941

The following tables present a reconciliation from profit (loss) for the year to Adjusted EBITDA on a regional basis for the years ended December 31, 2011 and December 31, 2010.

(Expressed in thousands of US Dollars)

	Year ended December 31, 2011					
	Asia	**Europe**	**North America**	**Latin America**	**Corporate**	**Total**
Profit (loss) for the year	46,051	33,666	38,782	6,603	(21,484)	103,618
(Plus) Minus:						
Income tax expense	(13,447)	(11,367)	(465)	(1,497)	(8,904)	(35,680)
Finance costs	(2,780)	(16,477)	(400)	(1,798)	(50,424)	(71,879)
Finance income	142	184	9	26	886	1,247
Depreciation	(9,017)	(11,519)	(3,204)	(1,892)	(4,526)	(30,158)
Amortization	(4,207)	(1,922)	(274)	(1,930)	—	(8,333)
EBITDA	75,360	74,767	43,116	13,694	41,484	248,421
(Plus) Minus:						
Reversal of restructuring charges/ (restructuring charges)	—	884	—	—	(7)	877
Other adjustments	(29,784)	(10,011)	(16,072)	(2,758)	57,916	(709)
Adjusted EBITDA	105,144	83,894	59,188	16,452	(16,425)	248,253

(Expressed in thousands of US Dollars)

	Year ended December 31, 2010					
	Asia	Europe	North America	Latin America	Corporate	Total
Profit for the year	54,654	173,163	46,899	20,146	71,952	366,814
(Plus) Minus:						
Income tax (expense) benefit	(13,811)	(20,140)	(684)	250	(113,390)	(147,775)
Finance costs	737	(19,914)	(51)	(3,301)	(8,131)	(30,660)
Finance income	184	128	7	9	1,319	1,647
Depreciation	(8,043)	(1,250)	(995)	(1,835)	(4,212)	(16,335)
Amortization	(4,254)	—	(49)	(106)	—	(4,409)
EBITDA	79,841	214,339	48,671	25,129	196,366	564,346
(Plus) Minus:						
Reversal of restructuring charges/ (restructuring charges)	—	106	(3,957)	—	(497)	(4,348)
(Impairment) reversal of impairment of intangible assets and fixed assets	(63)	79,689	13,184	13,188	273,828	379,826
Other adjustments	(160)	61,682	(390)	(166)	(64,039)	(3,073)
Adjusted EBITDA	80,064	72,862	39,834	12,107	(12,926)	191,941

Certain comparative amounts have been reclassified to conform to the presentation adopted for the year ended December 31, 2011. Income tax expense of US$7.0 million for the year ended December 31, 2010 was reclassified from the North America segment to the Corporate segment in the Adjusted EBITDA reconciliation, resulting in a corresponding change in profit for the year for each segment. There was no resulting impact to EBITDA or Adjusted EBITDA for either segment.

The Company has presented Adjusted EBITDA because it believes that, when viewed with its results of operations as prepared in accordance with IFRS and with the reconciliation to profit (loss) for the year, 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 Company uses to evaluate its operating performance and cash generation.

Adjusted EBITDA is a non-IFRS financial measure, and as calculated herein may not be comparable to similarly named measures used by other companies and should not be considered as a measure comparable to profit (loss) for the year in the Company's consolidated income statements. 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 Company's results of operations as reported under IFRS.

Adjusted Net Income

Adjusted Net Income, which is a non-IFRS measure, increased by US$49.0 million, or 56.6%, for the year ended December 31, 2011 compared to the previous year, excluding the effect of the termination of the *Lacoste* and *Timberland* licensing agreements.

Including the effect of the termination of the *Lacoste* and *Timberland* licensing agreements, Adjusted Net Income increased by US$31.2 million, or 29.6%, to US$136.8 million for the year ended December 31, 2011 from US$105.6 million for the year ended December 31, 2010.

The Company's Adjusted Net Income includes a loss of US$8.3 million and a gain of US$7.1 million for the years ended December 31, 2011 and December 31, 2010, respectively, relating to the translation of a non-US Dollar denominated intercompany loan. Excluding these amounts, Adjusted Net Income for the year ended December 31, 2011 increased by US$46.6 million, or 47.3%, compared to the previous year. This intercompany loan was settled in June 2011 in conjunction with the repayment of the Company's former amended senior credit facility and former term loan facility.

The following table presents the reconciliation from the Company's profit for the year to Adjusted Net Income for the years ended December 31, 2011 and December 31, 2010.

(Expressed in thousands of US Dollars)

	Year ended December 31,	
	2011	**2010**
Profit for the year	103,618	366,814
Profit attributable to non-controlling interests	16,870	11,792
Profit attributable to the equity holders	86,748	355,022
(Plus) Minus:		
Reversal of impairment of intangible assets and fixed assets	—	379,826
Reversal of restructuring charges/(restructuring charges)	877	(4,348)
Change in fair value of put options	(8,644)	(8,788)
Depreciation not recognized on impaired assets[(1)]	—	13,064
Amortization not recognized on impaired assets[(2)]	—	4,080
Amortization of intangible assets[(3)]	(8,333)	(8,489)
Expenses related to debt repaid in conjunction with the Global Offering[(4)]	(23,240)	(22,255)
Expenses related to the Global Offering	(24,805)	—
Global Offering Stabilization Proceeds	3,474	—
Tax adjustments	10,638	(103,634)
Adjusted Net Income[(5)]	136,781	105,566

(1) Depreciation that the Company would have recognized in 2010 but for the impairment of certain fixed assets recorded in 2008. Such impairments were reversed in the second half of 2010.

(2) Amortization that the Company would have recognized in 2010 but for the impairment of certain intangible assets (other than goodwill) recorded in 2008. Such impairments were reversed in the second half of 2010.

(3) Amortization of intangible assets above represents the sum of (i) amortization that the Company recognized and (ii) amortization that the Company would have recognized but for the impairment of certain intangible assets (other than goodwill). These charges relate to the amortization of other intangible assets with finite useful lives that were recognized in conjunction with the acquisition by the CVC Funds in 2007, and that do not relate to assets invested in on an ongoing basis. The Company believes that this figure enables investors to better understand its amortization charge going forward as a result of reversals of impairment of intangible assets during 2010.

(4) The following table sets forth a breakdown of expenses related to the former amended senior credit facility and former term loan facility that was repaid in conjunction with the Global Offering:

(Expressed in thousands of US Dollars)

	Year ended December 31,	
	2011	**2010**
Interest expense on debt facility	(33,557)	(13,545)
Unrealized gain (loss) on foreign translation of debt	10,317	(8,710)
Total expenses related to debt structure prior to the Global Offering	(23,240)	(22,255)

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

The Company 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 Company's underlying financial performance. By presenting Adjusted Net Income, the Company eliminates the effect of a number of non-recurring costs and charges and certain other non-cash charges that impact its reported profit for the year.

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 Company's consolidated income statements. 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 Company's results of operations as reported under IFRS.

Liquidity and Capital Resources

The primary objective of the Company's capital management policies is to safeguard its ability to continue as a going concern, to provide returns for shareholders, and to fund capital expenditures, normal operating expenses, working capital needs, and the payment of obligations. The Company's primary sources of liquidity are its cash flows from operating activities, invested cash, and available lines of credit. The Company 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 Company for at least the next twelve months.

The Company's net cash generated from operating activities was US$64.5 million for the year ended December 31, 2011 compared to US$34.4 million for the year ended December 31, 2010. This US$30.1 million increase in cash generated from operating activities was primarily due to the US$31.2 million increase in Adjusted Net Income year over year. The cash outflow related to operating assets and liabilities decreased by US$41.1 million to US$37.1 million for the year ended December 31, 2011 compared to US$78.2 million for the previous year.

For the year ended December 31, 2011, net cash used in investing activities was US$35.8 million, an increase of US$6.3 million compared to the previous year. This increase was primarily due to a US$7.6 million increase in the purchase of property, plant and equipment, which was largely attributable to new store openings and the expansion of the Company's manufacturing plant in Hungary, in the Asian and European regions, respectively. Capital expenditures for the year ended December 31, 2011 amounted to US$37.2 million.

Net cash used in financing activities was US$170.3 million for the year ended December 31, 2011, an increase of US$144.3 million compared to the previous year, primarily resulting from transactions associated with the Global Offering. The Company received gross proceeds of US$225.3 million from the Global Offering, of which US$101.0 million were used to settle its loan notes. The Company utilized the remainder of the proceeds, along with the existing cash on hand, to pay off the outstanding principal balance of US$221.6 million on its former amended credit facility and the outstanding principal and accrued interest of US$59.2 million on its former term loan facility. Please refer to note 6 of the accompanying consolidated financial statements for further details on the Global Offering.

Indebtedness

The following table sets forth the carrying amount of the Company's loans and borrowings as of December 31, 2011 and December 31, 2010.

(Expressed in thousands of US Dollars)

	As of December 31,	
	2011	**2010**
Senior subordinated notes	—	260
Amended senior credit facility[1]	—	189,158
Term loan facility	—	57,451
Finance lease obligations	78	137
Other lines of credit	15,008	11,735
Total loans and borrowings	15,086	258,741
Less deferred financing costs	(3,319)	—
Total loans and borrowings less deferred financing costs	11,767	258,741

[1] Represents the amortized cost carrying value of the Company's former amended senior credit facility. The notional value was US$221.6 million as of December 31, 2010.

The Company had US$141.3 million in cash and cash equivalents at December 31, 2011, compared to US$285.8 million at December 31, 2010.

In conjunction with the Global Offering, the Company repaid in full the outstanding principal balance of US$221.6 million on the former amended senior credit facility and the outstanding principal and accrued interest of US$59.2 million on the former term loan facility, and such facilities were terminated. During the year ended December 31, 2011 the Company recognized the remaining unamortized discount of US$32.4 million as of December 31, 2010 on the former amended senior credit facility as interest expense due to the settlement of the borrowing prior to maturity.

On May 27, 2011 the Company entered into a credit agreement for a US$100.0 million revolving credit facility (the "Revolving Facility"). The Revolving Facility became effective upon completion of the Global Offering. The Revolving Facility has an initial term of three years, with a one year extension at the request of the Company and the option of the lenders. The interest rate on borrowings under the Revolving Facility is the aggregate of (i) (a) LIBOR (or EURIBOR in the case of borrowings made in Euro) or (b) the prime rate of the lender and (ii) a margin to be determined based on the Company's leverage ratio. The Revolving Facility carries a commitment fee of 1% per annum on any unutilized amounts, as well as an agency fee if another lender joins the Revolving Facility. The Revolving Facility is secured by certain assets in the United States and Europe, as well as the Company's intellectual property. The Revolving Facility also contains financial covenants related to interest coverage and leverage ratios, and operating covenants that, among other things, limit the Company's ability to incur additional debt, create liens on its assets, and participate in certain mergers, acquisitions, liquidations, asset sales or investments. The Company was in compliance with the financial covenants as of December 31, 2011. The Company incurred costs of US$4.0 million in connection with the negotiation and documentation of the Revolving Facility, which have been capitalized and will be amortized over the term of the agreement. No amounts were drawn on this facility at December 31, 2011. At December 31, 2011, US$82.4 million was available on the Revolving Facility as a result of the utilization of US$17.6 million of the facility for outstanding letters of credit extended to certain creditors.

Certain members of the consolidated group maintain credit lines with various third party lenders in the regions in which they operate. These local credit lines provide working capital for the day-to-day business operations of such subsidiaries, including overdraft, bank guarantee, and trade finance and factoring facilities. The majority of these credit lines are uncommitted facilities. The total aggregate amount outstanding under the local facilities was US$15.0 million and US$11.7 million at December 31, 2011 and December 31, 2010, respectively.

The following represents the contractual maturity dates of the Company's loans and borrowings (including estimated interest payments and excluding the impact of netting agreements) as of December 31, 2011 and December 31, 2010.

(Expressed in thousands of US Dollars)

	As of December 31,	
	2011	**2010**
On demand or within one year	15,015	12,032
Between 1 and 2 years	26	100
Between 2 and 5 years	37	291,090
Over 5 years	8	—
	15,086	303,222

2. *Principal Risks and Uncertainties*

Details of principal risks and uncertainties can be found in notes 5 and 21 of the consolidated financial statements.

In terms of financial guarantees, the Company's policy is to provide financial guarantees only on behalf of subsidiaries. No other guarantees have been made to third parties.

3. *Internal Control and Risk Management System*

The Board places great importance on internal control and is responsible to ensure that the Company maintains sound and effective internal controls.

The Company's internal audit department provides an independent review of the adequacy and effectiveness of the internal control system. The internal and external audit plans are discussed and agreed each year with the Audit Committee.

The Board has reviewed the overall effectiveness of the Company's system of internal control for the year ended December 31, 2011. The Board has delegated to the Audit Committee responsibility for reviewing the Company's internal controls and reporting the committee's findings to the Board. In conducting such review, the Audit Committee on behalf of the Board has (i) reviewed the Company's internal audit activities during the year and discussed such activities and the results thereof with the Company's Director of Internal Audit, (ii) reviewed and discussed the scope and results of the annual audit with the Company's external auditors, (iii) reviewed the assessment of internal controls conducted in connection with the Company's initial public offering, and (iv) reviewed with management the results of the Company's internal management representation process that was performed in connection with the preparation of the annual financial statements. Based on its review, the Board is not aware of any material defects in the effectiveness of internal controls.

4. Financial Risk Management and Hedging

The Company's non-U.S. subsidiaries periodically enter into forward contracts related to the purchase of inventory denominated primarily in US Dollars which are designated as cash flow hedges. Cash flows associated with these derivatives at December 31, 2011 are expected to be US$91.6 million within one year.

For further details on the Company's financial risk management and its exposure to price risk, credit risk, liquidity risk and cash flow risk, please refer to note 5 of the consolidated financial statements.

5. Research and Development

The Company devotes significant resources to new product design, development and innovation as it is a core part of its strategy. The Company believes it has a strong track record of innovation, and its global scale allows it to make significant expenditures on research and development. The group incurred research and development expenses of US$4.0 million during the year ended December 31, 2011. Each of the Company's regions has a design team that develops products specifically for that region, and who are in communication with each other on a regular basis, sharing ideas and designs. The Company's design teams are continuously developing new products, based on continual improvement and innovation. The Company's global research and development activities are managed by the Vice President of Global Design and Development, who is based in the Company's Saltrio, Italy facility.

6. Capital Structure and Shareholding

Details on the capital structure of the Company can be found in note 14 of the consolidated financial statements.

Since its incorporation, the Company did not proceed to acquire any of its own shares.

7. Other Information

Distributions to Shareholders

The Board recommends that a cash distribution in the amount of US$0.02132 per share (the "Distribution") be made to the Company's shareholders from its ad hoc distributable reserve. The payment shall be made in US dollars, except that payment to shareholders whose names appear on the register of members in Hong Kong shall be paid in Hong Kong dollars. The relevant exchange rate shall be the opening buying rate of Hong Kong dollars to US dollars as announced by the Hong Kong Association of Banks (www.hkab.org.hk) on the day of the approval of the Distribution.

The Distribution will be subject to approval by the shareholders at the forthcoming AGM of the Company. For determining the entitlement to attend and vote at the AGM, the Register of Members of the Company will be closed from June 5, 2012 to June 7, 2012, both days inclusive, during which period no transfer of shares will be registered. The record date to determine which shareholders will be eligible to attend and vote at the forthcoming AGM will be June 7, 2012. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on June 4, 2012.

Subject to the shareholders approving the recommended Distribution at the forthcoming AGM, such Distribution will be payable on or about July 6, 2012 to shareholders whose names appear on the register of members on June 15, 2012. To determine eligibility for the Distribution, the register of members will be closed from June 14, 2012 to June 15, 2012, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to receive the Distribution, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on June 13, 2012.

The Distribution will not be subject to withholding tax under Luxembourg laws.

Human Resources and Remuneration

At December 31, 2011, the Company had approximately 6,640 employees worldwide, compared to approximately 5,750 employees at December 31, 2010. The Company regularly reviews remuneration and benefits of its employees according to the relevant market practice, employee performance and the financial performance of the Company.

Branch

During the course of the financial year, the Company opened a branch in Hong Kong named "Samsonite International S.A., Hong Kong Branch" and located at 13th Floor of AXA Centre, 151 Gloucester Road, Wanchai, Hong Kong.

8. Strategic Review and Prospects

During 2011, the Company continued to implement its strategic plan in the following areas:

Significant growth in all regions

All regions and key company metrics showed considerable growth for the year ended December 31, 2011 compared to the year ended December 31, 2010.

- The Company's net sales, Adjusted Net Income, and Adjusted EBITDA for the year ended December 31, 2011 increased by 34.4%, 56.6% and 47.2%, respectively, compared to the year ended December 31, 2010. These figures exclude the effect of the termination of the *Lacoste* and *Timberland* licensing agreements, which were no longer active from December 2010, and have been adjusted to eliminate the effect of certain non-recurring costs and charges and certain other non-cash charges.

- Net sales increased by 28.8% to US$1,565.1 million for the year ended December 31, 2011 compared to the previous year. Excluding foreign currency effects, net sales increased by 24.3%.

- Adjusted Net Income increased by 29.6% to US$136.8 million for the year ended December 31, 2011 compared to the previous year.

- Adjusted EBITDA increased by 29.3% to US$248.3 million for the year ended December 31, 2011 compared to the previous year.

- Adjusted EBITDA margin remained relatively flat at 15.9% and 15.8% for the years ended December 31, 2011 and December 31, 2010, respectively.

Significant investment in advertising and promotion

The Company continued to invest approximately 8% of net sales in marketing, reflecting its commitment to advertise and promote its brands and products to support sales growth worldwide. Marketing expenses for the year ended December 31, 2011 increased by 19.9% to US$122.8 million, compared to the year ended December 31, 2010.

New products in the market

The Company continued to focus on the innovation of its products, which will help drive sales growth and deliver quality and value to its customers.

Expanded distribution network

The Company continued the further expansion of its distribution network by adding approximately 2,900 points of sale, including 36 owned stores and 79 new preferred dealers in 2011. More than 2,300 points of sale were added in North America and more than 400 points of sale were added in Asia during the year ended December 31, 2011.

The Company's growth strategy will continue as planned for 2012, while focusing on the following:

- leverage the strength of the Company's brands, *Samsonite*® and *American Tourister*®;
- tailor our products to meet local requirements, while staying true to our core values of lightness, strength and innovation;
- improve the efficiency and effectiveness of our supply chain and global distribution network;
- increase our marketing and R&D investment broadly in line with worldwide sales growth;
- deploy increased levels of resources to improve our market share of business and casual products and accessories, where the Company is under-represented; and
- focus on achieving growth organically, while considering acquisition opportunities with a compelling strategic and financial rationale as they arise.

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

9. Subsequent Events

Please refer to note 27 of the consolidated financial statements for further details on subsequent events.

signed by Kyle Gendreau, Director

Report of the Réviseur d'Entreprises Agréé

To the Shareholders
Samsonite International S.A.
13-15, Avenue de la Liberté
L-1931 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Samsonite International S.A., which comprise the consolidated statement of financial position as at December 31, 2011 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report of the Réviseur d'Entreprises Agréé

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Samsonite International S.A. as of December 31, 2011, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

Luxembourg, April 17, 2012

KPMG Luxembourg S.à r.l.
Cabinet de révision agréé

Jean-Manuel Séris

Consolidated Income Statement

(Expressed in thousands of US Dollars, except per share data)

	Note	Year ended December 31, 2011	2010
Net sales	7	$ 1,565,147	1,215,307
Cost of sales		708,199	525,628
Gross profit		856,948	689,679
Distribution expenses		410,889	319,621
Marketing expenses		122,822	102,453
General and administrative expenses		113,613	97,096
Impairment of fixed assets	8	—	115
Reversal of impairment of intangible assets and fixed assets	8,9	—	(379,941)
Restructuring (reversal of charges)/charges	20	(877)	4,348
Other expenses		571	2,385
Operating profit		209,930	543,602
Finance income	23	1,247	1,647
Finance costs	23	(71,879)	(30,660)
Finance income and costs		(70,632)	(29,013)
Profit before income tax	24	139,298	514,589
Income tax expense	22	(35,680)	(147,775)
Profit for the year		103,618	366,814
Profit attributable to the equity holders		86,748	355,022
Profit attributable to non-controlling interests		16,870	11,792
Profit for the year		$ 103,618	366,814
Earnings per share			
Basic and diluted earnings per share *(Expressed in US Dollars per share)*	15	$ 0.06	0.27

The accompanying notes form part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

(Expressed in thousands of US Dollars)

	Note	Year ended December 31, 2011	2010
Profit for the year		$ 103,618	366,814
Other comprehensive loss:			
Actuarial losses on defined benefit plans	17	(12,886)	(7,438)
Changes in fair value of cash flow hedges		5,401	297
Foreign currency translation (losses)/ gains for foreign operations		(15,357)	1,383
Income tax expense on other comprehensive loss items		(1,586)	—
Other comprehensive loss		(24,428)	(5,758)
Total comprehensive income		79,190	361,056
Total comprehensive income attributable to the equity holders		64,585	348,890
Total comprehensive income attributable to non-controlling interests		14,605	12,166
Total comprehensive income for the year		$ 79,190	361,056

The accompanying notes form part of the consolidated financial statements.

Consolidated Statement of Financial Position

(Expressed in thousands of US Dollars)

	Note		December 31, 2011	2010
Non-Current Assets				
Property, plant and equipment, net	8	$	127,975	124,782
Goodwill	9(a)		153,212	153,212
Other intangible assets, net	9(b)		619,438	628,296
Deferred tax assets	22		14,023	20,791
Other assets and receivables	10(a)		18,500	15,393
Total non-current assets			933,148	942,474
Current Assets				
Inventories	11		236,957	222,704
Trade and other receivables, net	12		171,552	146,142
Prepaid expenses and other assets	10(b)		61,630	67,883
Cash and cash equivalents	13		141,259	285,798
Total current assets			611,398	722,527
Total assets		$	1,544,546	1,665,001
Equity and Liabilities				
Equity:				
Share capital	14	$	14,071	22,214
Reserves	14		904,060	717,994
Total equity attributable to equity holders			918,131	740,208
Non-controlling interests	14		27,069	22,644
Total equity			945,200	762,852
Non-Current Liabilities				
Loans and borrowings	16(a)		71	246,709
Employee benefits	17		59,725	77,124
Non-derivative financial instruments	14(g)		29,522	18,652
Deferred tax liabilities	22		120,307	135,779
Other liabilities			6,252	7,122
Total non-current liabilities			215,877	485,386
Current Liabilities				
Loans and borrowings	16(b)		11,696	12,032
Employee benefits	17		45,182	38,777
Trade and other payables	20		286,560	330,511
Current tax liabilities	22		40,031	35,443
Total current liabilities			383,469	416,763
Total liabilities			599,346	902,149
Total equity and liabilities		$	1,544,546	1,665,001
Net current assets		$	227,929	305,764
Total assets less current liabilities		$	1,161,077	1,248,238

The accompanying notes form part of the consolidated financial statements.

Consolidated Statements of Changes in Equity

(Expressed in thousands of US Dollars, except number of shares)

	Note	Number of shares	Share capital	Class B preference share reserve	Additional paid-in capital	Translation reserve (Reserves)	Other reserves (Reserves)	Retained earnings (accumulated deficit)	Total equity attributable to equity holders	Non-controlling interest	Total equity
Year ended December, 2010:											
Balance, January 1, 2010		2,219,970,633	$ 22,200	4,107	813,904	2,690	(72,568)	(378,796)	391,537	17,113	408,650
Profit for the year		—	—	—	—	—	—	355,022	355,022	11,792	366,814
Other comprehensive loss:											
Actuarial losses on defined benefit plans, net of tax	17	—	—	—	—	—	(7,438)	—	(7,438)	—	(7,438)
Changes in fair value of cash flow hedges, net of tax		—	—	—	—	—	297	—	297	—	297
Foreign currency translation gains		—	—	—	—	1,383	—	—	1,383	—	1,383
Total comprehensive income for the year		—	—	—	—	1,383	(7,141)	355,022	349,264	11,792	361,056
Transactions with owners recorded directly in equity:											
Issuance of share capital	14	1,424,365	14	—	2	—	—	—	16	—	16
Share-based compensation		—	—	—	600	—	—	—	600	—	600
Guaranteed return on class B preference shares	14	—	—	13,383	—	—	—	(13,383)	—	—	—
Change in fair value of put options	14	—	—	—	—	—	—	(1,209)	(1,209)	—	(1,209)
Dividends paid to non-controlling interests		—	—	—	—	—	—	—	—	(4,684)	(4,684)
Other transactions		—	—	—	—	—	—	—	—	(3,269)	(3,269)
Foreign currency translation gains		—	—	—	—	—	—	—	—	1,692	1,692
Balance, December 31, 2010		2,221,394,998	$ 22,214	17,490	814,506	4,073	(79,709)	(38,366)	740,208	22,644	762,852
Year ended December 31, 2011:											
Balance, January 1, 2011		2,221,394,998	$ 22,214	17,490	814,506	4,073	(79,709)	(38,366)	740,208	22,644	762,852
Profit for the year		—	—	—	—	—	—	86,748	86,748	16,870	103,618
Other comprehensive loss:											
Actuarial losses on defined benefit plans, net of tax	17	—	—	—	—	—	(12,886)	—	(12,886)	—	(12,886)
Changes in fair value of cash flow hedges, net of tax		—	—	—	—	—	3,815	—	3,815	—	3,815
Foreign currency translation losses		—	—	—	—	(13,092)	—	—	(13,092)	(2,265)	(15,357)
Total comprehensive income for the year		—	—	—	—	(13,092)	(9,071)	86,748	64,585	14,605	79,190
Transactions with owners recorded directly in equity:											
Share-based compensation		—	—	—	200	—	—	—	200	—	200
Guaranteed return on class B preference shares	14	—	—	6,489	—	—	—	(6,489)	—	—	—
Conversion of preference shares to loan notes	6,14	(78,000,000)	(780)	(23,979)	(76,230)	—	—	—	(100,989)	—	(100,989)
Contribution of Delilah Holdings S.á.r.l. shares	6,14	(2,143,394,998)	(21,434)	—	—	—	—	—	(21,434)	—	(21,434)
Issuance of share capital to Delilah Holdings S.á.r.l. equity holders	6,14	1,286,036,999	12,860	—	8,574	—	—	—	21,434	—	21,434
Issuance of ordinary shares upon Global Offering	6,14	121,100,005	1,211	—	224,041	—	—	—	225,252	—	225,252
Transaction costs associated with Global Offering	6,14	—	—	—	(8,899)	—	—	—	(8,899)	—	(8,899)
Change in fair value of put options	14	—	—	—	—	—	—	(2,226)	(2,226)	—	(2,226)
Dividends paid to non-controlling interests		—	—	—	—	—	—	—	—	(5,390)	(5,390)
Other transactions		—	—	—	—	—	—	—	—	(4,790)	(4,790)
Balance, December 31, 2011		1,407,137,004	$ 14,071	—	962,192	(9,019)	(88,780)	39,667	918,131	27,069	945,200

The accompanying notes form part of the consolidated financial statements.

Consolidated Statement of Cash Flow

(Expressed in thousands of US Dollars)

	Note	Year ended December 31, 2011	2010
Cash flows from operating activities:			
Profit for the period		$ 103,618	366,814
Adjustments to reconcile profit to net cash generated from operating activities:			
(Gain)/loss on sale and disposal of assets, net		(252)	159
Depreciation	8	30,158	16,335
Amortization of intangible assets	9	8,333	4,409
Impairment of fixed assets	8	—	115
Reversal of impairment of intangible assets and fixed assets	8,9	—	(379,941)
Provision for doubtful accounts		806	612
(Reversal of)/provision for restructuring activities		(877)	4,348
Change in fair value of put options		8,644	8,788
Net change in defined benefit pension plan		(29,989)	(28,037)
Noncash interest expense		32,806	16,295
Noncash income tax expense		(10,290)	123,394
Noncash share-based compensation		200	600
		143,157	133,891
Changes in operating assets and liabilities:			
Trade and other receivables		(33,244)	(28,960)
Inventories		(24,628)	(112,461)
Other current assets		258	(23,378)
Trade and other payables		29,484	93,554
Other assets and liabilities, net		(8,925)	(6,923)
Cash generated from operating activities		106,102	55,723
Interest paid		(4,299)	(260)
Income tax paid		(37,301)	(21,022)
Net cash generated from operating activities		64,502	34,441
Cash flows from investing activities:			
Purchases of property, plant and equipment	8	(37,172)	(29,575)
Other proceeds		1,401	60
Net cash used in investing activities		(35,771)	(29,515)

Consolidated Statements of Cash Flow *(cont.)*

	Note	Year ended December 31, 2011	2010
Cash flows from financing activities:			
Current loans and borrowings proceeds (payments)		2,766	(2,899)
Non-current loans and borrowings payments	6	(279,051)	(18,400)
Proceeds from issuance of share capital	6	225,252	17
Transaction costs associated with Global Offering recognized in equity	6	(8,899)	—
Loan note payments	6	(100,989)	—
Payment of debt issue costs	6	(3,981)	—
Dividend payments to non-controlling interests		(5,390)	(4,684)
Net cash used in financing activities		(170,292)	(25,966)
Net decrease in cash and cash equivalents		(141,561)	(21,040)
Cash and cash equivalents, at January 1		285,798	290,533
Effect of exchange rate changes on cash and cash equivalents		(2,978)	16,305
Cash and cash equivalents, at December 31	13	$ 141,259	285,798

The accompanying notes form part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

(1) Background

Samsonite International S.A. (together with its consolidated subsidiaries, the "Company") is principally engaged in the design, manufacture, sourcing and distribution of luggage, business and computer bags, outdoor and casual bags, and travel accessories throughout the world, primarily under the *Samsonite*® and *American Tourister*® brand names and other owned and licensed brand names. The Company sells its products through a variety of wholesale distribution channels and through its company operated retail stores. The principal luggage wholesale distribution customers of the Company are department and specialty retail stores, mass merchants, catalog showrooms and warehouse clubs. The Company sells its products primarily in Asia, Europe, North America and Latin America.

The Company completed an initial public offering of its ordinary shares on the Main Board of The Stock Exchange of Hong Kong Limited on June 16, 2011 (the "Global Offering"). 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. Prior to the completion of the Global Offering, on June 10, 2011 the Company became the parent company of the consolidated subsidiaries. The beneficial owners of the ordinary shares of Delilah Holdings S.à.r.l. ("OldCo"), the previous parent company of the consolidated subsidiaries, contributed their ordinary shares in OldCo to the Company in consideration for the issue of ordinary shares in the Company. See further details and discussion in note 6.

Details of the principal subsidiaries of the Company are set out in note 26.

(2) Basis of Preparation

(a) Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which collective term includes all International Financial Reporting Standards as adopted by the European Union ("IFRS as adopted by the EU").

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing the consolidated financial statements, the Company has adopted all these new and revised IFRSs for all periods presented, except for any new standards or interpretations that are not yet mandatorily effective for the accounting period ended December 31, 2011. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period ended December 31, 2011 are set out in note 3(u).

The accounting policies below have been applied consistently to all periods presented in the consolidated financial statements.

The consolidated financial statements were authorized for issue by the Board of Directors on March 27, 2012.

(b) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the consolidated statement of financial position as set out in the accounting policies below:

- 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

The financial statements are measured using the currency of the primary economic environment in which the Company operates (functional currency). The functional currencies of the Company's significant subsidiaries 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, and Renminbi.

Unless otherwise stated, the consolidated financial statements are presented in the United States Dollar ("USD"), which is the functional and presentation currency of the Company.

(d) Use of Judgments, Estimates and Assumptions

The preparation of consolidated 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 Company'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 the consolidated financial statements 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.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 3(n) — Revenue recognition
- Note 8 — Property, plant and equipment
- Note 9 — Goodwill and other intangible assets

- Note 11 — Inventories
- Note 12 — Allowances for trade and other receivables
- Note 14 — Non-controlling interests
- Note 17 — Obligations under defined benefit plans
- Note 21 — Fair value of financial instruments
- Note 22 — Income taxes

Information about assumptions and estimation uncertainties that may have an effect on the consolidated financial statements resulting in a material adjustment within the next financial year are included in the following notes:

- Note 17 — Measurement of plan assets and defined benefit obligation
- Note 21 — Financial instruments
- Note 22 — Utilization of tax losses

(e) Changes in Accounting Policies

The IASB has issued a number of amendments to IFRSs and one new interpretation that are first effective for the year ended December 31, 2011. Of these, the following developments are relevant to the consolidated financial statements:

- IAS 24 (revised 2009), *Related Party Disclosures*
- Improvements to IFRSs (2010)
- IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IFRIC 14, *IAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction — Prepayments of a Minimum Funding Requirement*.

IFRIC 14, *Prepayments of a Minimum Funding Requirement* (IFRIC 14), which removed an unintentional consequence arising from the treatment of prepayments of future contributions in some circumstances when there is a minimum funding requirement in pension plans, and certain revisions to IAS 24, *Related Party Disclosures* (IAS 24), which amends the definition of a related party, were mandatory for the first time for financial reporting periods beginning January 1, 2011. The adoption of these standards had no material impact on the consolidated financial statements.

The Company has not applied any new standard or interpretation that is not yet mandatorily effective for the current accounting period.

Notes to the Consolidated Financial Statements

(3) Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently by the Company and its subsidiaries to all periods presented in these consolidated financial statements. Certain comparative amounts have been reclassified to conform to the presentation adopted in the current year, see note 7. None of the changes impacts the Company's previously reported consolidated net sales, gross profit, operating profit, income tax expense, profit for the period, earnings per share, or statement of financial position.

(a) Principles of Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial information of subsidiaries is included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany balances and transactions have been eliminated in consolidation.

(ii) Non-controlling Interests

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity holders of the Company. Non-controlling interests in the results of the Company are presented in the consolidated income statement and consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the period between non-controlling interests and the equity holders of the Company.

Changes in the Company's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Company loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

(b) Foreign Currency Translation and Exchange Risk

(i) Foreign Currency Transactions

Foreign currency transactions are translated using foreign exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of qualifying cash flow hedges, which are

recognized in other comprehensive income. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(ii) Foreign Operations

The assets and liabilities of the Company's foreign subsidiaries are translated into USD at period-end exchange rates. Equity accounts denominated in foreign currencies are translated into USD at historical exchange rates. Income and expense accounts are translated at average monthly exchange rates. The net exchange gains or losses resulting from translating at varied exchange rates are recorded as a component of other comprehensive income and accumulated in equity and attributed to non-controlling interests, as appropriate.

(c) Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company's segment reporting is based on geographical areas, representative of how the Company's business is managed and its operating results are evaluated. The Company's operations are organized primarily as follows; (i) "Asia"; (ii) "Europe"; (iii) "North America"; (iv) "Latin America", and (v) "Corporate", which are set out in note 7.

Segment results that are reported to management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, income tax assets and liabilities, and licensing activities from the license of brand names owned by the Company.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

(d) Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Assets under finance leases are stated at the present value of the future minimum lease payments. Improvements which extend the life of an asset are capitalized. Maintenance and repair costs are expensed as incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components).

Gains and losses arising from the retirement or disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in profit or loss on the date of retirement or disposal.

Depreciation and amortization are provided on the straight-line method over the estimated useful life of the asset or the lease term, if applicable, as follows:

Buildings	20 to 30 years
Machinery, equipment and other	3 to 10 years
Leasehold improvements	lesser of useful life or the lease term

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate. Land owned by the Company with freehold interest is not depreciated.

The Company capitalizes the costs of purchased software and costs to configure, install and test software and includes these costs within machinery, equipment and other in the consolidated statement of financial position. Software assessment and evaluation, process reengineering, data conversion, training, maintenance and ongoing software support costs are expensed.

(e) Goodwill and Other Intangible Assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Goodwill represents the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Company's previously held equity interest in the acquiree; over the Company's interest in the net fair value of the acquiree's identifiable assets and liabilities measured at the acquisition date. If the net fair value is greater than the consideration transferred, then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

For measurement of goodwill at initial recognition, see note 9. Subsequent to initial recognition, goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit (CGU), or groups of cash-generating units, that are expected to benefit from the synergies of the combination and is tested annually for impairment (see note 9).

(ii) Intangible Assets (other than Goodwill)

Intangible assets consist of tradenames, customer relationships, and leasehold rights. No recognized intangible assets have been generated internally.

Intangible assets which are considered to have an indefinite life, tradenames, are measured at cost less accumulated impairment losses and are not amortized but are tested for impairment at least annually or more frequently if events or circumstances indicate that the asset may be impaired. *Samsonite*® and *American Tourister*® are the significant

tradenames of the Company. It is anticipated that the economic benefits associated with these tradenames will continue for an indefinite period. The conclusion that the tradenames are an indefinite lived asset is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortization of intangible assets with finite lives as set out below.

Intangible assets which have a finite life are amortized and measured at cost less accumulated amortization and accumulated impairment losses. Amortization expense is recognized in profit or loss on a straight-line basis over the estimated useful lives from the date that they are available for use, as this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets. The estimated useful lives are as follows:

Customer relationships	10 to 20 years
Leasehold rights	3 to 6 years

Intangible assets having a finite life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Estimated useful lives of intangible assets are reviewed annually and adjusted if applicable.

(f) Impairment

(i) Financial Assets (Including Trade and Other Receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. The allowance account for receivables is used to record impairment losses unless the Company believes recovery is remote and the impairment loss is applied directly against the financial asset.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, or indications that a debtor or issuer will enter bankruptcy.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

In assessing collective impairment, the Company uses historical trends, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Impairment losses that have been recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

(ii) Non-financial Assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For those CGUs or group of CGUs that to which goodwill has been allocated and intangible assets that have indefinite useful lives, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "CGU"). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the group of CGUs that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment before aggregation ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes to the asset or CGU.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the group of units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss that has been recognized on goodwill is not reversed in subsequent periods if estimates used to determine the recoverable amount change. For other assets, impairment losses that have been recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(g) Inventories

Inventories are carried at the lower of cost or net realizable value. Cost is calculated using the weighted average method. The cost of inventory includes expenditures incurred in acquiring the inventories, production costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as expenses in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(h) Cash and Cash Equivalents

Cash and cash equivalents includes cash held at banks, deposits held at call with banks, and other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(i) Trade and Other Payables

Trade and other payables are initially recognized at fair value. Trade and other payables are subsequently measured at amortized cost using the effective interest method.

(j) Interest-bearing Borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between the amount initially recognized and redemption value being recognized in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(k) Financial Instruments

(i) Non-derivative Financial Assets and Liabilities

The Company initially recognizes receivables and deposits on the date that they are originated.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, receivables are measured at cost, less any impairment losses. Receivables are comprised of trade and other receivables.

The Company initially recognizes debt instruments issued on the date that they are originated. The Company derecognizes a financial liability when its contractual obligations are discharged, canceled or expire.

The Company has the following non-derivative financial liabilities: loans and borrowings, and trade and other payables. Both loans and borrowings and trade and other payables are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to their initial recognition, loans and borrowings are accounted for at amortized cost using the effective interest method.

(ii) Derivative Financial Instruments

The Company holds derivative financial instruments to hedge certain of its foreign currency risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. For derivatives designated in hedging relationships, changes in the fair value are either offset through profit or loss against the change in fair value of the hedged item attributable to the risk being hedged or recognized in hedging reserves that are reported directly in equity (deficit) until the hedged item is recognized in profit or loss and, at that time, the related hedging gain or loss is removed from equity (deficit) and is used to offset the change in value of the hedged item.

Other than agreements with holders of non-controlling interests, there were no derivatives embedded in host contracts in 2011 or 2010. The put option agreements are classified as financial liabilities in accordance with IAS 32 *Financial Instruments: Presentation*, in the consolidated statement of financial position, as the Company has a potential obligation to settle the option in cash in the future. The amount recognized initially is the fair value of the redeemable non-controlling interests and subsequently remeasured at each reporting date based on a price to earnings multiple discounted to the reporting date. For agreements entered into prior to the adoption of IFRS 3, *Business Combinations,* on January 1, 2008, subsequent changes in liabilities are recognized in profit or loss. For agreements entered into after January 1, 2008, subsequent changes in liabilities are recognized through equity.

Derivatives are recognized initially at fair value and any attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

The Company periodically enters into derivative contracts that it designates as a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge). For all hedging relationships, the Company formally documents the hedging relationship and its risk-management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item, the nature of the risk being hedged, how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed prospectively and retrospectively, and a description of the method of measuring ineffectiveness. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting cash flows of hedged items by determining whether the actual results of each hedge are within a range of 80% to 125%. For derivative instruments that are designated and qualify as a cash flow hedge, the effective portion

of the gain or loss on the derivative is reported as a component of other comprehensive income and reclassified into profit or loss in the same period or periods during which the hedged transaction affects profit or loss. Gains and losses on the derivative representing hedge ineffectiveness are excluded from the assessment of effectiveness and are recognized in current profit or loss.

The Company discontinues hedge accounting prospectively when it determines that the derivative is no longer effective in offsetting cash flows of the hedged item, the derivative expires or is sold, terminated, or exercised, the derivative is dedesignated as a hedging instrument because it is unlikely that a forecasted transaction will occur, or management determines that designation of the derivative as a hedging instrument is no longer appropriate.

When a derivative financial instrument is not held for trading, and is not designated in a qualified hedging relationship, all changes in fair value are recognized immediately through profit or loss.

(iii) Share Capital

(a) Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

(b) Preference Shares

Prior to the Global Offering, there were Class A and Class B preference shares of OldCo issued and outstanding. The Class A and Class B preference shares were classified as equity in accordance with IAS 32. The Company does not have any preference shares outstanding subsequent to the Global Offering.

(l) Employee Benefits

(i) Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is based on a high-grade bond yield curve

under which the benefits were projected and discounted at spot rates along the curve. The discount rate was then determined as a single rate yielding the same present value. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

The Company initially recognizes all actuarial gains and losses arising from defined benefit plans in other comprehensive income. Actuarial valuations are obtained annually at the end of the fiscal year.

(iii) Other Long-Term Employee Benefits

The Company's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is based on a high-grade bond yield curve under which the benefits were projected and discounted at spot rates along the curve. The discount rate was then determined as a single rate yielding the same present value. Any actuarial gains and losses are recognized in profit or loss in the period in which they arise. Actuarial valuations are obtained annually at the end of the fiscal year.

(iv) Termination Benefits

Termination benefits, including severance, are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value where the effect of discounting is determined to be material.

(v) Short-Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(vi) Share-based Payments

The grant-date fair value of equity-settled share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The

amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For equity-settled share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(m) Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, if they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(n) Revenue Recognition

Revenues from wholesale product sales are recognized when (i) evidence of a sales arrangement at a fixed or determinable price exists (usually in the form of a sales order), (ii) collectibility is reasonably assured, and (iii) title transfers to the customer. Provisions are made for estimates of markdown allowances, warranties, returns and discounts at the time product sales are recognized. Shipping terms are predominately FOB shipping point (title transfers to the customer at the Company's shipping location) except in certain Asian countries where title transfers upon delivery to the customer. In all cases, sales are recognized upon transfer of title to customers. Revenues from retail sales are recognized at the point-of-sale to consumers. Revenue excludes collected sales taxes.

Revenue is measured at the fair value of the consideration received or receivable. Provided that it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in profit or loss.

The Company licenses its brand names to certain third parties. Net sales in the accompanying consolidated income statement include royalties earned on licensing agreements with third parties, for which revenue is earned and recognized when the third party makes a sale of Company branded product.

(o) Cost of Sales, Distribution, Marketing and General and Administrative Expenses

The Company includes the following types of costs in cost of sales: direct product purchase and manufacturing costs, duties, freight-in, freight-out, receiving, inspection, internal transfer costs, depreciation and procurement and manufacturing overhead. The impairment of inventories and the reversals of such impairments are included in cost of sales during the period in which they occur.

Distribution expenses are primarily comprised of rent, employee benefits, customer freight, depreciation, amortization, warehousing costs and other selling expenses.

Marketing expenses consist of advertising and promotional activities. Costs for producing media advertising are deferred until the related advertising first appears in print or television media, at which time such costs are expensed. All other advertising costs are expensed as incurred. Cooperative advertising costs associated with customer support programs giving the Company an identifiable advertising benefit equal to at least the amount of the advertising allowance are accrued and charged to marketing expenses when the related revenues are recognized. From time to time, the Company offers various types of incentive arrangements such as cash or payment discounts, rebates or free products. All such incentive arrangements are accrued and reduce reported revenues when incurred.

General and administrative expenses consist of management salaries and benefits, information technology costs, and other costs related to administrative functions.

(p) Finance Income and Costs

Finance income comprises interest income on funds invested and gains on hedging instruments that are recognized in profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of put options associated with the Company's majority-owned subsidiaries, expenses related to the Global Offering, and losses on hedging instruments that are recognized in profit or loss. Foreign currency gains and losses are reported on a net basis.

Costs incurred in connection with the issuance of debt instruments are included in the initial measurement of the related financial liabilities in the consolidated statement of financial position. Such costs are amortized as finance costs using the effective interest method over the term of the related debt obligation.

(q) Earnings Per Share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding for the period, adjusted for shares held by the Company. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for shares held by the Company, for the effects of all potentially dilutive ordinary shares, which comprise convertible notes and share options granted to employees, as applicable.

(r) Leases

An arrangement comprising a transaction or a series of transactions, is or contains a lease if the Company determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Leases in which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Other leases are operating leases and the leased assets are not recognized in the Company's consolidated statements of financial position.

The Company leases retail stores, distribution centers and office facilities. Initial terms of the leases range from one to twenty years. Most leases provide for monthly fixed minimum rentals or contingent rentals based upon sales in excess of stated amounts and normally require the Company to pay real estate taxes, insurance, common area maintenance costs and other occupancy costs. The Company recognizes rent expense for leases that include scheduled and specified escalations of the minimum rent on a straight-line basis over the base term of the lease. Any difference between the straight-line rent amount and the amount payable under the lease is included in other liabilities in the consolidated statements of financial position. Contingent rental payments are expensed as incurred.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(s) Provisions and Contingent Liabilities

Provisions are recognized for other liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the

probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Related Parties

(i) A person, or a close member of that person's family, is related to the Company if that person:

(1) has control or joint control over the Company;

(2) has significant influence over the Company; or

(3) is a member of the key management personnel of the Company or the Company's parent.

(ii) An entity is related to the Company if any of the following conditions applies:

(1) the entity and the Company are members of the same group (which means that each parent, the subsidiary and fellow subsidiary is related to the others).

(2) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(3) both entities are joint ventures of the same third party.

(4) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(5) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.

(6) the entity is controlled or jointly controlled by a person identified in (i).

(7) a person identified in (i) (1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(u) New Standards and Interpretations

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2011, and have not been applied in preparing these consolidated financial statements.

IFRS 9, *Financial Instruments*, which simplifies the classification and measurement requirements for financial instruments, is expected to impact the classification and measurement of financial assets and financial liabilities. The effective date of this standard is January 1, 2015.

The European Union has not yet adopted this standard. The Company has not determined the extent of the impact on its financial statements upon adoption of this standard.

IFRS 10, *Consolidated Financial Statements*, and IFRS 12, *Disclosure of Interests in Other Entities*, have been issued by the IASB to replace IAS 27, *Consolidated and Separate Financial Statements*, and SIC-12, *Consolidation — Special Purpose Entities*, with a single standard on consolidation requirements and a separate standard on related disclosures requirements. The effective date of these standards is January 1, 2013. The European Union has not yet adopted this standard. The Company has not determined the extent of the impact on its financial statements upon adoption of these standards.

IFRS 11, *Joint Arrangements*, has been issued by IASB to enhance the accounting and disclosures requirements of joint arrangements and to replace IAS 31, *Joint Ventures* and SIC-13, *Jointly Controlled Entities — Nonmonetary Contributions by Venturers*. The effective date of this standard is January 1, 2013. The European Union has not yet adopted this standard. The Company has not determined the extent of the impact on its financial statements upon adoption of this standard.

IFRS 13, *Fair Value Measurement*, has been issued by the IASB to define fair value, set out a framework for measuring fair value and establish disclosures requirements about fair value measurements. The effective date of this standard is January 1, 2013. The European Union has not yet adopted this standard. The Company has not determined the extent of the impact on its financial statements upon adoption of this standard.

IAS 1, *Presentation of Items of Other Comprehensive Income*, has been amended by the IASB to require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The effective date of this standard is July 1, 2012. The European Union has not yet adopted this standard.

IAS 19, *Employee Benefits*, has been amended by the IASB to require actuarial gains and losses to be recognized immediately in other comprehensive income. The effective date of this standard is January 1, 2013. The European Union has not yet adopted this standard. The Company has not determined the extent of the impact on its financial statements upon adoption of this standard.

IAS 28, *Investments in Associates and Joint Ventures (2011)*, has been issued by the IASB and supersedes IAS 28 (2008). IAS 28 (2011) was amended in regards to cessation of significant influence and the criteria to be classified as held for sale. The effective date of this standard is January 1, 2013. The European Union has not yet adopted this standard. The Company has not determined the extent of the impact on its financial statements upon adoption of this standard.

(4) Determination of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Trade and Other Receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes and generally approximates carrying value.

(b) Derivatives

The fair value of forward exchange contracts is based on their listed market price. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Call options are considered derivative financial assets and are recorded at fair value.

Fair value estimates reflect the credit risk of the Company and counterparty.

(c) Non-derivative Financial Liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Redeemable Non-controlling Interests

The Company has entered into agreements that include put and call option arrangements to acquire non-controlling interests in certain majority-owned subsidiaries exercisable at fair value at certain predetermined dates. Pursuant to these agreements, the Company has call options to acquire the remaining shares owned by the non-controlling interest holders and these non-controlling interest holders have put options to sell their ownership in these subsidiaries to the Company. In addition, the Company has the right to buy-out these non-controlling interests in the event of termination of the underlying agreements. The table of contractual maturities (note 21) does not include amounts for the repurchase of non-controlling interests as they do not include contractual maturities.

The put option agreements are classified as financial liabilities in accordance with IAS 32 in the consolidated statement of financial position, as the Company has a potential obligation to settle the option in cash in the future. The amount recognized initially is the fair value of the redeemable non-controlling interests and subsequently remeasured at each reporting date based on a price to earnings multiple discounted to the reporting date and is subsequently remeasured at each reporting date. For agreements entered into prior to the adoption of IFRS 3 on January 1, 2008, subsequent changes in liabilities are recognized in profit or loss. For agreements entered into after January 1, 2008, subsequent changes in liabilities are recognized through equity.

(d) Intangible Assets

The fair value of tradenames is based on the relief-from-royalty method of valuation. The fair value of leasehold interests is determined using the income approach. The fair value of customer relationships is determined using a combination of the income approach and the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

(5) Financial Risk Management Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout the notes to the consolidated financial statements.

(a) Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(b) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. Maximum exposure is limited to the carrying amounts of the financial assets presented in the consolidated financial statements.

Trade and Other Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. No single customer accounted for more than 5% of the Company's sales for the year ended December 31, 2011 or December 31, 2010 or accounts receivable as of December 31, 2011 and December 31, 2010. Geographically there is no concentration of credit risk.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including aging profile, and existence of previous financial difficulties. Trade and other receivables relate mainly to the Company's wholesale customers. Customers that are graded as "high risk" are placed on credit hold and monitored by the Company, and future sales are made on an approval basis.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities.

The Company's primary sources of liquidity are its cash flow that is being generated from operations, invested cash, and available lines of credit (note 16(b)). The Company has no significant debt service obligations. The Company 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 Company for at least the next twelve months.

(d) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company periodically buys and sells financial derivatives, such as forward purchase contracts for hedging purposes, in order to manage market risks.

(i) Currency Risk

The Company is exposed to currency risk on purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company's subsidiaries.

The Company periodically uses forward exchange contracts to hedge its exposure to currency risk on product purchases denominated in a currency other than the respective functional currency of the Company's subsidiaries. The forward exchange contracts typically have maturities of less than one year.

Interest on borrowings is denominated in the local currency of the borrowing. Borrowings are generally denominated in currencies that match the cash flows generated by the underlying operations of the borrowing entity.

(ii) Interest Rate Risk

The Company monitors its exposure to changes in interest rates on borrowings on variable rate debt instruments. Although the Company does not currently have any interest rate hedging instruments, it may, from time-to-time, enter into interest rate swap contracts to manage interest rate risk.

(iii) Other Market Price Risk

Equity price risk arises from available-for-sale equity securities held by the Company's defined benefit pension plans to fund obligations that are used to measure periodic net pension costs. Pension plan liabilities are presented net of pension plan assets in the Company's consolidated statement of financial position. The Company's investment strategy is to generate investment returns on pension plan assets in order to satisfy the Company's defined benefit pension plan obligations. The Company engages professional pension plan asset managers to assist in this process.

(iv) Other Pension and Post-Retirement Obligations

The estimated pension obligation (the actuarial present value of benefits attributed to employee service and compensation levels prior to the measurement date without considering future compensation levels) exceeds the fair value of the assets of the Company's pension plans, which is primarily the result of the performance of equity markets during prior years. Future market conditions and interest rate fluctuations could significantly impact future assets and liabilities of our pension plans and future minimum required funding levels.

(e) Capital Management

The primary objective of the Company's capital management policies is to safeguard its ability to continue as a going concern, to provide returns for shareholders, fund capital expenditures, normal operating expenses and working capital needs, and the payment of obligations. The primary source of cash is revenue from sales of the Company's products. The Company anticipates generating sufficient cash flow from operations in the majority of countries where it operates and will have sufficient available cash and ability to draw on loans and borrowings for funding to satisfy the working capital and financing needs.

The Company's capital needs are primarily managed through cash and cash equivalents (note 13), trade and other receivables (note 12), inventories (note 11), property plant and equipment (note 8), trade and other payables (note 20) and loans and borrowings (note 16).

(6) Global Offering and Related Events

The ordinary shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited on June 16, 2011, at which time 671.2 million shares were sold at a unit price of HK$14.50. Out of these 671.2 million shares, 121.1 million shares were newly issued shares sold by the Company and 550.1 million shares were previously issued shares sold by existing shareholders. The Company's remaining 735.9 million issued and outstanding shares were not sold in connection with the Global Offering and at the time of the Global Offering continued to be held by the shareholders who held such shares immediately prior to the Global Offering.

The Company received gross proceeds of HK$1,756.0 million corresponding to a capital increase of US$225.3 million at the exchange rate prevailing at the date of the transaction. In connection with the transaction, the Company incurred costs of US$33.7 million, of which US$8.9 million were related to the listing and issue of new shares and were recorded as a reduction of additional paid-in capital. The remaining costs of US$24.8 million were recognized as an expense in the consolidated income statement for the year ended December 31, 2011.

Prior to the Global Offering, the beneficial owners of the ordinary shares of OldCo contributed their shares to the Company in consideration for the issue of ordinary shares in the Company.

The 78.0 million preference shares of OldCo that were previously outstanding were redeemed and canceled on June 10, 2011 in consideration for the beneficial owners of the preference shares receiving (i) A loan notes issued by OldCo with a principal equal to the nominal value of the A preference shares and the total share premium reserve attaching to the A preference shares for an aggregate principal value of US$77.0 million (the "A Loan Notes") and (ii) B loan notes issued by OldCo with a principal equal to the nominal value of the B preference shares plus the accrued B preference share reserve for an aggregate principal value of US$24.0 million (the "B Loan Notes" and, together with the A Loan Notes, the "Loan Notes"). The Loan Notes received a commercial rate of interest. The US$101.0 million outstanding balance of the Loan Notes was repaid utilizing a portion of the Company's proceeds from the sale of ordinary shares on completion of the Global Offering.

The Company utilized a portion of the remaining proceeds from the Global Offering, along with existing cash on hand, to repay in full the outstanding principal balance of US$221.6 million on its former amended senior credit facility and the outstanding principal and accrued interest of US$59.2 million on its former term loan facility. The former amended senior credit facility and former term loan facility were terminated following the Global Offering.

On July 8, 2011, the over-allotment option referred to in the Offering Circular was partially exercised by the Joint Global Coordinators on behalf of the International Underwriters, thereby requiring the funds managed by CVC Capital Partners Limited (the "CVC Funds") and the Royal Bank of Scotland ("RBS"), members of the selling shareholder group, to sell 24.7 million additional shares, which represented approximately 3.7% of the shares initially being offered under the Global Offering before any exercise of the over-allotment option. These additional shares were sold by the CVC Funds and RBS at HK$14.50 per share, being the offer price per share under the Global Offering. The Company did not sell any additional shares upon the exercise of the over-allotment option. In connection with an agreement between the Company and the Joint Global Coordinators, the Company received proceeds of US$3.5 million on profits recognized by the Joint Global Coordinators from the exercise of the over-allotment option (the "Stabilization Proceeds").

On May 27, 2011, the Company entered into a new credit agreement for a US$100.0 million revolving credit facility (the "Revolving Facility"). The Revolving Facility became effective upon completion of the Global Offering. The Revolving Facility has an initial term of three years, with a one year extension at the request of the Company and at the option of the lenders. The interest rate on borrowings under the Revolving Facility is the aggregate of (i) (a) LIBOR (or EURIBOR in the case of borrowings made in Euro) or (b) the prime rate of the lender and (ii) a margin to be determined based on the Company's leverage ratio. The Revolving Facility carries a commitment fee of 1% per annum on any unutilized amounts, as well as an agency fee if another lender joins the Revolving Facility. The Revolving Facility is secured by certain assets in the United States and Europe, as well as the Company's intellectual property. The Revolving Facility also contains financial covenants related to interest coverage and leverage ratios, and operating covenants that, among other things, limit the Company's ability to incur additional debt, create liens on its assets, and participate in certain mergers, acquisitions, liquidations, asset sales or investments. The Company incurred costs of US$4.0 million in connection with the negotiation and documentation of the Revolving Facility, which have been capitalized and will be amortized over the term of the agreement.

(7) Segment Reporting

(a) Operating Segments

Management of the business and evaluation of operating results is organized primarily along geographic lines dividing responsibility for the Company's operations, besides the Corporate segment, as follows:

- Asia — which includes operations in South Asia (India and Middle East), China, Singapore, South Korea, Taiwan, Malaysia, Japan, Hong Kong, Thailand, Indonesia, Philippines and Australia;
- Europe — which includes operations in European countries as well as Africa;
- North America — which includes operations in the United States of America and Canada;
- Latin America — which includes operations in Chile, Mexico, Argentina and Uruguay; and
- Corporate — which primarily includes certain licensing activities from brand names owned by the Company and Corporate headquarters overhead.

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 Company's segments.

Segment information as of and for the year ended December 31, 2011 is as follows:

(Expressed in thousands of US Dollars)

	Asia	Europe	North America	Latin America	Corporate	Consolidated
External revenues	578,316	479,089	388,190	108,601	10,951	1,565,147
Operating profit	62,136	61,327	39,639	9,871	36,957	209,930
Depreciation and amortization	13,224	13,441	3,478	3,822	4,526	38,491
Capital expenditures	13,826	16,924	3,761	1,829	832	37,172
Restructuring charges/(reversals of charges)	—	(884)	—	—	7	(877)
Interest income	142	184	9	26	886	1,247
Interest expense	(1,861)	(23,158)	—	(540)	(11,726)	(37,285)
Income tax expense	(13,447)	(11,367)	(465)	(1,497)	(8,904)	(35,680)
Total assets	498,725	407,866	509,861	83,299	44,795	1,544,546
Total liabilities	186,597	186,618	461,947	40,857	(276,673)	599,346

Segment information as of and for the year ended December 31, 2010 is as follows:

(Expressed in thousands of US Dollars)

	Asia	Europe	North America	Latin America	Corporate	Consolidated
External revenues	405,143	406,696	302,968	88,960	11,540	1,215,307
Operating profit	67,543	213,089	47,628	23,188	192,154	543,602
Depreciation and amortization	12,297	1,250	1,044	1,941	4,212	20,744
Impairment of fixed assets	63	52	—	—	—	115
Reversal of impairment of intangible assets and fixed assets	—	(79,741)	(13,184)	(13,188)	(273,828)	(379,941)
Capital expenditures	9,120	12,779	3,499	1,939	2,238	29,575
Restructuring charges/(reversals of charges)	—	(106)	3,957	—	497	4,348
Interest income	184	128	7	9	1,319	1,647
Interest expense	(795)	(7,703)	—	(785)	(6,821)	(16,104)
Income tax (expense)/benefit	(13,811)	(20,140)	(684)	250	(113,390)	(147,775)
Total assets	499,843	547,985	1,968,002	73,405	(1,424,234)	1,665,001
Total liabilities	180,461	349,074	1,765,338	41,650	(1,434,374)	902,149

Certain comparative amounts have been reclassified to conform to the presentation adopted for the year ended December 31, 2011. Income tax expense of US$7.0 million for the year ended December 31, 2010 was reclassified from the North America segment to the Corporate segment, resulting in a corresponding change in profit for the year of each segment. There was no resulting impact to the Company's consolidated results.

(b) Geographical Information

The following tables set out enterprise-wide information about the geographical location of (i) the Company's revenue from external customers and (ii) the Company's property, plant, and equipment, intangible assets and goodwill (specified non-current assets). The geographical location of customers is based on the selling location of the goods. The geographical location of the specified non-current assets is based on the physical location of the asset.

(i) Revenue from External Customers

The following table presents the revenues earned from customers in major geographical locations where the Company has operations.

(Expressed in thousands of US Dollars)

	Year ended December 31,	
	2011	**2010**
Asia:		
China	144,594	91,844
Hong Kong[(1)]	48,392	42,481
Philippines	3,567	2,304
Taiwan	14,252	10,045
India	109,846	77,852
United Arab Emirates	21,364	16,187
Australia	34,881	24,872
South Korea	93,969	62,531
Japan	51,984	36,528
Other	55,467	40,499
Total Asia	578,316	405,143
Europe:		
Italy	67,549	69,191
France	61,024	48,206
Germany	61,077	46,671
Spain	46,973	40,929
Belgium	59,561	50,996
Holland	25,030	19,645
United Kingdom	30,120	26,247
Austria	11,338	8,500
Switzerland	18,037	17,050
Russia	28,020	21,666
Turkey	11,059	10,306
Other	59,301	47,289
Total Europe	479,089	406,696
North America:		
United States	360,314	281,911
Canada	27,876	21,057
Total North America	388,190	302,968
Latin America:		
Chile	50,158	40,130
Mexico	32,790	27,493
Argentina	14,218	14,189
Other	11,435	7,148
Total Latin America	108,601	88,960
Corporate and other (royalty revenue):		
Luxembourg	10,713	11,268
United States	238	272
Total Corporate and other	10,951	11,540
Total	1,565,147	1,215,307

(1) Includes Macau

(ii) Specified Non-current Assets

The following table presents the Company's significant non-current assets by geographical location. Unallocated specified non-current assets mainly comprise goodwill.

(Expressed in thousands of US Dollars)

	December 31, 2011	December 31, 2010
United States	24,545	27,885
Luxembourg	532,428	532,428
India	25,307	22,165
China	15,623	14,986
South Korea	10,737	12,435
Hong Kong	9,049	8,721
Belgium	45,803	50,324
Chile	10,510	10,912

(8) Property, Plant and Equipment, Net

(Expressed in thousands of US Dollars)

2011	Land	Buildings	Machinery, equipment, leasehold improvements and other	Total
Cost:				
At January 1, 2011	7,373	62,738	277,838	347,949
Additions	85	513	36,574	37,172
Disposals	—	(16)	(10,614)	(10,630)
Effect of movements in exchange rates/other	817	11,728	(8,906)	3,639
At December 31, 2011	8,275	74,963	294,892	378,130
Accumulated depreciation and impairment:				
At January 1, 2011	—	7,544	215,623	223,167
Depreciation for the year	—	1,508	28,650	30,158
Disposals	—	(11)	(9,470)	(9,481)
Effect of movements in exchange rates/other	1,208	11,822	(6,719)	6,311
At December 31, 2011	1,208	20,863	228,084	250,155
Carrying value:				
At December 31, 2011	7,067	54,100	66,808	127,975

(Expressed in thousands of US Dollars)

2010	Land	Buildings	Machinery, equipment, leasehold improvements and other	Total
Cost:				
At January 1, 2010	7,353	65,058	273,655	346,066
Additions	—	1,258	28,317	29,575
Disposals	—	(1,320)	(16,500)	(17,820)
Effect of movements in exchange rates/other	20	(2,258)	(7,634)	(9,872)
At December 31, 2010	7,373	62,738	277,838	347,949
Accumulated depreciation and impairment losses:				
At January 1, 2010	749	36,468	259,559	296,776
Depreciation for the year	—	727	15,608	16,335
Disposals	—	(1,306)	(16,355)	(17,661)
Impairment losses	—	—	115	115
Reversal of impairment loss	(749)	(26,808)	(38,795)	(66,352)
Effect of movements in exchange rates	—	(1,537)	(4,509)	(6,046)
At December 31, 2010	—	7,544	215,623	223,167
Carrying value:				
At December 31, 2010	7,373	55,194	62,215	124,782

Depreciation expense for the years ended December 31, 2011 and December 31, 2010 amounted to US$30.2 million and US$16.3 million, respectively. Of this amount, US$4.1 million and US$1.3 million was included in cost of sales during the years ended December 31, 2011 and December 31, 2010, respectively. Remaining amounts were presented in distribution and general and administrative expenses. The Company has authorized capital expenditures of US$43.0 million in 2012, of which approximately US$2.5 million has been committed as of December 31, 2011. All land owned by the Company is freehold.

During 2010, the Company recognized a reversal of impairment losses of US$66.4 million with respect to property, plant and equipment previously impaired in 2008. Of the reversal of impairment charges on the fixed assets, US$37.2 million related to distribution functions and US$29.2 million related to general and administrative functions. The reversal of impairment losses was triggered by the turnaround of the global economy and the resulting impact on net sales and profitability. There were no accumulated impairment losses remaining at December 31, 2010.

No potential impairment indicators existed at December 31, 2011.

(9) Goodwill and Other Intangible Assets

(a) Goodwill

As of December 31, 2011 and December 31, 2010, the Company's goodwill balance amounted to US$153.2 million, of which none is deductible for income tax purposes.

The carrying amount of goodwill was as follows:

(Expressed in thousands of US Dollars)

	At December 31,	
	2011	**2010**
Cost:		
At January 1 and at December 31	1,122,999	1,122,999
Accumulated impairment losses		
At January 1 and at December 31	969,787	969,787
Carrying Amount:	153,212	153,212

The aggregate carrying amounts of goodwill allocated to each operating segment were as follows:

(Expressed in thousands of US Dollars)

	Asia	**Europe**	**North America**	**Latin America**	**Consolidated**
At December 31, 2011	153,212	—	—	—	153,212
At December 31, 2010	153,212	—	—	—	153,212

In accordance with IAS 36, *Impairment of Assets* (IAS 36), the recoverable amounts of the Company's CGUs with goodwill were determined using the higher of fair value less cost to sell or value in use, which is determined by discounting the estimated future cash flows generated from the continuing use of the unit.

For the purpose of impairment testing, goodwill is allocated to the Company's operating segments, comprised of groups of CGUs, as these represent the lowest level within the Company at which the goodwill is monitored for internal management purposes. The allocation is made to those CGUs that are expected to benefit from the business combination in which the goodwill arose.

Separate calculations are prepared for each of the groups of CGUs that make up the consolidated entity. These calculations use discounted cash flow projections based on financial estimates reviewed by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates appropriate for the market in which the unit operates. The values assigned to the key assumptions represent management's assessment of future trends and are based on both external sources and internal sources (historical data) and are summarized below.

- A pre-tax discount rate of 16% was used in discounting the projected cash flows.

- Segment cash flows were projected based on the historical operating results and the five year forecasts.

- The terminal value is extrapolated using a constant long-term growth rate of 3%, which is consistent with the average growth rate for the industry.

- The sales prices were assumed to be a constant margin above cost.

Management has considered the above assumptions and valuation and has also taken into account the business plans going forward. Management believes that any reasonably foreseeable change in any of the above key assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount. Judgment is required to determine key assumptions adopted in the cash flow projections and the changes to key assumptions can significantly affect these cash flow projections.

(b) Other Intangible Assets

Other intangible assets consisted of the following:

(Expressed in thousands of US Dollars)

	Customer relationships	Leasehold rights	Total subject to amortization	Tradenames	Total other intangible assets
Cost:					
At January 1, 2010	111,650	5,551	117,201	538,350	655,551
Effect of movement in foreign currency exchange rate	—	—	—	405	405
At December 31, 2010 and January 1, 2011	111,650	5,551	117,201	538,755	655,956
Effect of movement in foreign currency exchange rate	—	—	—	(525)	(525)
At December 31, 2011	111,650	5,551	117,201	538,230	655,431
Accumulated amortization and impairment:					
At January 1, 2010	(57,663)	(5,349)	(63,012)	(273,828)	(336,840)
Amortization	(4,207)	(202)	(4,409)	—	(4,409)
Reversal of impairment	37,954	1,807	39,761	273,828	313,589
At December 31, 2010 and January 1, 2011	(23,916)	(3,744)	(27,660)	—	(27,660)
Amortization	(7,608)	(725)	(8,333)	—	(8,333)
At December 31, 2011	(31,524)	(4,469)	(35,993)	—	(35,993)
Carrying amounts:					
At December 31, 2010	87,734	1,807	89,541	538,755	628,296
At December 31, 2011	80,126	1,082	81,208	538,230	619,438

Accumulated amortization and impairment charges of other intangible assets subject to amortization was US$36.0 million and US$27.7 million as of December 31, 2011 and December 31, 2010, respectively.

The aggregate carrying amounts of each significant tradename were as follows:

(Expressed in thousands of US Dollars)

	Samsonite®	American Tourister®	Other	Consolidated
At January 1, 2010	220,200	38,400	5,922	264,522
Reversals of impairment	242,259	31,569	—	273,828
Foreign exchange	—	—	405	405
At December 31, 2010	462,459	69,969	6,327	538,755
Foreign exchange	—	—	(525)	(525)
At December 31, 2011	462,459	69,969	5,802	538,230

Other intangible assets subject to amortization are amortized over their weighted average useful lives of 14.4 years and 3.6 years for customer relationships and leasehold rights, respectively. Amortization expense for intangible assets for the years ended December 31, 2011 and December 31, 2010 was US$8.3 million and US$4.4 million, respectively. Amortization expense is presented as a distribution expense in the consolidated income statement. Future amortization expense as of December 31, 2011 for the next five years is estimated to be US$8.3 million, US$8.0 million, US$7.6 million, US$7.6 million, US$7.6 million and a total of US$42.1 million thereafter.

In accordance with IAS 36, the Company is required to evaluate its intangible assets with definite lives for recoverability whenever events or changes in circumstance indicate that their carrying amount might not be recoverable. As of December 31, 2011 and December 31, 2010 there were no potential impairment indicators.

During 2010, the Company recognized a reversal of impairment losses of US$273.8 million with respect to tradenames, US$38.0 million with respect to customer relationships, and US$1.8 million with respect to leasehold rights. The reversal of impairment losses was triggered by the turnaround of the global economy and the resulting impact on net sales and profitability, along with the Company's financial performance related to the sales attributed to the tradenames. As of December 31, 2010, a pre-tax discount rate of 14% was used in discounting the projected cash flows for customer relationships and leasehold rights and a pre-tax discount rate of 16% was used in discounting the projected cash flows for tradenames. This rate is 200 basis points above the rate utilized for the overall business and is based on the assessment that the risk associated with the cash flows from the tradename intangible assets is higher than the risk associated with the overall business. There were no accumulated impairment losses remaining at December 31, 2010.

(10) Prepaid Expenses, Other Assets and Receivables

(a) Non-current

Other assets and receivables consisted of the following:

(Expressed in thousands of US Dollars)

	December 31,	
	2011	**2010**
Deposits	15,415	10,065
Other	3,085	5,328
Total other assets and receivables	18,500	15,393

(b) Current

Prepaid expenses and other current assets are expected to be recoverable or expensed within one year.

(11) Inventories

Inventories consisted of the following:

(Expressed in thousands of US Dollars)

	December 31,	
	2011	**2010**
Raw materials	14,952	12,162
Work in process	1,804	1,936
Finished goods	220,201	208,606
Total inventories	236,957	222,704

The amounts above include the following:

(Expressed in thousands of US Dollars)

	December 31,	
	2011	**2010**
Inventories carried at fair value less costs to sell	47,561	30,811

During the years ended December 31, 2011 and December 31, 2010 the write-down of inventories to net realizable value (fair value less costs to sell) amounted to US$6.6 million and US$3.4 million, respectively. During the years ended December 31, 2011 and December 31, 2010 the reversal of write-downs recognized in profit or loss amounted to US$0.3 million and US$1.7 million, respectively, where the Company was able to sell the previously written-down inventories at higher selling prices than previously estimated.

(12) Trade and Other Receivables

Trade and other receivables are presented net of related allowances for doubtful accounts of US$11.3 million and US$12.5 million as of December 31, 2011 and December 31, 2010, respectively.

(a) Aging Analysis

Included in trade and other receivables are trade receivables (net of allowance for doubtful accounts) with the following aging analysis as of the reporting dates:

(Expressed in thousands of US Dollars)

	December 31,	
	2011	**2010**
Current	127,926	115,317
Past Due	37,074	25,082
	165,000	140,399

Credit terms are granted based on the credit worthiness of individual customers. As of December 31, 2011, trade receivables are on average due within 60 days from the date of billing.

(b) Impairment of Trade Receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Company is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. The Company does not hold any collateral over these balances.

The movement in the allowance for doubtful accounts during the year:

(Expressed in thousands of US Dollars)

	2011	**2010**
At January 1	12,485	14,938
Impairment loss recognized	806	612
Impairment loss written back	(1,982)	(3,065)
At December 31	11,309	12,485

(13) Cash and Cash Equivalents

(Expressed in thousands of US Dollars)

	December 31,	
	2011	**2010**
Bank balances	121,188	122,367
Short-term investments	20,071	163,431
Total cash and cash equivalents	141,259	285,798

The decrease in cash and cash equivalents year over year is primarily attributable to the repayment of the outstanding balance of the former amended senior credit facility and former term loan facility as discussed in note 6.

As of December 31, 2011 and December 31, 2010 the Company had no restrictions on the use of any of its cash.

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

(14) Share Capital and Reserves

As of December 31, share capital was as follows:

	Ordinary shares		Preference shares of OldCo	
	2011	**2010**	**2011**	**2010**
	(In thousands of shares)			
Outstanding at January 1	2,143,395	2,141,971	78,000	78,000
Conversion of preference shares to Loan Notes	—	—	(78,000)	—
Contribution of OldCo shares	(2,143,395)	—	—	—
Issuance of share capital to equity holders of OldCo	1,286,037	—	—	—
Issued for cash upon Global Offering	121,100	—	—	—
Issued for cash	—	1,424	—	—
Outstanding at December 31	1,407,137	2,143,395	—	78,000

In connection with the Global Offering, the beneficial owners of the ordinary shares of OldCo contributed such shares to the Company in consideration for the issue of ordinary shares in the Company, which, upon completion of the reorganization prior to the Global Offering, totaled approximately 1,286.0 million ordinary shares. Please refer to note 26 for further details. In the Global Offering, approximately 121.1 million additional ordinary shares were offered and sold by the Company. The Company received gross proceeds of HK$1,756.0 million corresponding to a capital increase of US$225.3 million with the exchange rate prevailing at the date of the transaction. In connection with the transaction, the Company incurred costs amounting to US$33.7 million for the year ended December 31, 2011, of which US$8.9 million were related to the listing and issue of new shares and were recorded as a reduction of the additional paid-in capital. The remaining costs of US$24.8 million were recognized as an expense in the consolidated income statement for the year ended December 31, 2011.

In connection with the Global Offering, the 78.0 million preference shares of OldCo were redeemed and canceled on June 10, 2011 in consideration for the beneficial owners of the preference shares receiving the Loan Notes. The US$101.0 million outstanding balance of the Loan Notes, including accrued interest, were repaid utilizing a portion of the Company's proceeds from the sale of ordinary shares on completion of the Global Offering.

(a) Ordinary Shares

At December 31, 2011, the Company had 99,872,899,995 shares authorized but unissued and 1,407,137,004 ordinary shares with par value of US$0.01 per share issued and outstanding.

The holders of ordinary shares are entitled to one vote per share at meetings of the Company. All ordinary shares in issue rank equally and in full for all dividends or other distributions declared, made or paid on the shares in respect of a record date.

At December 31, 2010, OldCo had 2,143,394,998 ordinary shares with par value of US$0.01 per share authorized, issued and outstanding.

(b) Preference Shares

(i) Class A Preference Shares

At December 31, 2010, OldCo had 77,000,000 shares of US$0.01 par Class A preference shares authorized, issued and outstanding. All issued shares were fully paid.

Class A preference shares were issued for a share premium which OldCo reserved against for future distribution to holders of Class A preference shares. The controlling shareholders of OldCo could not force a dividend or effect a redemption of the Class A preference shares as a result of restrictions on the applicable shareholders' deed as well as Luxembourg company law. The Class A preference shares were classified as equity in accordance with IAS 32. All Class A preference shares were redeemed and canceled in on June 10, 2011.

(ii) Class B Preference Shares

At December 31, 2010, OldCo had 1,000,000 shares of US$0.01 par Class B preference shares authorized, issued and outstanding. All issued shares were fully paid.

Class B preference shares were entitled to an 8% cumulative return on the aggregate amount of US$165.0 million compounded annually, which was allocated to a reserve for Class B preference shareholders. Payment of the cumulative return would occur only upon a liquidation or repurchase of the Class B preference shares. The controlling beneficial shareholders of OldCo could not force a dividend or effect a redemption of the Class B preference shares as a result of restrictions on the shareholders' deed as well as Luxembourg company law. The Class B preference shares were classified as equity in accordance with IAS 32. All Class B preference shares were redeemed and canceled on June 10, 2011.

(c) Treasury Shares

There are no treasury shares held by the Company.

(d) Distributable Reserves

At December 31, 2011, distributable reserves amounted to approximately US$2.3 billion as shown in the statutory accounts of Samsonite International S.A. and calculated in accordance with the Company's Articles of Incorporation.

(e) Foreign Currency Translation Reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

(f) Other Reserves

Other reserves comprises the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

(g) Non-controlling Interests

The Company currently operates in certain markets by means of majority-owned subsidiaries that are operated in conjunction with a non-controlling partner in each country. Under these arrangements, the Company contributes brands through trademark licensing agreements and international marketing expertise and the partner contributes local market expertise. All interests acquired were paid in full at the time of the acquisition and each of these subsidiaries are operated on a self-financing basis. There are no current or future requirements for the Company to contribute any further investment amount to any of these entities.

The agreements governing certain majority-owned subsidiaries include put and call options whereby the Company may be required to acquire the respective non-controlling interests at amounts intended to represent current fair value. As of December 31, 2011 and December 31, 2010, the financial liabilities recognized related to these put options were US$29.5 million and US$18.7 million, respectively.

The call options were deemed to have a fair value of nil at each reporting date as the agreements call for redemption at fair value upon the option being exercised.

Notes to the Consolidated Financial Statements

(15) Earnings Per Share

(a) Basic

The calculation of basic earnings per share in the current period is based on the profit attributable to ordinary equity shareholders of the Company for the years ended December 31, 2011 and December 31, 2010, less the guaranteed return on the previously outstanding Class B preference shares of OldCo.

The weighted average number of shares has been calculated as follows:

(Expressed in thousands of US Dollars, except share and per share data)

	Year ended December 31,	
	2011	**2010**
Issued ordinary shares at the beginning of the period	1,286,036,999	1,286,036,999
Weighted average impact of issuance of shares in the Global Offering (note 6)	66,024,386	—
Weighted average number of shares at end of the period	1,352,061,385	1,286,036,999
Profit attributable to the equity holders	86,748	355,022
Less earnings on Class B preference shares	(6,489)	(13,383)
Adjusted profit attributable to the equity holders	80,259	341,639
Basic earnings per share *(Expressed in US Dollars per share)*	0.06	0.27

In accordance with IAS 33, *Earnings Per Share*, the ordinary shares of the Company outstanding prior to the Global Offering have been retroactively restated to the earliest period presented. In conjunction with the listing of the Company's shares on The Stock Exchange of Hong Kong Limited on June 16, 2011, the Company issued 121.1 million ordinary shares for HK$14.50 per share.

No dividends were declared and paid during the period.

(b) Diluted

Diluted earnings per share is the same as basic earnings per share as there were no outstanding dilutive instruments during the years ended December 31, 2011 and December 31, 2010.

(16) Loans and Borrowings

(a) *Non-current obligations represent non-current debt and finance lease obligations as follows:*

(Expressed in thousands of US Dollars)

	December 31,	
	2011	**2010**
Finance lease obligations	78	137
Amended senior credit facility (note i)	—	189,158
Term loan facility (note ii)	—	57,451
	78	246,746
Less current installments	7	37
	71	246,709

(i) Amended Senior Credit Facility

In conjunction with the Global offering, the Company repaid in full the outstanding principal balance of US$221.6 million on the former amended senior credit facility, and the facility was terminated.

The Company estimated the fair market value of the term loan under the amended senior credit facility was US$193.6 million at inception, compared to the face value of US$240.0 million based on the present value of future cash flows related to the term loan. The difference of US$46.4 million was recorded as a discount on debt and was to be amortized over the life of the note utilizing the effective interest method.

During the year ended December 31, 2011, the Company recognized the remaining unamortized discount of US$32.4 million as of December 31, 2010 on the former amended senior credit facility as interest expense due to the settlement of the borrowing prior to maturity.

Interest expense recognized on the amortization of the discount amounted to US$8.6 million for the year ended December 31, 2010. During the year ended December 31, 2010, the Company had made principal payments on the amended senior credit facility in the amount of US$18.4 million to increase the allowable capital expenditures under the financial covenants on this facility for 2011. At that time, an additional US$2.6 million was recognized as interest expense. The fair value of the outstanding principal balance as of December 31, 2010 was estimated at US$192.9 million.

(ii) Term Loan Facility

In conjunction with the Global offering, the Company repaid in full the outstanding principal and accrued interest of US$59.2 million on the former term loan facility, and the facility was terminated.

The Company had entered into the term loan facility whereby the CVC Funds, the facility agent of the bank syndicate and a member of management agreed to lend the Company up to US$55.0 million. The Company drew US$55.0 million on the facility on September 10, 2009. The maturity date under the term loan facility was September 10, 2014.

The borrowing under the term loan facility accrued interest at a rate that was reset annually depending on interest rate market conditions. As of December 31, 2010 the interest rate on the term loan facility was 3.82%. Interest accrued under the term loan facility and was added to the outstanding principal balance on the interest reset dates. As of December 31, 2010 the balance of accrued interest was US$0.7 million and US$2.5 million of interest had been added to the outstanding balance as of December 31, 2010. The carrying value of the term loan facility approximated fair value.

(iii) Other

In 2007, the Company entered into an arrangement with a bank to provide funding in the amount of US$33.0 million to the Company's Chilean subsidiary. The Company provided US$33.0 million to the bank to secure the debt. The Company has offset these amounts in the accompanying consolidated statement of financial position. As of December 31, 2011 and December 31, 2010 the balance both on deposit with the bank and due on the loan to the Chilean subsidiary was US$23.7 million and US$26.8 million, respectively.

(b) Current Obligations

The Company had the following current obligations:

(Expressed in thousands of US Dollars)

	December 31,	
	2011	**2010**
8 7/8% Senior subordinated notes	—	260
Current installments of non-current obligations	7	37
Other lines of credit	15,008	11,735
Total current obligations	15,015	12,032
Less deferred financing costs	(3,319)	—
Total current loans and borrowings	11,696	12,032

Certain subsidiaries of the Company 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$15.0 million and US$11.7 million at December 31, 2011 and December 31, 2010, respectively. The unused available lines of credit amounted to US$59.6 million and US$65.5 million as of December 31, 2011 and December 31, 2010, respectively.

On May 27, 2011, the Company entered into a credit agreement for a US$100.0 million revolving credit facility. The Revolving Facility became effective upon completion of the Global Offering. The Revolving Facility has an initial term of three years with a one year extension at the request of the Company and the option of the lenders. The interest rate on borrowings under the Revolving Facility is the aggregate of (i) (a) LIBOR (or EURIBOR in the case of borrowings made in Euro) or (b) the prime rate of the lender and (ii) a margin to be determined based on the Company's leverage ratio. The Revolving Facility carries a commitment fee of 1% per annum on any unutilized amounts, as well as an agency fee if another lender joins the Revolving Facility. The Revolving Facility is secured by certain assets in the United States and Europe, as well as the Company's intellectual property. The Revolving Facility also contains financial covenants related to interest coverage and leverage ratios, and operating covenants that, among other things, limit the Company's ability to incur additional debt, create liens on its assets, and participate in certain mergers, acquisitions, liquidations, asset sales or investments. The Company was in compliance with the financial covenants as of December 31, 2011. The Company incurred costs of US$4.0 million in connection with the negotiation and documentation of the Revolving Facility, which have been capitalized and will be amortized over the term of the agreement. No amounts were drawn on this facility at December 31, 2011. At December 31, 2011, US$82.4 million was available on the Revolving Facility as a result of the utilization of US$17.6 million of the facility for outstanding letters of credit.

(17) Employee Benefits

Employee benefits expense, which consists of payroll and other benefits for the years ended December 31, 2011 and December 31, 2010 amounted to US$201.5 million and US$156.3 million, respectively. Of these amounts, US$20.9 million and US$12.2 million was included in cost of sales during the years ended December 31, 2011 and December 31, 2010, respectively. Remaining amounts were presented in distribution and general and administrative expenses.

Average employee headcount worldwide was approximately 6,200 and 5,500 for the years ending December 31, 2011 and December 31, 2010, respectively.

(a) Pension Plans and Defined Benefit Schemes

Certain subsidiaries of the Company have pension plans and post-retirement health benefit plans which provide retirement benefits for eligible employees, generally measured by length of service, compensation and other factors. The Company follows the recognition and disclosure provisions of IAS 19, *Employee Benefits* (IAS 19). Under IAS 19, actuarial gains and losses are recognized in other comprehensive income. The measurement date for all pension and other employee benefit plans is the Company's fiscal year end.

A U.S. subsidiary of the Company sponsors a defined benefit retirement plan, the Samsonite Employee Retirement Income Plan, that covers certain employee groups. Retirement benefits are based on a final average pay formula. The Company also maintains a supplemental retirement plan for certain management employees. These plans were closed to new entrants effective January 1, 2010. Effective December 31, 2010, both plans were frozen to future accruals.

A U.S. subsidiary of the Company also provides health care and life insurance benefits to certain retired employees who meet certain age and years of service eligibility requirements. The plan was closed to new entrants with regards to life insurance benefits effective January 1, 2009 and closed to new entrants with regards to medical benefits effective December 31, 2009. Eligible retirees are required to contribute to the costs of post-retirement benefits. The Company's other post-retirement benefits are not vested and the Company has the right to modify any benefit provision, including contribution requirements, with respect to any current or former employee, dependent or beneficiary. As of December 31, 2011 and December 31, 2010, the percentage of health insurance cost that the retiree must contribute was 100%.

A Belgium subsidiary of the Company sponsors a pre-pension defined benefit retirement plan to certain employees who meet certain age and years of service eligibility requirements. Benefits are calculated based on a final pay formula and are contributed until the employee reaches the legal retirement age.

The U.S. plans are administered by trustees, which are independent of the Company, with their assets held separately from those of the Company. These plans are funded by contributions from the Company in accordance with an independent actuary's recommendation based on annual actuarial valuations. The latest independent actuarial valuations of the plans were as of December 31, 2011 and were prepared by independent qualified actuaries, who are members of the Society of Actuaries of the United States of America, using the projected unit credit method. The actuarial valuations indicate that the Company's obligations under these defined benefit retirement plans are US$242.5 million and US$234.7 million as of December 31, 2011 and December 31, 2010, respectively, which are 75.4% and 67.1% funded by the plan assets held by the trustees at December 31, 2011 and December 31, 2010, respectively.

(b) The amounts recognized in the consolidated statements of financial position are as follows:

(Expressed in thousands of US Dollars)

	December 31,	
	2011	**2010**
Present value of wholly or partly funded obligations	(242,453)	(234,748)
Fair value of plan assets	182,728	157,624
Net pension liability	(59,725)	(77,124)
Net unrecognized actuarial losses	—	—
	(59,725)	(77,124)
Experience adjustments arising on plan liabilities	(2,660)	9,897
Experience adjustments arising on plan assets	(1,089)	2,675

The net pension liability is recorded in employee benefits in the consolidated statement of financial position. The Company does not have net unrecognized actuarial losses as the Company recognizes all actuarial gains and losses in other comprehensive income.

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate the amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered, future changes in actuarial assumptions and market conditions. The Company estimates that the benefit payments for the pension and post-retirement benefits will be approximately US$17.5 million during 2012 and between US$16.4 million and US$17.2 million each year from 2013 through 2016.

The net pension liability is shown below:

(Expressed in thousands of US Dollars)

	December 31, 2011			
	US Pension benefits	**US Post-retirement benefits**	**Belgium retirement benefits**	**Total**
Present value of the defined benefit obligation	(231,157)	(2,510)	(8,786)	(242,453)
Fair value of plan assets	182,728	—	—	182,728
Net liability	(48,429)	(2,510)	(8,786)	(59,725)

(Expressed in thousands of US Dollars)

	December 31, 2010			
	US Pension benefits	**US Post-retirement benefits**	**Belgium retirement benefits**	**Total**
Present value of the defined benefit obligation	(223,321)	(2,390)	(9,037)	(234,748)
Fair value of plan assets	157,624	—	—	157,624
Net liability	(65,697)	(2,390)	(9,037)	(77,124)

Notes to the Consolidated Financial Statements

(c) Movements in the present value of the defined benefit obligations are as follows:

(Expressed thousands of US Dollars)

	2011			
	US Pension benefits	**US Post-retirement benefits**	**Belgium retirement benefits**	**Total**
Change in benefit obligation:				
Benefit obligation at January 1	223,321	2,390	9,037	234,748
Service cost	—	—	445	445
Interest cost	11,075	116	432	11,623
Plan participants' contributions	—	873	—	873
Actuarial (gain) loss	13,819	314	(191)	13,942
Benefits paid	(17,058)	(1,183)	(642)	(18,883)
Foreign exchange adjustments	—	—	(295)	(295)
Benefit obligation at December 31	231,157	2,510	8,786	242,453

(Expressed in thousands of US Dollars)

	2010			
	US Pension benefits	**US Post-retirement benefits**	**Belgium retirement benefits**	**Total**
Change in benefit obligation:				
Benefit obligation at January 1	219,836	3,053	11,596	234,485
Service cost	1,241	—	405	1,646
Interest cost	12,078	135	412	12,625
Plan participants' contributions	—	866	—	866
Amendments	—	(173)	—	(173)
Actuarial loss	9,768	81	241	10,090
Benefits paid	(17,302)	(1,225)	(788)	(19,315)
Plan curtailments	(2,300)	(347)	(2,044)	(4,691)
Foreign exchange adjustments	—	—	(785)	(785)
Benefit obligation at December 31	223,321	2,390	9,037	234,748

(d) Movement in Plan Assets

The following table sets forth the components of the change in plan assets for the years ended December 31, 2011 and December 31, 2010:

(Expressed in thousands of US Dollars)

	2011			
	US Pension benefits	**US Post-retirement benefits**	**Belgium retirement benefits**	**Total**
Change in plan assets:				
Fair value of plan assets at January 1	157,624	—	—	157,624
Expected return on plan assets	8,303	—	—	8,303
Actuarial gain on plan assets	1,089	—	—	1,089
Employer contributions	32,770	310	642	33,722
Plan participants' contributions	—	873	—	873
Benefits paid	(17,058)	(1,183)	(642)	(18,883)
Fair value of plan assets at December 31	182,728	—	—	182,728

(Expressed in thousands of US Dollars)

	2010			
	US Pension benefits	**US Post-retirement benefits**	**Belgium retirement benefits**	**Total**
Change in plan assets:				
Fair value of plan assets at January 1	134,724	—	—	134,724
Expected return on plan assets	9,094	—	—	9,094
Actuarial gain on plan assets	2,675	—	—	2,675
Employer contributions	28,433	359	788	29,580
Plan participants' contributions	—	866	—	866
Benefits paid	(17,302)	(1,225)	(788)	(19,315)
Fair value of plan assets at December 31	157,624	—	—	157,624

(e) ***Net actuarial gain (loss) recognized in other comprehensive income consists of:***

(Expressed in thousands of US Dollars)

	2011			
	US Pension benefits	**US Post-retirement benefits**	**Belgium retirement benefits**	**Total**
Cumulative amount at January 1	78,848	(3,443)	111	75,516
Net actuarial (gain) loss	12,731	314	(159)	12,886
Cumulative amount at December 31	91,579	(3,129)	(48)	88,402

(Expressed in thousands of US Dollars)

	2010			
	US Pension benefits	**US Post-retirement benefits**	**Belgium retirement benefits**	**Total**
Cumulative amount at January 1	71,755	(3,524)	(153)	68,078
Net actuarial loss	7,093	81	264	7,438
Cumulative amount at December 31	78,848	(3,443)	111	75,516

(f) ***Expenses recognized in the consolidated income statement are as follows:***

(Expressed in thousands of US Dollars)

	2011			
	US Pension benefits	**US Post-retirement benefits**	**Belgium retirement benefits**	**Total**
Service cost	—	—	445	445
Interest cost	11,075	116	432	11,623
Expected return on plan assets	(8,303)	—	—	(8,303)
Amortization of net gain	—	—	(32)	(32)
Total net periodic benefit cost	2,772	116	845	3,733

(Expressed in thousands of US Dollars)

	2010			
	US Pension benefits	US Post-retirement benefits	Belgium retirement benefits	Total
Service cost	1,241	—	405	1,646
Interest cost	12,078	135	412	12,625
Expected return on plan assets	(9,094)	—	—	(9,094)
Amortization of net gain	—	—	(22)	(22)
Amortization of prior service cost	—	(173)	—	(173)
Curtailment gain recognized	(2,300)	(347)	(2,044)	(4,691)
Total net periodic benefit cost (income)	1,925	(385)	(1,249)	291

The expense is recognized in the following line items in the consolidated income statements:

(Expressed in thousands of US Dollars)

	December 31,	
	2011	2010
General and administrative expenses	2,231	(717)
Other expenses	1,502	1,008
	3,733	291

Pension expense included in other income and expense relates to the actuarial determined pension expense associated with the pension plans of two companies unrelated to the Company's current operations whose pension obligations were assumed by the Company as a result of a 1993 agreement with the Pension Benefit Guaranty Corporation (the "PBGC"). The plans were part of a controlled company of corporations of which the Company was a part of, prior to 1993.

(g) The following table provides actuarial assumptions used:

	2011		
	US Pension benefits	**US Post-retirement benefits**	**Belgium retirement benefits**
Weighted average assumptions used to determine benefit obligations as of December 31:			
Discount rate	4.42%	4.42%	4.75%
Rate of compensation increase	—	N/A	—
Rate of price inflation	N/A	N/A	2.00%
Weighted average assumptions used to determine net periodic benefit cost for the year ended December 31:			
Discount rate	5.16%	5.16%	4.38%
Expected long-term rate of return on assets	6.30%	N/A	N/A
Rate of compensation increase	—	N/A	—

	2010		
	US Pension benefits	**US Post-retirement benefits**	**Belgium retirement benefits**
Weighted average assumptions used to determine benefit obligations as of December 31:			
Discount rate	5.16%	5.16%	4.70%
Rate of compensation increase	3.50%	N/A	—
Rate of price inflation	N/A	N/A	2.00%
Weighted average assumptions used to determine net periodic benefit cost for the year ended December 31:			
Discount rate	5.73%	5.73%	4.94%
Expected long-term rate of return on assets	8.00%	N/A	N/A
Rate of compensation increase	3.50%	N/A	N/A

The Company's overall expected long-term rate of return on assets is 6.3% for the U.S. plans. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments. The expected long-term rate of return is a long-term assumption which reflects the Company's best estimate of the average rate of earnings expected on funds invested to provide for the projected plan obligations. In assessing this rate, appropriate consideration was given to the returns achieved in recent years as well as returns expected to be achieved in the long-term, based on the Company's investment guidelines and objectives. The actual rate of return on assets for December 31, 2011 and December 31, 2010 was 8% and 10%, respectively.

The discount rate is based on a high-grade bond yield curve under which benefits were projected and discounted at spot rates along the curve. The discount rate was then determined as a single rate yielding the same present value.

For post-retirement benefit measurement purposes, a 7.9% annual rate of increase in the per capita cost of covered health care benefits was assumed for the year ended December 31, 2011. The rate was assumed to decrease gradually to 4.5% for the year ended December 31, 2028 and remain at that level thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for the post-retirement health care plans. A one-percentage point change in assumed health care cost trend rates would have the following effects:

(Expressed in thousands of US Dollars)

	2011		**2010**	
	1% point increase	**1% point decrease**	**1% point increase**	**1% point decrease**
Effect on total of service and interest cost components	1	(1)	1	(1)
Effect on post retirement benefit obligation	15	(15)	25	(24)

The estimated benefit obligation (the actuarial present value of benefits attributed to employee service and compensation levels prior to the measurement date without considering future compensation levels), exceeded the fair value of plan assets as of December 31, 2011 and December 31, 2010 by US$59.7 million and US$77.1 million, respectively.

(h) The fair values of the assets held by the U.S. pension plan by major asset category were as follows:

	As of December 31, 2011	
	Targeted allocation	**Fair value**
		(US$'000)
Equity	—%–40%	28,692
Fixed income	—%–100%	102,687
Asset allocation	20%–40%	46,986
Other	—%–10%	4,363
Total	100%	182,728

	As of December 31, 2010	
	Targeted allocation	Fair value
		(US$'000)
Equity	—%–40%	31,525
Fixed income	—%–100%	74,714
Asset allocation	20%–40%	47,287
Other	—%–10%	4,098
Total	100%	157,624

The asset allocation targets are set with the expectation that the plan's assets will fund the plan's expected liabilities with an appropriate level of risk. Expected returns, risk and correlation among asset classes are based on historical data and input received from our investment advisors.

The funding policy for the plans is to contribute amounts sufficient to meet minimum funding requirements as set forth in employee benefit and tax laws. In 2012, the minimum requirement expected to be contributed is approximately US$13.8 million, US$0.4 million and US$0.6 million to the U.S. pension, U.S. post-retirement and Belgium plans, respectively.

(i) Historical Information

(Expressed in thousands of US Dollars)

	December 31,			
	2011	2010	2009	2008
Present value of the defined benefit obligation	$ (242,453)	(234,748)	(234,485)	(232,427)
Fair value of plan assets	182,728	157,624	134,724	131,284
Net liability	(59,725)	(77,124)	(99,761)	(101,143)
Experience adjustments arising on plan liabilities	(2,660)	9,897	1,332	5,337
Experience adjustments arising on plan assets	(1,089)	2,675	9,277	(59,161)

The Company has presented historical information since its January 1, 2008 transition date to IFRS.

(j) Samsonite LLC's US Pension Plan Settlement Agreement

Samsonite LLC (a U.S. subsidiary of the Company) and the PBGC are party to a Settlement Agreement, under which PBGC was granted an equal and ratable lien in the amount of US$19.0 million on certain domestic assets of Samsonite LLC and certain of its U.S. subsidiaries (excluding any equity interests in subsidiaries and any inventory or accounts receivable of Samsonite LLC or its U.S. subsidiaries), together with Samsonite's intellectual property rights in the U.S. and Samsonite's rights under licenses of such intellectual property to affiliates or third parties. The PBGC's lien is equal and ratable with the lien granted over such assets to Samsonite's senior secured lenders. Other provisions of the agreement restrict the transfer of U.S. assets outside of the ordinary course of business. The Company is in compliance with these requirements as of December 31, 2011.

The agreement will expire upon (a) the Company obtaining investment grade status on its senior unsecured debt, (b) the date the plan has no unfunded benefit liabilities for two consecutive plan years, (c) the date on which the Company becomes part of a controlled company whose unsecured debt has investment grade status, or (d) the date the plan is successfully terminated.

(18) Commitments

(a) Capital Commitments

Capital commitments outstanding as of December 31, 2011 and December 31, 2010 not recognized as liabilities in the consolidated statement of financial position, as they do not meet the recognition criteria, include the following amounts:

(Expressed in thousands of US Dollars)

	December 31,	
	2011	**2010**
Contracted for	2,460	3,159
Authorized but not contracted for	40,523	36,841
	42,983	40,000

(b) Operating Lease Commitments

The Company's lease obligations primarily consist of non-cancelable leases of office, warehouse and retail store space and equipment. Future minimum payments under non-cancelable leases, as of December 31, were as follows:

(Expressed in thousands of US Dollars)

	December 31,	
	2011	**2010**
Within one year	53,074	41,573
1–2 years	41,808	31,552
2–5 years	81,804	64,119
More than 5 years	24,063	30,573
	200,749	167,817

Rental expense under cancelable and non-cancelable operating leases for the years ended December 31, 2011 and December 31, 2010 amounted to US$74.0 million and US$56.7 million for the years ended December 31, 2011 and 2010, respectively.

Certain of the leases are renewable at the Company's option. Certain of the retail leases provide for additional rent payments based on a percentage of sales. These additional rent payments amounted to US$2.8 million and US$4.1 million for the years ended December 31, 2011 and December 31, 2010, respectively, and are included in rent expense. Certain of the leases also contain rent escalation clauses that require additional rents in later years of the lease term, which are recognized on a straight-line basis over the lease term.

(19) Contingent Liabilities

In the ordinary course of business, the Company is subject to various forms of litigation and 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 Company records provisions based on its past experience and on facts and circumstances known at each reporting date. The provision charge is recognized within general and administrative expenses in the consolidated income statement. When the date of the incurrence of an obligation is not reliably measureable, the provisions are not discounted and are classified in current liabilities.

The Company did not settle any significant litigation during the year ended December 31, 2011.

(20) Trade and Other Payables

(Expressed in thousands of US Dollars)

	December 31,	
	2011	**2010**
Accounts payable	212,974	225,922
Other payables and accruals	65,447	77,131
Restructuring accruals	1,506	3,118
Other tax payables	6,633	24,340
Total trade and other payables	286,560	330,511

For the year ended December 31, 2011, US$0.9 million of restructuring charges were reversed to reflect a refund from certain local governmental agencies for upfront employee related payments made in connection with restructuring initiatives in 2009. Restructuring charges of US$4.3 million for the year ended December 31, 2010 were primarily attributable to lease exit costs related to the closure of retail stores in North America.

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

(Expressed in thousands of US Dollars)

	December 31,	
	2011	**2010**
Current	158,067	187,010
Past Due	10,163	15,651
	168,230	202,661

Trade payables as of December 31, 2011 are on average due within 105 days from the invoice date.

(21) Financial Instruments

(a) Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

(Expressed in thousands of US Dollars)

	December 31,	
	2011	**2010**
Trade and other receivables	171,552	146,142
Cash and cash equivalents	141,259	285,798
Foreign currency forward contracts	6,448	2,363
	319,259	434,303

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

(Expressed in thousands of US Dollars)

	December 31,	
	2011	2010
Asia	63,980	46,660
Europe	47,068	51,711
North America	36,582	26,926
Latin America	17,370	15,102
	165,000	140,399

(b) *Exposure to Liquidity Risk*

The following are the contractual maturities of derivative and non-derivative financial liabilities, including estimated interest payments.

(Expressed in thousands of US Dollars)

	December 31, 2011					
	Carrying amount	Contractual cash flows	Less than one year	1–2 years	2–5 years	More than 5 years
Non-derivative financial liabilities:						
Trade and other payables	286,560	286,560	286,560	—	—	—
Other lines of credit	15,008	15,008	15,008	—	—	—
Minimum operating lease payments	—	200,749	53,074	41,808	81,804	24,063
Foreign currency forward contracts:						
Assets	6,448	82,246	82,246	—	—	—
Liabilities	776	9,353	9,353	—	—	—

(Expressed in thousands of US Dollars)

	December 31, 2010					
	Carrying amount	Contractual cash flows	Less than one year	1–2 years	2–5 years	More than 5 years
Non-derivative financial liabilities:						
Trade and other payables	303,815	303,815	303,815	—	—	—
Amended senior credit facility	189,158	221,600	—	—	221,600	—
Term loan facility	57,451	69,490	—	—	69,490	—
Other lines of credit	11,735	11,735	11,735	—	—	—
Minimum operating lease payments	—	167,817	41,573	31,552	64,119	30,573
Foreign currency forward contracts:						
Assets	2,363	56,223	56,223	—	—	—
Liabilities	1,484	22,650	19,403	3,247	—	—

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges, are expected to occur and impact profit or loss.

(Expressed in thousands of US Dollars)

	Carrying amount	Expected cash flows	Less than one year	1–2 years	2–5 years	More than 5 years
December 31, 2011:						
Assets	6,448	82,246	82,246	—	—	—
Liabilities	776	9,353	9,353	—	—	—
December 31, 2010		:				
Assets	2,363	56,223	56,223	—	—	—
Liabilities	1,484	22,650	19,403	3,247	—	—

(c) *Exposure to Currency Risk*

The Company's exposure to foreign currency risk arising from the currencies that more significantly affect the Company's financial performance was as follows based on notional amounts of items with largest exposure:

	December 31, 2011	
	Euro	**Renminbi**
	(Euro'000)	(RMB'000)
Cash	19,255	54,215
Trade receivables, net	25,398	71,849
Other receivables	9,094	11,581
Intercompany receivables (payables)	(5,885)	—
Trade payables	29,506	(72,965)
Other payables	(938)	—
Statement of financial position exposure	76,430	64,680

	December 31, 2010	
	Euro	**Renminbi**
	(Euro'000)	(RMB'000)
Cash	33,985	37,016
Trade receivables, net	25,040	58,052
Other receivables	12,978	3,441
Intercompany receivables (payables)	(8,142)	—
Trade payables	(59,118)	(57,838)
Other payables	(2,267)	(21,843)
Statement of financial position exposure	2,476	18,828

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2011	2010	2011	2010
Euro	$ 1.4000146	1.3250271	1.2957	1.33905
Renminbi	0.1547979	0.1477388	0.1588800	0.1517300

(d) Foreign Currency Sensitivity Analysis

A strengthening of the Euro by 10% against the US Dollar would have increased profit for the years ended December 31, 2011 and December 31, 2010 by US$3.2 million and US$16.6 million, respectively, and increased equity as of December 31, 2011 and December 31, 2010 by US$22.1 million and US$19.5 million, respectively. The analysis assumes that all other variables, in particular interest rates, remain constant. A 10% weakening in the Euro would have an equal but opposite impact to profit for the period and equity as of these reporting dates.

If the Renminbi had strengthened by 10% against the US Dollar profit would have increased for the years ended December 31, 2011 and December 31, 2010 by US$1.1 million and US$1.2 million, respectively, and equity as of December 31, 2011 and December 31, 2010 would have increased by US$2.2 million and US$2.0 million, respectively. The analysis assumes that all other variables, in particular interest rates, remain constant. A 10% weakening in the Renminbi would have an equal but opposite impact to profit for the period and equity as of these reporting dates.

(e) Interest Rate Profile

The interest rate profile of the Company's interest-bearing financial instruments was:

(Expressed in thousands of US Dollars)

	Carrying amount December 31,	
	2011	2010
Fixed rate instruments:		
Financial assets	—	—
Financial liabilities	—	(189,418)
	—	(189,418)
Variable rate instruments:		
Financial assets	20,071	163,431
Financial liabilities	(15,008)	(69,186)
	5,063	94,245

(f) Fair Value Versus Carrying Amounts

(Expressed in thousands of US Dollars)

	December 31,			
	2011		2010	
	Carrying amount	Fair value	Carrying amount	Fair value
Liabilities carried at amortized cost:				
Amended senior credit facility	—	—	189,158	192,906
	—	—	189,158	192,906

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

(g) 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. IFRSs establish 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 Company 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 are estimated by reference to market quotations received from banks. As of December 31, 2010, the fair value for its Amended Senior Credit Facility was estimated based on its discounted cash flow.

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 December 31, 2011 and December 31, 2010:

(Expressed in thousands of US Dollars)

		Fair value measurements at reporting date using		
	December 31, 2011	**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	141,259	141,259	—	—
Foreign currency forward contracts	6,448	6,448	—	—
Total assets	147,707	147,707	—	—
Liabilities:				
Foreign currency forward contracts	776	776	—	—
Total liabilities	776	776	—	—

(Expressed in thousands of US Dollars)

		Fair value measurements at reporting date using		
	December 31, 2010	**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	285,798	285,798	—	—
Foreign currency forward contracts	2,363	2,363	—	—
Total assets	288,161	288,161	—	—
Liabilities:				
Foreign currency forward contracts	1,484	1,484	—	—
Total liabilities	1,484	1,484	—	—

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.

Certain non-U.S. subsidiaries of the Company periodically enter into forward contracts related to the purchase of inventory denominated primarily in USD which are designated as cash flow hedges. The hedging effectiveness was tested in accordance with *IAS 39, Financial Instruments: Recognition and Measurement*. The fair value of these instruments was a liability of US$0.8 million and US$1.5 million and an asset of US$6.4 million and US$2.4 million, as of December 31, 2011 and December 31, 2010, respectively.

(22) Income Taxes

(a) Taxation in the consolidated income statements includes:

(Expressed in thousands of US Dollars)

	December 31,	
	2011	**2010**
Current tax expense-Hong Kong Profits Tax:		
Current period	(923)	(1,595)
Current tax expense-Foreign:		
Current period	(44,203)	(22,786)
Adjustment for prior periods	(844)	—
	(45,047)	(22,786)
Deferred tax (expense) benefit:		
Origination and reversal of temporary differences	8,733	(128,157)
Change in tax rate	70	139
Change in unrecognized tax assets	(9,115)	(2,842)
Recognition of previously unrecognized tax losses	10,602	7,466
	10,290	(123,394)
Total income tax expense	(35,680)	(147,775)

The provision for Hong Kong Profits Tax for the years ended December 31, 2011 and December 31, 2010 is calculated at 16.5% of the estimated assessable profits for the year. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

(b) ***Reconciliation between tax expense and profit before taxation at applicable tax rates:***

(Expressed in thousands of US Dollars)

	December 31,	
	2011	**2010**
Profit for the year	103,618	366,814
Total income tax expense	(35,680)	(147,775)
Profit before income tax	139,298	514,589
Income tax expense using the Company's applicable tax rate	(38,112)	(157,709)
Tax incentives	9,582	5,307
Change in tax rates	70	139
Change in tax reserves	(977)	(2,090)
Non-deductible differences	(623)	2,952
Unrecognized benefit — Global Offering costs	(6,099)	—
Recognition of previously unrecognized tax losses	10,602	7,466
Change in unrecognized tax assets	(9,115)	(2,842)
Other	(164)	(998)
Under provided in prior periods	(844)	—
	(35,680)	(147,775)

The provision for taxation for the years ended December 31, 2011 and December 31, 2010 is calculated using the Company's applicable tax rate of 27.4% and 30.4%, respectively. The applicable rate is based on the Company's weighted average worldwide tax rate.

(c) *Deferred Tax Assets and Liabilities:*

Deferred tax assets and liabilities are attributable to the following:

(Expressed in thousands of US Dollars)

	December 31,	
	2011	**2010**
Deferred tax assets:		
Allowance for doubtful accounts	1,224	1,650
Inventory	1,342	1,487
Plant and equipment	1,273	1,478
Pension and post-retirement benefits	6,821	10,986
Tax losses	951	4,165
Reserves	5,192	8,544
Other	1,227	63
Set off of tax	(4,007)	(7,582)
Total gross deferred tax assets	14,023	20,791
Deferred tax liabilities:		
Plant and equipment	(15,024)	(19,458)
Intangible assets	(103,640)	(108,899)
Other	(5,650)	(15,004)
Set off of tax	4,007	7,582
Total gross deferred tax liabilities	(120,307)	(135,779)
Net deferred tax asset (liability)	(106,284)	(114,988)

Notes to the Consolidated Financial Statements

Movement in temporary differences for the years ended December 31, 2011 and December 31, 2010:

(Expressed in thousands of US Dollars)

	Balance December 31, 2010	Recognized in profit or loss	Recognized in other comprehensive income	Balance December 31, 2011
Allowance for doubtful accounts	1,650	(426)	—	1,224
Inventory	1,487	(145)	—	1,342
Property, plant and equipment	(17,980)	4,228	—	(13,752)
Intangible assets	(108,899)	5,259	—	(103,640)
Pension and post-retirement benefits	10,986	(2,579)	(1,586)	6,821
Tax losses	4,165	(3,214)	—	951
Reserves	8,544	(3,352)	—	5,192
Other	(14,941)	10,519	—	(4,422)
Net deferred tax asset (liability)	(114,988)	10,290	(1,586)	(106,284)

(Expressed in thousands of US Dollars)

	Balance December 31, 2009	Recognized in profit or loss	Balance December 31, 2010
Allowance for doubtful accounts	1,069	581	1,650
Inventory	1,489	(2)	1,487
Property, plant and equipment	4,543	(22,523)	(17,980)
Intangible assets	(13,478)	(95,421)	(108,899)
Pension and post-retirement benefits	3,173	7,813	10,986
Tax losses	6,499	(2,334)	4,165
Reserves	15,435	(6,891)	8,544
Other	(10,324)	(4,617)	(14,941)
Net deferred tax asset (liability)	8,406	(123,394)	(114,988)

Unrecognized Deferred Tax Assets

Deferred tax assets have not been recognized in respect of the following items:

(Expressed in thousands of US Dollars)

	December 31,	
	2011	**2010**
Deductible temporary differences	101,289	82,754
Tax losses	78,780	64,246
Balance at end of year	180,069	147,000

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits from them.

Available tax losses (recognized and unrecognized):

(Expressed in thousands of US Dollars)

	December 31,	
	2011	**2010**
United States	16,997	28,108
Europe	43,142	19,104
Asia	3,946	7,122
Latin America	16,738	29,479
Total	80,823	83,813

Tax losses expire in accordance with local country tax regulations. United States losses will expire beginning in 2029. European losses will expire beginning in 2016. Asian losses will expire beginning in 2012. Latin American losses will expire beginning in 2018.

Unrecognized Deferred Tax Liabilities

At December 31, 2011 and December 31, 2010 a deferred tax liability of US$4.3 million and US$2.1 million, respectively, related to investments in subsidiaries is not recognized because the Company controls whether the liability will be incurred and it is satisfied that it will not be incurred and it is satisfied that it will not be incurred in the foreseeable future.

Certain comparative amounts have been reclassified to conform to the presentation adopted in the current year. None of the changes impacts the Company's previously reported consolidated tax expense.

(23) Finance Income and Finance Costs

The following table presents a summary of finance income and finance costs recognized in the consolidated income statement and consolidated statement of comprehensive income:

(Expressed in thousands of US Dollars)

	Year ended December 31,	
	2011	**2010**
Recognized in income or loss:		
Interest income on bank deposits	1,247	1,647
Finance income	1,247	1,647
Interest expense on financial liabilities measured at amortized cost	37,285	16,104
Change in fair value of put options	8,644	8,788
Net foreign exchange loss	2,164	5,862
Expenses related to the Global Offering (note 6)	24,805	—
Stabilization proceeds (note 6)	(3,474)	—
Other finance costs	2,455	(94)
Finance costs	71,879	30,660
Net finance costs recognized in profit or loss	70,632	29,013
Recognized in other comprehensive income:		
Foreign currency translation differences for foreign operations	(15,357)	1,383
Changes in fair value of cash flow hedges	5,401	297
Income tax on finance income and finance costs recognized in other comprehensive income	(1,586)	—
Net finance (income) costs recognized in other comprehensive income, net of tax	(11,542)	1,680
Attributable to:		
Equity holders of the Company	(9,277)	1,306
Non-controlling interests	(2,265)	374
Finance (income) costs recognized in other comprehensive income, net of tax	(11,542)	1,680

(24) Expenses

Profit before income tax is arrived at after charging/(crediting) the following for the years ended December 31, 2011 and December 31, 2010:

(Expressed in thousands of US Dollars)

	Year ended December 31,	
	2011	**2010**
Depreciation of fixed assets	30,158	16,335
Amortization of intangible assets	8,333	4,409
Auditors' remuneration	7,751	4,190
Operating lease charges in respect of properties	74,035	56,747
Impairment losses on trade receivables	806	612
Impairment losses on trade receivables written back	(1,982)	(3,065)
Provision for impairment losses on inventories made	6,577	3,398
Provision for impairment losses on inventories written back	(321)	(1,731)

The fees in relation to the audit and related services for the year ended December 31, 2011 provided by KPMG LLP, the external auditors of the Company, were as follows:

(Expressed in thousands of US Dollars)

Annual audit and interim review services	3,091
Fees incurred in connection with the Global Offering	4,164
Non-audit related services	496
Total	7,751

(25) Related Party Transactions

(a) Transactions with Key Management Personnel

In addition to their cash compensation, the Company also provides non-cash benefits to Executive Directors and other key management personnel, and contributes to a post-employment defined benefit plan on their behalf.

Key management is comprised of the Company's Directors and Senior Management. Key management personnel compensation comprised:

(Expressed in thousands of US Dollars)

	Year ended December 31,	
	2011	**2010**
Director's fees	251	45
Short-term employee benefits	6,965	5,483
Post-employment benefits	152	33
Share-based compensation	200	600
	7,568	6,161

(b) Directors' Remuneration

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

(Expressed in thousands of US Dollars)

	Year ended December 31, 2011		
	Directors' fees	**Emoluments**	**Total**
Executive Directors			
Timothy Parker	—	1,448	1,448
Kyle Gendreau	—	970	970
Ramesh Tainwala	—	1,385	1,385
Non-Executive Directors			
Keith Hamill	71	—	71
Nicholas Clarry	—	—	—
Bruce Hardy McLain	—	—	—
Independent Non-Executive Directors			
Paul Etchells	60	—	60
Miguel Ko	60	—	60
Ying Yeh	60	—	60
Total	251	3,803	4,054

(Expressed in thousands of US Dollars)

	Year ended December 31, 2010		
	Directors' fees	**Emoluments**	**Total**
Executive Directors			
Timothy Parker	—	1,867	1,867
Kyle Gendreau	—	492	492
Ramesh Tainwala	—	1,210	1,210
Non-Executive Directors			
Keith Hamill	45	—	45
Nicholas Clarry	—	—	—
Bruce Hardy McLain	—	—	—
Independent Non-Executive Directors			
Paul Etchells	—	—	—
Miguel Ko	—	—	—
Ying Yeh	—	—	—
Total	45	3,569	3,614

No director received any emoluments from the Company as an inducement to join or upon joining the Company during the years ended December 31, 2011 and December 31, 2010. No director waived or agreed to waive any emoluments during the periods presented.

(c) Individuals with the highest emoluments

The five highest paid individuals of the Company include three and two directors during the years ended December 31, 2011 and December 31, 2010, respectively, whose emoluments are disclosed above. Details of remuneration paid to the remaining highest paid individuals of the Company are as follows:

(Expressed in thousands of US Dollars)

	Year ended December 31,	
	2011	**2010**
Emoluments	1,625	1,980

The emoluments of each individual exceeded US$250 thousand for each of the years presented. No amounts have been paid to these individuals as compensation for loss of office or as an inducement to join or upon joining the Company during the years ended December 31, 2011 and December 31, 2010.

(d) Other Related Party Transactions

(i) On October 24, 2007, the Company entered into a monitoring agreement with CVC Capital Partners Advisory Company to provide ongoing consulting and management advisory services to the Company for an annual fee of US$150 thousand. The monitoring agreement was terminated on June 16, 2011.

(ii) The Company's Indian subsidiary, Samsonite South Asia Pvt. Ltd., purchases raw materials and finished goods from, and sells certain raw materials and finished goods to, Abhishri Packaging Pvt. Ltd, which is managed and controlled by the family of Mr. Ramesh Tainwala, Executive Director and President, Asia-Pacific and Middle East of the Company ("Mr. Tainwala").

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

(Expressed in thousands of US Dollars)

	Year ended December 31,	
	2011	**2010**
Purchases	4,867	5,178
Sales	271	957

(Expressed in thousands of US Dollars)

	December 31,	
	2011	**2010**
Payable	543	620
Receivable	67	180

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

(Expressed in thousands of US Dollars)

	Year ended December 31,	
	2011	**2010**
Purchases	117	36
Sales	7,347	5,092
Rent	992	786

(Expressed in thousands of US Dollars)

	December 31,	
	2011	**2010**
Payable	—	24
Receivable	4,131	1,493

Approximately US$1.9 million and US$1.2 million was paid to entities owned by Mr. Tainwala and his family, for office space rent for the years ended December 31, 2011 and 2010, respectively. As of December 31, 2011 and December 31, 2010, no amounts were payable to Mr. Tainwala and his family. As of December 31, 2011 and December 31, 2010, US$0.5 million and US$1.0 million, respectively, was recorded as a receivable in the form of a security deposit.

(iv) Samsonite South Asia Pvt. Ltd. sells finished goods to Planet Retail Holding Pvt. Ltd. ("Planet Retail"). Mr. Tainwala is the majority shareholder of Planet Retail. Sales to this entity amounted to US$0.1 million and US$0.1 million for the years ended December 31, 2011 and December 31, 2010, respectively. As of December 31, 2011 and December 31, 2010, US$33 thousand and $0, respectively, was receivable from Planet Retail.

(v) The Royal Bank of Scotland plc, which was the issuer of certain letters of credit under a letter of credit facility with the Company during the year, also owned 15.8% of the ordinary shares of the Company as of December 31, 2011.

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.

Notes to the Consolidated Financial Statements

(26) Particulars of Company Entities

Company name	Country	Ownership% 2011	Ownership% 2010
Samsonite International S.A.	Luxembourg	Parent	
Samsonite Sub Holdings S.á.r.l.	Luxembourg	100	
Delilah Intermediate Holdings S.á.r.l.	Luxembourg	—	
Delilah Holdings S.á.r.l.	Luxembourg	—	Parent
Delilah Sub Holdings S.á.r.l.	Luxembourg	—	100
Delilah S.á.r.l.	Luxembourg	—	100
Delilah Europe Holdings S.á.r.l.	Luxembourg	100	100
Delilah Europe Investments S.á.r.l.	Luxembourg	100	100
Delilah US Investments S.á.r.l.	Luxembourg	100	100
Astrum R.E. LLC	United States	100	100
Bypersonal S.A. de C.V.	Mexico	100	100
Direct Marketing Ventures, LLC	United States	100	100
Global Licensing Company, LLC	United States	100	100
Jody Apparel II, LLC	United States	100	100
Lonberg Express S.A.	Uruguay	100	100
Limited Liability Company Samsonite	Russian Federation	60	60
McGregor II, LLC	United States	100	100
PT Samsonite Indonesia	Indonesia	60	60
Samsonite (Malaysia) Sdn Bhd	Malaysia	100	100
Samsonite (Thailand) Co., Ltd.	Thailand	60	60
Samsonite A/S	Denmark	100	100
Samsonite AB	Sweden	100	100
Samsonite AG	Switzerland	99	99
Samsonite Argentina S.A.	Argentina	95	95
Samsonite Asia Limited	Hong Kong	100	100
Samsonite Australia Pty Limited	Australia	70	70
Samsonite Brasil Ltda.	Brazil	100	100
Samsonite B.V.	Netherlands	100	100
Samsonite Canada, Inc.	Canada	100	100
Samsonite CES Holding B.V.	Netherlands	60	60
Samsonite Chile S.A.	Chile	85	85
Samsonite China Holdings Limited	Hong Kong	100	100
Samsonite Columbia Limitada	Columbia	—	100
Samsonite Company Stores, LLC	United States	100	100

Company name	Country	Ownership% 2011	Ownership% 2010
Samsonite CZ spol. s r.o.	Czech Republic	—	100
Samsonite Espana S.A.	Spain	100	100
Samsonite Europe N.V.	Belgium	100	100
Samsonite Finanziaria S.r.l.	Italy	100	100
Samsonite Finland Oy	Finland	100	100
Samsonite Ges.m.b.H.	Austria	100	100
Samsonite GmbH	Germany	100	100
Samsonite International Trading (Ningbo) Co. Ltd.	China	100	100
Samsonite IP Holdings S.á.r.l.	Luxembourg	100	100
Samsonite Japan Co., Ltd.	Japan	100	100
Samsonite Korea Limited	Korea, Republic	100	100
Samsonite Latinoamerica, S.A. de C.V.	Mexico	100	100
Samsonite Limited	United Kingdom	100	100
Samsonite LLC	United States	100	100
Samsonite Macau Lda.	Macau	100	100
Samsonite Mauritius Limited	Mauritius	100	100
Samsonite Mercosur Limited	Bahamas	100	100
Samsonite Mexico, S.A. de C.V.	Mexico	100	100
Samsonite Middle East FZCO	United Arab Emirates	60	60
Samsonite Norway AS	Norway	100	100
Samsonite Pacific LLC	United States	100	100
Samsonite Philippines, Inc.	Philippines	60	60
Samsonite S.A de C.V.	Mexico	—	100
Samsonite S.A.S.	France	100	100
Samsonite S.p.A.	Italy	100	100
Samsonite Seyahat Ürünleri Sanayi ve Ticaret Anonim Sirketi	Turkey	60	60
Samsonite Singapore Pte Ltd	Singapore	100	100
Samsonite Slovakia s.r.o.	Slovakia	—	100
Samsonite South Asia Private Limited	India	60	60
Samsonite Southern Africa Ltd.	South Africa	60	60
Samsonite Sp. z o.o.	Poland	100	100
Samsonite-Hungaria Borond KFT	Hungary	100	100
SC Chile Uno S.A.	Chile	100	100
SC Inversiones Chile Limitada	Chile	100	100

(27) Subsequent Events

The Company has evaluated events occurring subsequent to December 31, 2011, the statement of financial position date, through March 27, 2012, the date this financial information was authorized for issue by the Board of Directors, and determined there have not been any material events that have occurred that would require adjustments to or disclosure in the consolidated financial information.