SAMSONITE INTERNATIONAL S.A.

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RCS Luxembourg: B159469

(Incorporated under the laws of Luxembourg with limited liability)

Consolidated financial statements for the year ended December 31, 2012

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*®, *American Tourister*®, *High Sierra*® and *Hartmann*® 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, 2012, the Company's products were sold in more than 45,000 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 2012*

Net Sales

The following table sets forth a breakdown of net sales by region for the years ended December 31, 2012 and December 31, 2011, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,					
	2012		2011		2012 vs 2011	
	US$'000	Percentage of net sales	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects
Net sales by region:						
Asia	684,154	38.6%	578,316	37.0%	18.3%	21.0%
Europe	465,383	26.3%	479,089	30.6%	(2.9)%	4.9%
North America	499,924	28.2%	388,190	24.8%	28.8%	28.9%
Latin America	112,556	6.4%	108,601	6.9%	3.6%	7.5%
Corporate	9,709	0.5%	10,951	0.7%	(11.3)%	(11.3)%
Net sales	1,771,726	100.0%	1,565,147	100.0%	13.2%	16.8%

Net sales increased by US$206.6 million, or 13.2%, to US$1,771.7 million for the year ended December 31, 2012, from US$1,565.1 million for the year ended December 31, 2011. Excluding foreign currency effects, net sales increased by 16.8%. The Company continues to benefit from the worldwide increase in travel. Per the World Tourism Organization (UNWTO), International tourist arrivals grew by 4% in 2012 to over one billion for the first time ever.

The Company's US Dollar reported net sales during 2012 were negatively impacted by the strengthening of the US Dollar, most notably against the Euro and the Indian Rupee. Euro denominated net sales were translated to US dollars at an average foreign exchange rate of US$1.29 for the year ended December 31, 2012 compared to US$1.40 for the year ended December 31, 2011, which negatively impacted reported net sales by approximately US$28.0 million. Net sales denominated in Indian Rupees were translated to US dollars at an average foreign exchange rate of US$0.019 for the year ended December 31, 2012 compared to US$0.022 for the year ended December 31, 2011, which negatively impacted reported net sales by approximately US$14.8 million.

Brands

The following table sets forth a breakdown of net sales by brand for the years ended December 31, 2012 and December 31, 2011, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,					
	2012		2011		2012 vs 2011	
	US$'000	Percentage of net sales	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects
Net sales by brand:						
Samsonite	1,295,706	73.1%	1,223,353	78.2%	5.9%	9.7%
American Tourister	354,563	20.0%	249,873	16.0%	41.9%	47.4%
High Sierra(1)/*Hartmann*(2)	29,623	1.7%	3,630	0.2%	716.1%	716.1%
Other(3)	91,834	5.2%	88,291	5.6%	4.0%	6.4%
Net sales	1,771,726	100.0%	1,565,147	100.0%	13.2%	16.8%

Notes

(1) The *High Sierra* brand was acquired on July 31, 2012. Prior to the acquisition, Samsonite Australia was a distributor of *High Sierra* products. Net sales under this distribution arrangement were US$3.6 million during 2011 and were US$2.1 million during the portion of the year ended December 31, 2012 that preceded the acquisition.

(2) The *Hartmann* brand was acquired on August 2, 2012.

(3) Other includes local brands *Saxoline*, *Xtrem* and others.

Net sales of the *Samsonite* brand increased by US$72.4 million, or 5.9%, for the year ended December 31, 2012 compared to the previous year. Excluding foreign currency effects, net sales of the *Samsonite* brand increased by 9.7%. Net sales of the *American Tourister* brand increased by US$104.7 million, or 41.9%, for the year ended December 31, 2012 compared to the previous year. Excluding foreign currency effects, net sales of the *American Tourister* brand increased by 47.4%. Asia accounted for US$85.7 million, or 81.8%, of the US$104.7 million increase in *American Tourister* brand sales for the 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.

Product Categories

The Company sells products in four principal product categories: travel, business, casual and accessories. The travel category is the Company's largest category and has been its traditional strength. The following table sets forth a breakdown of net sales by product category for the years ended December 31, 2012 and December 31, 2011, both in absolute terms and as a percentage of total net sales.

	Year ended December 31, 2012		Year ended December 31, 2011		2012 vs 2011	
	US$'000	Percentage of net sales	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects
Net sales by product category:						
Travel	1,357,054	76.6%	1,186,683	75.8%	14.4%	18.5%
Business	189,561	10.7%	189,582	12.1%	0.0%	2.4%
Casual	109,743	6.2%	81,849	5.2%	34.1%	36.6%
Accessories	79,662	4.5%	70,786	4.5%	12.5%	17.2%
Other	35,706	2.0%	36,247	2.4%	(1.5)%	4.2%
Net sales	1,771,726	100.0%	1,565,147	100.0%	13.2%	16.8%

The US$206.6 million increase in net sales for the year ended December 31, 2012 compared to the previous year was largely driven by an increase in net sales in the travel product category, which increased by US$170.4 million, or 14.4%. Country-specific product designs, locally relevant marketing strategies and expanded points of sale were the key factors contributing to this increase. Net sales in the business product category remained consistent year-on-year, and increased by 2.4% excluding foreign currency effects. The slight constant currency increase in business product category net sales was driven by a 20.8% increase in North America, a 6.7% increase in Latin America and a 5.9% increase in Asia due to additional product placements and expanded offerings. These increases were marginally offset by a 19.3% decrease in Europe resulting from the economic challenges within the region, as well as the timing of product introductions, a strong competitive environment and stock reductions at key retailers limiting sell-in. Net sales in the casual product category increased by US$27.9 million, or 34.1%, partly attributable to the acquisition of *High Sierra* and as a result of the Company's strategic focus on the expansion of its casual product offerings. Net sales in the accessories product category increased by US$8.9 million, or 12.5%, for the year ended December 31, 2012 compared to the previous year, reflecting expanded product offerings in this category. Net sales in the other product category decreased by US$0.5 million, or 1.5%, for the year ended December 31, 2012 compared to the previous year, reflecting the Company's focus on its core product offerings.

Distribution Channels

The Company sells products through two primary distribution channels: wholesale and retail. The following table sets forth a breakdown of net sales by distribution channel for the years ended December 31, 2012 and December 31, 2011, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,				2012 vs 2011	
	2012		2011			
	US$'000	Percentage of net sales	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects
Net sales by distribution channel:						
Wholesale	1,425,537	80.5%	1,252,893	80.0%	13.8%	17.9%
Retail	336,417	19.0%	301,301	19.3%	11.7%	15.1%
Other[(1)]	9,772	0.5%	10,953	0.7%	(10.8)%	(10.8)%
Net sales	1,771,726	100.0%	1,565,147	100.0%	13.2%	16.8%

Notes

(1) Other primarily consists of licensing income.

During the year ended December 31, 2012, the Company expanded its points of sale by approximately 5,000 to a total of more than 45,000 points of sale worldwide as of December 31, 2012.

The wholesale channel accounted for US$172.6 million, or 83.6%, of the US$206.6 million increase in net sales for the year ended December 31, 2012 compared to the previous year. Net sales in the retail channel increased by US$35.1 million, or 11.7%, over the same period. These increases are primarily due to points of sale expansion and targeted product offerings. On a same store constant currency basis, net sales in the retail channel increased by 7.1%.

Regions

Asia

Net sales for the Asian region increased by US$105.8 million, or 18.3%, to US$684.2 million for the year ended December 31, 2012, from US$578.3 million for the year ended December 31, 2011. Excluding foreign currency effects, net sales increased by 21.0%.

The strong growth in Asia continues to be driven by the *American Tourister* brand, which accounted for US$85.7 million, or 81.0%, of the increase in net sales for the Asian region for the year ended December 31, 2012 compared to the previous year. *American Tourister* now comprises 39.2% of the net sales in the Asian region compared to 31.6% for 2011. Net sales of the *Samsonite* brand, which accounted for 59.0% of net sales in Asia during 2012, increased by US$21.7 million, or 5.7%, from the previous year and by 6.7% excluding foreign currency effects.

Net sales in the travel product category increased by US$87.0 million, or 20.2%, for the year ended December 31, 2012 compared to the previous year. Net sales in the business product category increased by US$5.0 million, or 4.9%, compared to the previous year. Net sales in the casual product category increased by US$12.6 million, or 50.4%. Net sales in the accessories product category increased by US$3.8 million, or 25.9%, compared to the previous year.

Net sales in the wholesale channel increased by US$96.0 million, or 19.2%, for the year ended December 31, 2012 compared to the previous year. Net sales in the retail channel increased by US$9.8 million, or 12.5%, compared to the previous year. On a same store constant currency basis, net sales in the retail channel increased by 9.0%. Over 700 points of sale were added in Asia during 2012, for a total of more than 6,350 in Asia at December 31, 2012.

Along with additional product offerings and points of sale expansion, the Company's success has been bolstered by its continued focus on country-specific product and marketing strategies within Asia to drive increased awareness of and demand for its products. On a constant currency basis, net sales increased in all countries in the Asian region for the year ended December 31, 2012 compared to the previous year. China continues to lead the Asian region in net sales, contributing 26.0% of the regions net sales on 23.1% year-on-year growth. Net sales in India suffered from weak consumer sentiment during most of the year, as well as a strong US Dollar. Net sales denominated in Indian Rupees were translated to US dollars at an average foreign exchange rate of US$0.019 for the year ended December 31, 2012 compared to US$0.022 for the year ended December 31, 2011, which negatively impacted reported net sales by approximately US$14.8 million. South Korea continues to experience robust sales growth driven by the success of the *American Tourister* and *Samsonite Red* brands.

The following table sets forth a breakdown of net sales within the Asian region by geographic location for the years ended December 31, 2012 and December 31, 2011, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,				2012 vs 2011	
	2012		2011			
	US$'000	Percentage of net sales	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects
Net sales by geographic location[1]:						
China	178,035	26.0%	144,594	25.0%	23.1%	20.4%
South Korea	122,921	18.0%	93,969	16.2%	30.8%	33.7%
India	102,329	15.0%	109,846	19.0%	(6.8)%	6.7%
Japan	66,013	9.6%	51,984	9.0%	27.0%	27.4%
Hong Kong[2]	56,473	8.3%	48,392	8.4%	16.7%	16.3%
Other	158,383	23.1%	129,531	22.4%	22.3%	23.6%
Net sales	684,154	100.0%	578,316	100.0%	18.3%	21.0%

Notes

(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

Excluding foreign currency effects, net sales for the European region increased by 4.9%. Euro denominated net sales were translated to US dollars at an average foreign exchange rate of US$1.29 for the year ended December 31, 2012 compared to US$1.40 for the previous year, which adversely impacted reported net sales by approximately US$28.0 million. US Dollar reported net sales for the European region decreased by US$13.7 million, or 2.9%, to US$465.4 million for the year ended December 31, 2012, from US$479.1 million for the year ended December 31, 2011.

Excluding Italy and Spain, net sales for the European region increased by US$9.4 million, or 2.6%, year-on-year and by 10.5% excluding foreign currency effects. The Company's business in Italy and Spain were negatively impacted by the weak consumer sentiment brought about by the economic challenges in Southern European countries.

Local currency sales growth has been strong in several markets due to the positive sell-through of new product introductions and the continued success of products manufactured using the Curv material, which were brought to market with effective marketing strategies and local sales teams. Germany is now the Company's leading market in Europe, representing 13.9% of net sales, with robust double-digit sales growth during the year ended December 31, 2012. The Company continued to penetrate the emerging markets of Russia, South Africa and Turkey with year-on-year constant currency net sales growth of 37.5%, 33.2% and 13.6%, respectively.

Excluding foreign currency effects, net sales of the *Samsonite* and *American Tourister* brands increased by 3.4% and 79.2%, respectively, for the year ended December 31, 2012 compared to the previous year. *American Tourister* now comprises 5.2% of the net sales in the European region, compared to 3.1% in the previous year, as the Company penetrates the market at lower price points.

On a constant currency basis, net sales in the travel product category increased by US$31.7 million, or 8.4%, year-on-year. Net sales in the business product category decreased by 19.3% for the year ended December 31, 2012 as a result of the economic challenges within the region, as well as the timing of product introductions, a strong competitive environment and stock reductions at key retailers limiting sell-in. Net sales in the casual product category decreased by 7.4% excluding foreign currency effects primarily due to the absence of *Lacoste* and *Timberland* licensed products in 2012. On a constant currency basis, net sales in the accessories product category increased by 10.4% and net sales in the other product category increased by 20.8%.

Net sales in the wholesale channel decreased by US$23.2 million, or 5.9%, for the year ended December 31, 2012 compared to the previous year. Net sales in the retail channel increased by US$9.5 million, or 10.7%, year-on-year. On a same store constant currency basis, net sales in the retail channel for the European region increased by 6.8%.

The following table sets forth a breakdown of net sales within the European region by geographic location for the years ended December 31, 2012 and December 31, 2011, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,				2012 vs 2011	
	2012		2011			
	US$'000	Percentage of net sales	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects
Net sales by geographic location[1]:						
Germany	64,502	13.9%	61,077	12.7%	5.6%	14.9%
France	59,580	12.8%	61,024	12.7%	(2.4)%	6.1%
Belgium[2]	58,164	12.5%	59,561	12.4%	(2.3)%	6.3%
Italy	52,383	11.3%	67,549	14.1%	(22.5)%	(15.7)%
Spain	39,075	8.4%	46,973	9.8%	(16.8)%	(9.2)%
Russia	35,931	7.7%	28,020	5.8%	28.2%	37.5%
United Kingdom	30,754	6.6%	30,120	6.3%	2.1%	3.4%
Other	124,994	26.8%	124,765	26.2%	0.2%	8.2%
Net sales	465,383	100.0%	479,089	100.0%	(2.9)%	4.9%

Notes

[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] Net sales in Belgium were US$25.1 million and US$24.4 million for the years ended December 31, 2012 and December 31, 2011, respectively. Remaining sales consisted of direct shipments to distributors, customers and agents in other countries.

North America

Net sales for the North American region increased by US$111.7 million, or 28.8%, to US$499.9 million for the year ended December 31, 2012, from US$388.2 million for the year ended December 31, 2011. Excluding foreign currency effects, net sales increased by 28.9%. Excluding net sales attributable to the recently acquired *High Sierra* and *Hartmann* brands, net sales increased by US$86.2 million, or 22.3%.

The North American region had double-digit year-on-year net sales growth in both of the Company's core brands, *Samsonite* and *American Tourister*, and across all product categories and all distribution channels. 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 North American consumers. Strong consumer demand for the Company's products has allowed it to continue to gain additional product placement with its wholesale customers. Including the impact from acquisitions, more than 3,400 points of sale were added during 2012 for a total of more than 26,900 points of sale in North America at December 31, 2012.

Net sales of the *Samsonite* brand increased by US$72.5 million, or 21.6%, and net sales of the *American Tourister* brand increased by US$10.8 million, or 23.7%, for the year ended December 31, 2012 compared to the previous year.

Net sales in the travel product category increased by US$82.8 million, or 25.2%, year-on-year. Net sales in the business product category increased by US$6.3 million, or 20.7%, for the year ended December 31, 2012 compared to the previous year. Net sales in the casual product category more than doubled from the previous year, in part due to the *High Sierra* acquisition. Net sales in the accessories product category increased by US$5.0 million, or 38.4%, year-on-year.

Net sales in the wholesale channel increased by US$96.6 million, or 33.6%, for the year ended December 31, 2012 compared to the previous year. Net sales in the retail channel increased by US$15.2 million, or 15.1%, year-on-year. On a same store constant currency basis, net sales in the retail channel increased by 3.8%.

The following table sets forth a breakdown of net sales within the North American region by geographic location for the years ended December 31, 2012 and December 31, 2011, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,				2012 vs 2011	
	2012		2011			
	US$'000	Percentage of net sales	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects
Net sales by geographic location[(1)]:						
United States	469,773	94.0%	360,314	92.8%	30.4%	30.4%
Canada	30,151	6.0%	27,876	7.2%	8.2%	9.6%
Net sales	499,924	100.0%	388,190	100.0%	28.8%	28.9%

Notes

(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 for the Latin American region increased by US$4.0 million, or 3.6%, to US$112.6 million for the year ended December 31, 2012, from US$108.6 million for the year ended December 31, 2011. Excluding foreign currency effects, net sales increased by 7.5%.

For the year ended December 31, 2012, net sales in Mexico increased by 11.9%, excluding foreign currency effects, compared to the previous year. Net sales in Chile improved by 11.0% year-on-year, excluding foreign currency effects. The double-digit growth in both Mexico and Chile was due in large part to the strength of luggage sales and robust consumer purchases of backpacks for the back-to-school season. Local brand *Xtrem* also continues to flourish in Mexico and Chile. The Company made significant progress in the emerging market of Brazil with year-on-year net sales growth of 14.1%, excluding foreign currency effects, led by points of sale expansion. Net sales in Argentina continued to be negatively impacted by import restrictions imposed by the local government. Excluding Argentina, net sales for the Latin American region increased by US$11.5 million, or 12.2%, excluding foreign currency effects.

Net sales of the *Samsonite* brand increased by US$0.9 million, or 1.8%, for the year ended December 31, 2012 compared to the previous year, while net sales of the *American Tourister* brand decreased by US$1.4 million, or 20.9%, as local brands *Saxoline* and *Xtrem* comprised an increasing share of the region's net sales. Net sales of the local brands *Saxoline* and *Xtrem* increased by US$1.0 million, or 4.2%, and by US$2.9 million, or 11.9%, respectively.

Net sales in the travel product category increased by US$2.3 million, or 4.7%, year-on-year. Net sales in the business product category increased by US$0.3 million, or 2.1%. Net sales in the casual product category increased by US$0.6 million, or 2.1%. Net sales in the accessories product category decreased by US$0.4 million, or 2.6%, year-on-year while net sales in the other product category increased by US$1.2 million.

Net sales in the wholesale channel increased by US$3.2 million, or 4.3%, for the year ended December 31, 2012 compared to the previous year. Net sales in the retail channel increased by US$0.7 million, or 2.0%, year-on-year. On a same store constant currency basis, net sales in the retail channel increased by 14.5%.

The following table sets forth a breakdown of net sales within the Latin American region by geographic location for the years ended December 31, 2012 and December 31, 2011, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,				2012 vs 2011	
	2012		2011			
	US$'000	Percentage of net sales	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects
Net sales by geographic location[1]:						
Chile	54,998	48.9%	50,158	46.2%	9.6%	11.0%
Mexico	34,240	30.4%	32,790	30.2%	4.4%	11.9%
Argentina	9,823	8.7%	14,218	13.1%	(30.9)%	(23.8)%
Brazil[2]	9,628	8.6%	8,481	7.8%	13.5%	14.1%
Other[3]	3,867	3.4%	2,954	2.7%	30.9%	30.9%
Net sales	112,556	100.0%	108,601	100.0%	3.6%	7.5%

Notes

(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.

Cost of Sales and Gross Profit

Cost of sales increased by US$112.5 million, or 15.9%, to US$820.7 million (representing 46.3% of net sales) for the year ended December 31, 2012 from US$708.2 million (representing 45.2% of net sales) for the year ended December 31, 2011. Cost of sales increased in line with increased net sales. The increase in cost of sales as a percentage of net sales was primarily due to unfavorable currency impacts, as well as a shift in the Company's product mix which reflected increased sales of *American Tourister* products that yield lower gross profit margins.

Gross profit increased by US$94.1 million, or 11.0%, to US$951.0 million for the year ended December 31, 2012, from US$856.9 million for the year ended December 31, 2011. Gross profit margin decreased from 54.8% for the year ended December 31, 2011 to 53.7% for the year ended December 31, 2012. This decrease was attributable to the factors noted above.

Distribution Expenses

Distribution expenses increased by US$55.6 million, or 13.5%, to US$466.5 million (representing 26.3% of net sales) for the year ended December 31, 2012, from US$410.9 million (representing 26.3% of net sales) for the year ended December 31, 2011. 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 2012. Distribution expenses as a percentage of net sales remained consistent year-on-year.

Marketing Expenses

The Company spent US$117.2 million (representing 6.6% of net sales) on marketing for the year ended December 31, 2012 compared to US$122.8 million (representing 7.8% of net sales) for the year ended December 31, 2011, a decrease of US$5.6 million, or 4.6%. Excluding foreign currency effects, marketing expenses decreased by US$1.8 million, or 1.4%. During 2012, the Company employed more targeted and focused advertising and promotional campaigns. The Company believes the success of its efficient advertising campaigns is evident in its net sales growth, and remains committed to enhance brand and product awareness and drive additional net sales growth through marketing activities.

General and Administrative Expenses

General and administrative expenses increased by US$7.5 million, or 6.6%, to US$121.1 million (representing 6.8% of net sales) for the year ended December 31, 2012 from US$113.6 million (representing 7.3% of net sales) for the year ended December 31, 2011. Although general and administrative expenses increased in absolute terms, such expenses decreased as a percentage of net sales by 0.5 percentage points as the Company maintained tight control of its fixed cost base and leveraged it against strong sales growth.

Other Income (Expenses)

The Company recognized net other expenses of US$4.4 million and other income of US$0.3 million for the year ended December 31, 2012 and December 31, 2011, respectively. Other expenses for 2012 include acquisition costs of US$6.4 million, which are primarily comprised of costs associated with due diligence and integration activities, severance, and professional and legal fees for the acquisitions of High Sierra and Hartmann that were completed during 2012. Other income for the year ended December 31, 2011 includes US$0.9 million of restructuring charges that were reversed to reflect a refund from certain local governmental agencies for upfront employee related payments made in connection with restructuring initiatives in 2009.

Operating Profit

The Company's operating profit was US$241.7 million for the year ended December 31, 2012, an increase of US$31.8 million, or 15.2%, from an operating profit of US$209.9 million for the year ended December 31, 2011. Excluding acquisition costs, operating profit increased by 18.2% year-on-year.

Net Finance Costs

Net finance costs decreased by US$53.6 million, or 75.9%, to US$17.0 million for the year ended December 31, 2012 from US$70.6 million for the year ended December 31, 2011. This decrease was primarily attributable to the absence of certain non-recurring costs and charges related 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 Company's listing on the Main Board of The Stock Exchange of Hong Kong Limited in June 2011 (the "Global Offering"), as well as US$24.8 million of transaction costs related to 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, 2012 and December 31, 2011.

(Expressed in thousands of US Dollars)

	Year ended December 31,	
	2012	**2011**
Profit before income tax	224,700	139,298
(Plus) Minus:		
Expenses related to acquisition activities	(6,417)	—
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
Reversals of restructuring charges	—	877
Profit before income tax, excluding certain non-recurring costs and charges	231,117	188,391

Profit before income tax increased by US$85.4 million, or 61.3%, to US$224.7 million for the year ended December 31, 2012 from US$139.3 million for the year ended December 31, 2011.

Excluding the impact of the items noted above, profit before income tax increased by US$42.7 million, or 22.7%, to US$231.1 million for the year ended December 31, 2012 compared to the previous year.

Income Tax Expense

Income tax expense increased by US$22.4 million, or 62.8%, to US$58.1 million for the year ended December 31, 2012 from US$35.7 million for the year ended December 31, 2011.

The Company's consolidated effective tax rate for operations was 25.8% and 25.6% for the years ended December 31, 2012 and December 31, 2011, 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 the recognition of previously unrecognized deferred tax assets.

During the year ended December 31, 2012, based upon an evaluation of all relevant evidence, the Company concluded that US$47.2 million of previously unrecognized deferred tax assets should be recognized. Of the US$47.2 million of previously unrecognized deferred tax assets, US$12.3 million was recognized as a benefit within income tax expense in the consolidated income statement and US$34.9 million, which relates to deferred tax assets for pension plans, was recognized through other comprehensive income in the consolidated statement of comprehensive income.

Profit for the Year

Profit for the year of US$166.6 million for the year ended December 31, 2012 increased by US$63.0 million, or 60.8%, from US$103.6 million for the year ended December 31, 2011. Excluding the estimated impact of foreign currency translation, profit for the year increased by approximately 65.2%. This increase was primarily driven by the Company's robust sales growth while maintaining tight control of operating costs, followed by the absence of non-recurring costs and charges recognized in conjunction with the listing of the Company's shares and the repayment of its former amended senior credit facility in 2011. Adjusted Net Income, a non-IFRS measure, increased by US$30.4 million, or 22.2%, to US$167.2 million for the year ended December 31, 2012 from US$136.8 million for the year ended December 31, 2011. Excluding the estimated impact of foreign currency translation, Adjusted Net Income increased by approximately 25.4%. 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 increased to US$0.11 for the year ended December 31, 2012 from US$0.06 for the year ended December 31, 2011. Adjusted basic and diluted earnings per share, a non-IFRS measure, increased to US$0.12 for the year ended December 31, 2012 from US$0.10 for the year ended December 31, 2011. The weighted average number of shares outstanding increased for the year ended December 31, 2012 compared to the previous year by 55.1 million shares as a result of the weighted average impact of the issuance of new shares by the Company in the Global Offering. No shares were issued during 2012.

Adjusted EBITDA

Adjusted EBITDA, which is a non-IFRS measure, increased by US$38.3 million, or 15.4%, to US$286.5 million for the year ended December 31, 2012 from US$248.3 million for the year ended December 31, 2011. Excluding the estimated impact of foreign currency translation, Adjusted EBITDA increased by approximately 19.7%. Adjusted EBITDA margin increased to 16.2% from 15.9% as the Company maintained tight control of its fixed cost base while experiencing strong sales growth.

The following table presents the reconciliation from the Company's profit for the year to Adjusted EBITDA for the years ended December 31, 2012 and December 31, 2011.

(Expressed in thousands of US Dollars)

	Year ended December 31,	
	2012	**2011**
Profit for the year	166,627	103,618
(Plus) Minus:		
Income tax expense	(58,073)	(35,680)
Finance costs	(18,229)	(71,879)
Finance income	1,187	1,247
Depreciation	(31,770)	(30,158)
Amortization	(8,491)	(8,333)
EBITDA	282,003	248,421
(Plus) Minus:		
Other adjustments[1]	(4,518)	168
Adjusted EBITDA	286,521	248,253

Notes

(1) Other adjustments primarily comprised of 'Other income (expense)' per the consolidated income statement.

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, 2012 and December 31, 2011.

(Expressed in thousands of US Dollars)

	Year ended December 31, 2012					
	Asia	Europe	North America	Latin America	Corporate	Total
Profit (loss) for the year	64,469	32,750	23,732	10,774	34,902	166,627
(Plus) Minus:						
Income tax (expense) benefit	(20,136)	(9,889)	(14,398)	1,732	(15,382)	(58,073)
Finance costs	(3,553)	(648)	(344)	(1,951)	(11,733)	(18,229)
Finance income	211	188	16	25	747	1,187
Depreciation	(10,436)	(12,985)	(3,396)	(2,162)	(2,791)	(31,770)
Amortization	(4,207)	(1,943)	(400)	(1,930)	(11)	(8,491)
EBITDA	102,590	58,027	42,254	15,060	64,072	282,003
(Plus) Minus:						
Other adjustments[1]	(31,051)	(21,484)	(37,862)	(2,143)	88,022	(4,518)
Adjusted EBITDA	133,641	79,511	80,116	17,203	(23,950)	286,521

Notes

[1] Other adjustments primarily comprised of 'Other income (expense)' per the consolidated income statement. Regional results include intercompany royalty income (expense).

(Expressed in thousands of US Dollars)

	Year ended December 31, 2011					
	Asia	Europe	North America	Latin America	Corporate	Total
Profit (loss) for the period	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:						
Other adjustments[1]	(29,784)	(9,127)	(16,072)	(2,758)	57,909	168
Adjusted EBITDA	105,144	83,894	59,188	16,452	(16,425)	248,253

Notes

[1] Other adjustments primarily comprised of 'Other income (expense)' per the consolidated income statement. Regional results include intercompany royalty income (expense).

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 statement. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, an analysis of the Company's results of operations as reported under IFRS.

Adjusted Net Income

Adjusted Net Income, which is a non-IFRS measure, increased by US$30.4 million, or 22.2%, to US$167.2 million for the year ended December 31, 2012 from US$136.8 million for the year ended December 31, 2011. Excluding the estimated impact of foreign currency translation, Adjusted Net Income increased by approximately 25.4%.

The following table presents the reconciliation from the Company's profit for the year to Adjusted Net Income for the years ended December 31, 2012 and December 31, 2011.

Expressed in thousands of US Dollars

	Year ended December 31,	
	2012	**2011**
Profit for the year	166,627	103,618
Profit attributable to non-controlling interests	18,188	16,870
Profit attributable to the equity holders	148,439	86,748
(Plus) Minus:		
Expenses related to acquisition activities	(6,417)	—
Change in fair value of put options	(8,908)	(8,644)
Amortization of intangible assets(1)	(8,491)	(8,333)
Expenses related to debt repaid in conjunction with the Global Offering	—	(23,240)
Expenses related to the Global Offering	—	(24,805)
Global Offering Stabilization Proceeds	—	3,474
Reversal of restructuring charges	—	877
Tax adjustments	5,041	10,638
Adjusted Net Income(2)	167,214	136,781

Notes

(1) Amortization of intangible assets above represents charges related to the amortization of other intangible assets with finite useful lives that were recognized in conjunction with the acquisition of the Company by the CVC Funds in 2007, as well as the acquisitions of *High Sierra* and *Hartmann* in 2012.

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

Directors' Report

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 year in the Company's consolidated income statement. Adjusted Net Income has limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, an analysis of the 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, available lines of credit and its ability to issue additional shares. 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$203.0 million for the year ended December 31, 2012 compared to US$64.5 million for the year ended December 31, 2011. The US$138.5 million increase in cash generated from operating activities was primarily due to a US$84.8 million increase in cash flows from operating assets and liabilities, as well as the US$30.4 million increase in Adjusted Net Income year-on-year.

For the year ended December 31, 2012, net cash used in investing activities was US$179.2 million, an increase of US$143.4 million compared to the previous year. This increase was primarily due to the US$142.0 million of cash outflow for the acquisitions of High Sierra and Hartmann during the year. Capital expenditures for the year ended December 31, 2012 amounted to US$37.9 million.

Net cash used in financing activities was US$16.5 million for the year ended December 31, 2012, a decrease of US$153.8 million compared to the previous year, primarily resulting from the absence of transactions in 2012 associated with the 2011 Global Offering. The Company declared and paid a distribution of US$30.0 million to shareholders from its ad hoc distributable reserve during the year ended December 31, 2012.

Indebtedness

The following table sets forth the carrying amount of the Company's loans and borrowings as of December 31, 2012 and December 31, 2011.

Expressed in thousands of US Dollars

	As of December 31,	
	2012	**2011**
Revolving Credit Facility	25,000	—
Finance lease obligations	97	78
Other lines of credit	10,297	15,008
Total loans and borrowings	35,394	15,086
Less deferred financing costs	(3,096)	(3,319)
Total loans and borrowings less deferred financing costs	32,298	11,767

The Company had US$151.4 million in cash and cash equivalents at December 31, 2012, compared to US$141.3 million at December 31, 2011.

On July 2, 2012 the Company increased its existing revolving credit facility (the "Revolving Facility") from US$100.0 million to US$300.0 million. The facility can be increased by an additional US$100.0 million, subject to lender approval. 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 0.175% per annum on any unutilized amounts, as well as an agency fee. 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, 2012. At December 31, 2012, US$269.0 million was available to be borrowed on the Revolving Facility and US$25.0 million of borrowings were outstanding on the facility along with the utilization of US$6.0 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$10.3 million and US$15.0 million at December 31, 2012 and December 31, 2011, respectively.

The following represents the contractual maturity dates of the Company's loans and borrowings (excluding the impact of netting agreements) as of December 31, 2012 and December 31, 2011.

Expressed in thousands of US Dollars

	As of December 31,	
	2012	**2011**
On demand or within one year	35,330	15,015
Between 1 and 2 years	22	26
Between 2 and 5 years	42	37
Over 5 years	—	8
	35,394	15,086

2. *Principal Risks and Uncertainties*

Details of principal risks and uncertainties can be found in notes 5 and 22 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, 2012. 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, 2012 are expected to be US$95.8 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$14.6 million during the year ended December 31, 2012. 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 15 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

On March 27, 2012, the Company's Board of Directors recommended that a cash distribution in the amount of US$30.0 million, or US$0.02132 per share, be made to the Company's shareholders of record on June 15, 2012 from its ad hoc distributable reserve. The shareholders approved this distribution on June 7, 2012 at the annual general meeting and the distribution was paid on July 6, 2012.

The Board recommends that a cash distribution in the amount of US$0.02665 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 4, 2013 to June 6, 2013, 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 6, 2013 (the "AGM Record Date"). 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 3, 2013.

Subject to the shareholders approving the recommended Distribution at the forthcoming AGM, such Distribution will be payable on or about July 12, 2013 to shareholders whose names appear on the register of members on June 20, 2013 (the "Distribution Record Date"). To determine eligibility for the Distribution, the register of members will be closed from June 18, 2013 to June 20, 2013, 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 17, 2013.

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

Human Resources and Remuneration

At December 31, 2012, the Company had approximately 7,070 employees worldwide, compared to approximately 6,640 employees at December 31, 2011. 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.

8. Strategic Review and Prospects

During 2012, the Company continued to implement its strategic plan in the following areas:

Positive financial results

All key company metrics showed considerable growth for the year ended December 31, 2012 compared to the year ended December 31, 2011.

- Net sales increased by 13.2% to US$1,771.7 million for the year ended December 31, 2012. Excluding foreign currency effects, net sales increased by 16.8%.

- Adjusted Net Income increased by 22.2% to US$167.2 million.

- Adjusted EBITDA increased by 15.4% to US$286.5 million.

- Adjusted EBITDA margin increased to 16.2% from 15.9% reflecting the Company's ability to leverage its cost base against strong sales growth.

- The Company generated US$203.0 million of cash from operating activities.

Significant investment in advertising and promotion

The Company maintained its significant investment in marketing, which amounted to approximately 6.6% of net sales, reflecting its commitment to advertise and promote its brands and products to support sales growth worldwide.

New products in the market

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

Expanded distribution network

The Company continued the further expansion of its distribution network by adding approximately 5,000 points of sale during the year ended December 31, 2012.

Acquisitions

The Company sought out acquisition opportunities that presented a compelling strategic and financial rationale. The Company completed the following acquisitions during 2012:

(a) High Sierra Sport Company

On July 17, 2012, certain of the Company's wholly-owned subsidiaries (the "Samsonite Purchasers") entered into an Asset Purchase Agreement with High Sierra Sport Company ("High Sierra"), pursuant to which, on July 31, 2012, the Samsonite Purchasers purchased substantially all of the assets of High Sierra for a net cash consideration of US$108.0 million.

Upon the consummation of the acquisition, the Samsonite Purchasers purchased substantially all of the assets of High Sierra excluding cash, certain receivables, and certain other retained assets and assumed all balance sheet liabilities and certain contractual liabilities of High Sierra.

The acquisition gives the Company a strong brand and product offering that provides a larger foothold in the North American casual bag market. It also provides the Company with opportunities to leverage its well-established global distribution network and retail presence to significantly expand the *High Sierra* brand in additional markets in Asia, Europe and Latin America.

Please refer to note 8 of the accompanying consolidated financial statements for further details on the acquisition of High Sierra.

(b) HL Operating Corp. doing business as Hartmann

On August 2, 2012, a wholly-owned subsidiary of the Company (the "Samsonite Purchaser") entered into a Merger Agreement with HL Operating Corp. ("Hartmann"), pursuant to which, on August 2, 2012, the Samsonite Purchaser completed the acquisition, by way of merger, of all of the outstanding shares of the capital stock of Hartmann for a net cash consideration of US$34.0 million.

The *Hartmann* brand has a 135-year heritage and a tradition of stylish design and impeccable quality. The acquisition gives the Company a strong brand to expand its presence in the luxury luggage and leather goods market as well as opportunities to leverage the Company's well-established global distribution network and retail presence to significantly expand the *Hartmann* brand both in the U.S. and internationally.

Please refer to note 8 of the accompanying consolidated financial statements for further details on the acquisition of Hartmann.

Future Prospects

The Company's growth strategy will continue as planned for 2013, while focusing on the following:

- continue to gain market share by leveraging the strength of the Company's brands, *Samsonite*, *American Tourister*, *High Sierra* and *Hartmann*, across all of its markets while continuing to capitalize on the robust growth in international travel;

- expand the geographic reach of the newly acquired *High Sierra* and *Hartmann* brands;

- introduce new and innovative product designs, adapted to the needs of consumers in different markets, while staying true to the Company's core values of lightness, strength and functionality;

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

- increase the Company's investment in R&D and marketing broadly in line with sales growth;

- allocate more resources to the business, casual and accessory product categories, where the Company's share is relatively low; and

- actively evaluate acquisition opportunities that have a compelling strategic fit, leveraging a strong management team and balance sheet capacity.

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

9. Subsequent Events

Please refer to note 28 of the consolidated financial statements for further details on subsequent events.

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, 2012 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, 2012, 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, 18 March 2013

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, 2012	2011
Net sales	7	1,771,726	1,565,147
Cost of sales		(820,721)	(708,199)
Gross profit		951,005	856,948
Distribution expenses		(466,471)	(410,889)
Marketing expenses		(117,211)	(122,822)
General and administrative expenses		(121,132)	(113,613)
Other expenses (income)		(4,449)	306
Operating profit		241,742	209,930
Finance income	24	1,187	1,247
Finance costs	24	(18,229)	(71,879)
Net finance costs		(17,042)	(70,632)
Profit before income tax	25	224,700	139,298
Income tax expense	23	(58,073)	(35,680)
Profit for the year		166,627	103,618
Profit attributable to the equity holders		148,439	86,748
Profit attributable to non-controlling interests		18,188	16,870
Profit for the year		166,627	103,618
Earnings per share			
Basic and diluted earnings per share			
(Expressed in US Dollars per share)	16	0.11	0.06

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, 2012	2011
Profit for the year		166,627	103,618
Other comprehensive loss:			
Recognition of previously unrecognized deferred tax on defined benefit plans	23	34,899	—
Actuarial losses on defined benefit plans	18	(26,829)	(12,886)
Changes in fair value of cash flow hedges		(6,267)	5,401
Foreign currency translation (losses)/gains for foreign operations		8,134	(15,357)
Income tax benefit (expense) on other comprehensive income (loss) items		12,392	(1,586)
Other comprehensive income (loss)		22,329	(24,428)
Total comprehensive income		188,956	79,190
Total comprehensive income attributable to the equity holders		169,982	64,585
Total comprehensive income attributable to non-controlling interests		18,974	14,605
Total comprehensive income for the year		188,956	79,190

The accompanying notes form part of the consolidated financial statements.

Consolidated Statement of Financial Position

(Expressed in thousands of US Dollars)

	Note	December 31, 2012	December 31, 2011
Non-Current Assets			
Property, plant and equipment, net	9	135,824	127,975
Goodwill	10(a)	214,356	153,212
Other intangible assets, net	10(b)	671,522	619,438
Deferred tax assets	23(d)	55,302	14,023
Other assets and receivables	11(a)	22,793	18,500
Total non-current assets		1,099,797	933,148
Current Assets			
Inventories	12	277,516	236,957
Trade and other receivables, net	13	222,159	171,552
Prepaid expenses and other assets	11(b)	62,293	61,630
Cash and cash equivalents	14	151,399	141,259
Total current assets		713,367	611,398
Total assets		1,813,164	1,544,546
Equity and Liabilities			
Equity:			
Share capital	15	14,071	14,071
Reserves	15	1,037,522	904,060
Total equity attributable to equity holders		1,051,593	918,131
Non-controlling interests	15	34,512	27,069
Total equity		1,086,105	945,200
Non-Current Liabilities			
Loans and borrowings	17(a)	64	71
Employee benefits	18	68,378	59,725
Non-derivative financial instruments	15(g)	44,950	29,522
Deferred tax liabilities	23	113,809	120,307
Other liabilities		6,319	6,252
Total non-current liabilities		233,520	215,877
Current Liabilities			
Loans and borrowings	17(b)	32,234	11,696
Employee benefits		49,977	45,182
Trade and other payables	21	362,488	286,560
Current tax liabilities	23(d)	48,840	40,031
Total current liabilities		493,539	383,469
Total liabilities		727,059	599,346
Total equity and liabilities		1,813,164	1,544,546
Net current assets		219,828	227,929
Total assets less current liabilities		1,319,625	1,161,077

The accompanying notes form part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

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

	Note	Number of shares	Share capital	Reserves: Class B preference share reserve	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Reserves: Retained earnings (accumulated deficit)	Total equity attributable to equity holders	Non-controlling interest	Total equity
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 income (loss):											
Actuarial losses on defined benefit plans, net of tax	18	—	—	—	—	—	(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 (loss) 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	15	—	—	6,489	—	—	—	(6,489)	—	—	—
Conversion of preference shares to loan notes	6, 15	(78,000,000)	(780)	(23,979)	(76,230)	—	—	—	(100,989)	—	(100,989)
Contribution of Delilah Holdings S.á.r.l. shares	6, 15	(2,143,394,998)	(21,434)	—	—	—	—	—	(21,434)	—	(21,434)
Issuance of share capital to Delilah Holdings S.á.r.l. equity holders	6, 15	1,286,036,999	12,860	—	8,574	—	—	—	21,434	—	21,434
Issuance of ordinary shares upon Global Offering	6, 15	121,100,005	1,211	—	224,041	—	—	—	225,252	—	225,252
Transaction costs associated with Global Offering	6, 15	—	—	—	(8,899)	—	—	—	(8,899)	—	(8,899)
Change in fair value of put options	15	—	—	—	—	—	—	(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
Year ended December 31, 2012:											
Balance, January 1, 2012		1,407,137,004	14,071	—	962,192	(9,019)	(88,780)	39,667	918,131	27,069	945,200
Profit for the year		—	—	—	—	—	—	148,439	148,439	18,188	166,627
Other comprehensive income (loss):											
Actuarial losses on defined benefit plans, net of tax	18	—	—	—	—	—	(16,390)	—	(16,390)	—	(16,390)
Recognition of previously unrecognized deferred tax on defined benefit plans	23	—	—	—	—	—	34,899	—	34,899	—	34,899
Changes in fair value of cash flow hedges, net of tax		—	—	—	—	—	(4,314)	—	(4,314)	—	(4,314)
Foreign currency translation gains (losses)		—	—	—	—	7,348	—	—	7,348	786	8,134
Total comprehensive income (loss) for the year		—	—	—	—	7,348	14,195	148,439	169,982	18,974	188,956
Transactions with owners recorded directly in equity:											
Change in fair value of put options	15	—	—	—	—	—	—	(6,520)	(6,520)	—	(6,520)
Cash distributions to equity holders	16	—	—	—	—	—	—	(30,000)	(30,000)	—	(30,000)
Dividends paid to non-controlling interests		—	—	—	—	—	—	—	—	(6,479)	(6,479)
Other transactions		—	—	—	—	—	—	—	—	(5,052)	(5,052)
Balance, December 31, 2012		1,407,137,004	14,071	—	962,192	(1,671)	(74,585)	151,586	1,051,593	34,512	1,086,105

The accompanying notes form part of the consolidated financial statements.

Consolidated Statement of Cash Flows

(Expressed in thousands of US Dollars)

	Note	Year ended December 31, 2012	2011
Cash flows from operating activities:			
Profit for the year		166,627	103,618
Adjustments to reconcile profit to net cash generated from operating activities:			
Gain on sale and disposal of assets, net		(211)	(252)
Depreciation	9	31,770	30,158
Amortization of intangible assets	10	8,491	8,333
Provision for doubtful accounts		1,861	806
Reversal of provision for restructuring activities		—	(877)
Change in fair value of put options		8,908	8,644
Net change in defined benefit pension plan	18	(17,260)	(29,989)
Non-cash interest expense		—	32,806
Non-cash share-based compensation		—	200
Income tax expense	23	58,073	35,680
		258,259	189,127
Changes in operating assets and liabilities (excluding the effects of acquisitions):			
Trade and other receivables		(32,747)	(33,244)
Inventories		(20,671)	(24,628)
Other current assets		4,727	258
Trade and other payables		64,022	(6,906)
Other assets and liabilities, net		(13,510)	(18,505)
Cash generated from operating activities		260,080	106,102
Interest paid		(2,945)	(4,299)
Income tax paid		(54,143)	(37,301)
Net cash generated from operating activities		202,992	64,502
Cash flows from investing activities:			
Purchases of property, plant and equipment	9	(37,941)	(37,172)
Acquisition of businesses, net of cash acquired	8	(141,953)	—
Other proceeds		713	1,401
Net cash used in investing activities		(179,181)	(35,771)

Consolidated Statements of Cash Flow *(cont.)*

	Note	Year ended December 31, 2012	2011
Cash flows from financing activities:			
Current loans and borrowings proceeds	17	21,034	2,766
Non-current loans and borrowings payments	17	—	(279,051)
Cash distributions to equity holders	16	(30,000)	—
Proceeds from issuance of share capital	6	—	225,252
Transaction costs associated with Global Offering recognized in equity	6	—	(8,899)
Loan note payments	6	—	(100,989)
Payment of debt issue costs		(1,069)	(3,981)
Dividend payments to non-controlling interests		(6,479)	(5,390)
Net cash used in financing activities		(16,514)	(170,292)
Net increase (decrease) in cash and cash equivalents		7,297	(141,561)
Cash and cash equivalents, at January 1		141,259	285,798
Effect of exchange rate changes on cash and cash equivalents		2,843	(2,978)
Cash and cash equivalents, at December 31	14	151,399	141,259

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*®, *American Tourister*®, *High Sierra*® and *Hartmann*® 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 27.

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 International Accounting Standards Board ("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, 2012. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period ended December 31, 2012 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 18, 2013.

(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 statements 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 — Business combinations

- Note 9 — Property, plant and equipment

- Note 10 — Goodwill and other intangible assets

- Note 12 — Inventories
- Note 13 — Allowances for trade and other receivables
- Note 15 — Non-controlling interests
- Note 18 — Obligations under defined benefit plans
- Note 22 — Fair value of financial instruments
- Note 23 — 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 18 — Measurement of plan assets and defined benefit obligation
- Note 20 — Contingent liabilities
- Note 22 — Financial instruments
- Note 23 — Utilization of tax losses

(e) Changes in Accounting Policies

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing the consolidated financial information, there were no new or revised IFRSs yet effective for the year ended December 31, 2012. The Company has not applied any new standard or interpretation that is not yet mandatorily effective for the current accounting period.

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. 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, net cash generated from operating activities, investing activities or financing activities, or the 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.

(iii) Business Combinations

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is obtained by the Company. In assessing control, the Company takes into consideration potential voting rights that are currently exercisable.

The Company measures goodwill at the acquisition date as 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.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognized in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

When share-based payment awards ("replacement awards") are required to be exchanged for awards held by the acquiree's employees ("acquiree's awards") and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

(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 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. For measurement of goodwill at initial recognition, see note 3(a)(iii). 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 10).

(ii) Intangible Assets (other than Goodwill)

Intangible assets consist of tradenames, customer relationships, patents 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*®, *American Tourister*®, *High Sierra*® and *Hartmann*®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
Patents	1 to 10 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, cancelled 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 during the periods presented. The Company has certain put option agreements that 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 de-designated 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 plans 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 statement 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 statement 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); or

(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, 2012, and have not been applied in preparing these consolidated financial statements.

(i) IFRS 9 *Financial Instruments* (2010), IFRS 9 *Financial Instruments* (2009)

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

IFRS 9 (2010 and 2009) is effective for annual periods beginning on or after January 1, 2015 with early adoption permitted. The Company has not determined the extent of the impact on its financial statements upon adoption of this standard. The European Union has not yet adopted this standard.

(ii) IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities* (2011)

IFRS 10 introduces a single control model to determine whether an investee should be consolidated. The Company does not expect that the adoption of this standard will change its current conclusion in respect of consolidated subsidiaries.

Under IFRS 11, the structure of a joint arrangement, although still an important consideration, is no longer the main factor in determining the type of joint arrangement and therefore the subsequent accounting.

- The Company's interest in a joint operation, which is an arrangement in which the parties have rights to the assets and obligations for the liabilities, will be accounted for on the basis of the Company's interest in those assets and liabilities.

- The Company's interest in a joint venture, which is an arrangement in which the parties have rights to the net assets, will be equity-accounted.

The Company does not expect that the adoption of this standard will have a material impact on its financial statements.

IFRS 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Company is currently assessing the disclosure requirements in comparison with existing disclosures. IFRS 12 requires the disclosure of information about the nature, risks and financial effects of these interests.

These standards are effective for annual periods beginning on or after January 1, 2014.

(iii) IFRS 13 *Fair Value Measurement* (2011)

IFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. Subject to limited exceptions, IFRS 13 is applied when fair value measurements or disclosures are required or permitted by other IFRSs. The Company is currently reviewing its methodologies in determining fair values (see Note 4). IFRS 13 is effective for annual periods beginning on or after January 1, 2013.

(iv) IAS 1 *Presentation of Items of Other Comprehensive Income* (2011)

IAS 1 has been amended by the IASB to require that an entity presents 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 standard is effective for annual periods beginning on or after July 1, 2012. There will not be any impact to the financial results of the Company upon adoption of this standard.

(v) IAS 19 *Employee Benefits* (2011)

IAS 19 (2011) changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. For defined benefit plans, removal of the accounting policy choice for recognition of actuarial gains and losses is not expected to have a significant impact on the Company. The Company is currently assessing the impact of the change in measurement principles of expected return on plan assets. IAS 19 (2011) is effective for annual periods beginning on or after January 1, 2013.

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 22) 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. 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 periods presented or accounts receivable as of the reporting dates. 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 flows from operating activities, invested cash, available lines of credit (note 17(b)) and its ability to issue additional shares. 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 typically 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 credit facilities for funding to satisfy the working capital and financing needs.

The Company's capital needs are primarily managed through cash and cash equivalents (note 14), trade and other receivables (note 13), inventories (note 12), property plant and equipment (note 9), trade and other payables (note 21) and loans and borrowings (note 17).

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").

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, Brazil 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. 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, 2012 is as follows:

Expressed in thousands of US Dollars

	Asia	Europe	North America	Latin America	Corporate	Consolidated
External revenues	684,154	465,383	499,924	112,556	9,709	1,771,726
Operating profit	87,946	43,099	38,458	10,968	61,271	241,742
Depreciation and amortization	14,643	14,928	3,796	4,092	2,802	40,261
Capital expenditures	14,317	15,173	4,533	2,953	965	37,941
Interest income	211	188	16	25	747	1,187
Interest expense	(1,809)	(139)	—	(296)	(1,683)	(3,927)
Income tax (expense) benefit	(20,136)	(9,889)	(14,398)	1,732	(15,382)	(58,073)
Total assets	499,149	422,793	512,975	91,795	286,452	1,813,164
Total liabilities	193,273	189,390	463,569	46,011	(165,184)	727,059

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

(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,	
	2012	**2011**
Asia:		
China	178,035	144,594
Hong Kong [1]	56,473	48,392
Philippines	4,869	3,567
Taiwan	18,212	14,252
India	102,329	109,846
United Arab Emirates	27,714	21,364
Australia	40,678	34,881
South Korea	122,921	93,969
Japan	66,013	51,984
Singapore	21,328	19,399
Other	45,582	36,068
Total Asia	684,154	578,316
Europe:		
Italy	52,383	67,549
France	59,580	61,024
Germany	64,502	61,077
Spain	39,075	46,973
Belgium	58,164	59,561
Holland	23,470	25,030
United Kingdom	30,754	30,120
Austria	11,901	11,338
Switzerland	16,692	18,037
Russia	35,931	28,020
Turkey	11,684	11,059
Other	61,247	59,301
Total Europe	465,383	479,089
North America:		
United States	469,773	360,314
Canada	30,151	27,876
Total North America	499,924	388,190
Latin America:		
Chile	54,998	50,158
Mexico	34,240	32,790
Argentina	9,823	14,218
Other	13,495	11,435
Total Latin America	112,556	108,601
Corporate and other (royalty revenue):		
Luxembourg	9,522	10,713
United States	187	238
Total Corporate and other	9,709	10,951
Total	1,771,726	1,565,147

(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,	
	2012	2011
United States	27,056	24,545
Luxembourg	588,828	532,428
India	24,037	25,307
China	16,544	15,623
South Korea	10,503	10,737
Hong Kong	9,457	9,049
Belgium	51,111	45,803
Chile	12,834	10,510

8. Business Combinations

(a) High Sierra

On July 17, 2012, certain of the Company's wholly-owned subsidiaries (the "Samsonite Purchasers") entered into an Asset Purchase Agreement with High Sierra Sport Company ("High Sierra"), pursuant to which on July 31, 2012 the Samsonite Purchasers purchased substantially all of the assets of High Sierra for a net cash consideration of US$108.0 million. The Samsonite Purchasers purchased substantially all of the assets of High Sierra excluding cash, certain receivables, and certain other retained assets and assumed all balance sheet liabilities and certain contractual liabilities of High Sierra.

High Sierra is a U.S.-based manufacturer and distributor of casual bags and adventure travel luggage. Its products are targeted at active lifestyle consumers including outdoor enthusiasts, skiers and snowboarders, adventure travelers and students. It is the official supplier of bags and luggage for the U.S. Ski and Snowboard Team. The High Sierra brand was founded in 1978.

The acquisition gives the Company a strong brand and product offering that provides a foothold in the North American casual bag market. It also provides the Company with opportunities to leverage its well-established global distribution network and retail presence to significantly expand the *High Sierra* brand in additional markets in Asia, Europe and Latin America.

From the date of acquisition, High Sierra contributed US$17.6 million of revenue and US$1.2 million of profit to the consolidated results of the Company for the year ended December 31, 2012.

The following summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

Expressed in thousands of US Dollars

	Note	
Property, plant and equipment		195
Intangible assets	10	43,000
Inventories		11,087
Trade receivables		13,267
Other current assets		88
Trade payables		(3,123)
Other current liabilities		(4,254)

The trade receivables comprise gross contractual amounts due of US$14.3 million, of which US$1.0 million was expected to be uncollectible at the acquisition date.

If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised.

Goodwill in the amount of US$47.7 million was recognized as a result of the acquisition. The goodwill is attributable mainly to the synergies expected to be achieved from integrating High Sierra into the Company's existing business. None of the goodwill recognized is expected to be deductible for tax purposes.

(b) HL Operating Corp. doing business as Hartmann

On August 2, 2012, a wholly-owned subsidiary of the Company (the "Samsonite Purchaser") entered into a Merger Agreement with HL Operating Corp. ("Hartmann"), pursuant to which on August 2, 2012 the Samsonite Purchaser completed the acquisition, by way of merger, of all of the outstanding shares of the capital stock of Hartmann for a net cash consideration of US$34.0 million.

Hartmann is a U.S.-based manufacturer and distributor of luggage, business cases, tote bags and leather accessories under the *Hartmann*® brand. Founded by Joseph S. Hartmann in 1877, Hartmann has established the brand as a mark of quality among American luxury consumers, with its products appealing to business and leisure consumers alike. The brand is currently offered through multiple channels, including leading retailers, corporate clients, *Hartmann* retail stores and its corporate website.

The acquisition gives the Company a strong brand to expand its presence in the luxury luggage and leather goods market as well as opportunities to leverage its well-established global distribution network and retail presence to significantly expand the *Hartmann* brand both in the U.S. and internationally.

From the date of acquisition, Hartmann contributed US$8.0 million of revenue and US$0.1 million of profit to the consolidated results of the Company for the year ended December 31, 2012.

The following summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

Expressed in thousands of US Dollars

	Note	
Property, plant and equipment		52
Intangible assets	10	17,000
Inventories		4,987
Trade receivables		3,249
Other current assets		2,414
Trade payables		(4,577)
Deferred tax liabilities		(1,080)
Other current liabilities		(1,496)

The trade receivables comprise gross contractual amounts due of US$3.3 million, of which US$0.1 million was expected to be uncollectible at the acquisition date.

If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised.

Goodwill in the amount of US$13.5 million was recognized as a result of the acquisition. The goodwill is attributable mainly to the synergies expected to be achieved from integrating Hartmann into the Company's existing business. None of the goodwill recognized is expected to be deductible for tax purposes.

(c) Proforma results

If these acquisitions had occurred on January 1, 2012, the Company estimates that consolidated net sales would have been approximately US$1,832.0 million, and consolidated profit for the year would have been approximately US$171.3 million. In determining these amounts, the Company has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2012.

(d) Acquisition-related costs

The Company incurred approximately US$6.4 million in acquisition related costs during the year ended December 31, 2012. Such costs are primarily comprised of costs associated with due diligence and integration activities, as well as professional and legal fees, and are recognized within other expenses on the income statement.

9. Property, Plant and Equipment, Net

Expressed in thousands of US Dollars

2012	Land	Buildings	Machinery, equipment, leasehold improvements and other	Total
Cost:				
At January 1, 2012	8,275	49,690	320,165	378,130
Additions	2,449	2,562	32,930	37,941
Disposals	—	(4,384)	(38,248)	(42,632)
Effect of movements in exchange rates/other	176	812	4,495	5,483
At December 31, 2012	10,900	48,680	319,342	378,922
Accumulated depreciation and impairment:				
At January 1, 2012	1,208	20,863	228,084	250,155
Depreciation for the year	24	3,148	28,598	31,770
Disposals	—	(4,377)	(37,585)	(41,962)
Effect of movements in exchange rates/other	23	498	2,614	3,135
At December 31, 2012	1,255	20,132	221,711	243,098
Carrying value:				
At December 31, 2012	9,645	28,548	97,631	135,824

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	(13,545)	16,367	3,639
At December 31, 2011	8,275	49,690	320,165	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	28,827	92,081	127,975

Depreciation expense for the years ended December 31, 2012 and December 31, 2011 amounted to US$31.8 million and US$30.2 million, respectively. Of this amount, US$5.2 million and US$4.1 million was included in cost of sales during the years ended December 31, 2012 and December 31, 2011, respectively. Remaining amounts were presented in distribution and general and administrative expenses. The Company has authorized capital expenditures of US$72.6 million in 2013, of which approximately US$11.3 million has been committed as of December 31, 2012. All land owned by the Company is freehold.

No potential impairment indicators existed at December 31, 2012.

10. Goodwill and Other Intangible Assets

(a) Goodwill

As of December 31, 2012 and December 31, 2011, the Company's goodwill balance amounted to US$214.4 million and US$153.2 million, respectively, of which none is deductible for income tax purposes.

The carrying amount of goodwill was as follows:

Expressed in thousands of US Dollars

	December 31,	
	2012	**2011**
Cost:		
At January 1	1,122,999	1,122,999
Additions (note 8)	61,144	—
At December 31	1,184,143	1,122,999
Accumulated impairment losses:		
At January 1 and at December 31	969,787	969,787
Carrying Amount:	214,356	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, 2012	153,212	—	61,144	—	214,356
At December 31, 2011	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	Other	Total subject to amortization	Tradenames	Total other intangible assets
Cost:					
At 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 and January 1, 2012	111,650	5,551	117,201	538,230	655,431
Additions	3,600	170	3,770	56,400	60,170
Effect of movement in foreign currency exchange rate	—	—	—	405	405
At December 31, 2012	115,250	5,721	120,971	595,035	716,006
Accumulated amortization:					
At January 1, 2011	(23,916)	(3,744)	(27,660)	—	(27,660)
Amortization for the year	(7,608)	(725)	(8,333)	—	(8,333)
At December 31, 2011 and January 1, 2012	(31,524)	(4,469)	(35,993)	—	(35,993)
Amortization for the year	(7,758)	(733)	(8,491)	—	(8,491)
At December 31, 2012	(39,282)	(5,202)	(44,484)	—	(44,484)
Carrying amounts:					
At December 31, 2012	75,968	519	76,487	595,035	671,522
At December 31, 2011	80,126	1,082	81,208	538,230	619,438

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

Expressed in thousands of US Dollars

	Samsonite®	*American Tourister®*	*High Sierra®*	*Hartmann®*	Other	Consolidated
At January 1, 2011	462,459	69,969	—	—	6,327	538,755
Foreign exchange	—	—	—	—	(525)	(525)
At December 31, 2011	462,459	69,969	—	—	5,802	538,230
Additions	—	—	39,900	16,500	—	56,400
Foreign exchange	—	—	—	—	405	405
At December 31, 2012	462,459	69,969	39,900	16,500	6,207	595,035

Amortization expense for intangible assets for the years ended December 31, 2012 and December 31, 2011 was US$8.5 million and US$8.3 million, respectively, and is presented as a distribution expense in the consolidated income statement. Future amortization expense as of December 31, 2012 for the next five years is estimated to be US$8.4 million, US$8.0 million, US$8.0 million, US$8.0 million, US$7.7 million and a total of US$36.4 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, 2012 and December 31, 2011 there were no potential impairment indicators and there were no accumulated impairment losses at December 31, 2012 and December 31, 2011.

11. 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, 2012	December 31, 2011
Deposits	17,909	15,415
Other	4,884	3,085
Total other assets and receivables	22,793	18,500

(b) Current

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

12. Inventories

Inventories consisted of the following:

Expressed in thousands of US Dollars

	December 31,	
	2012	**2011**
Raw materials	14,715	14,952
Work in process	1,820	1,804
Finished goods	260,981	220,201
Total inventories	277,516	236,957

The amounts above include the following:

Expressed in thousands of US Dollars

	December 31,	
	2012	**2011**
Inventories carried at fair value less costs to sell	69,850	47,561

During the years ended December 31, 2012 and December 31, 2011 the write-down of inventories to net realizable value (fair value less costs to sell) amounted to US$10.0 million and US$6.6 million, respectively. During the years ended December 31, 2012 and December 31, 2011 the reversal of write-downs recognized in profit or loss amounted to US$2.8 million and US$0.3 million, respectively, where the Company was able to sell the previously written down inventories at higher selling prices than previously estimated.

13. Trade and Other Receivables

Trade and other receivables are presented net of related allowances for doubtful accounts of US$12.9 million and US$11.3 million as of December 31, 2012 and December 31, 2011, respectively.

(a) Aging Analysis

Included in trade and other receivables are trade receivables (net of allowance for doubtful accounts) of US$211.5 million and US$165.0 million as of December 31, 2012 and December 31, 2011, respectively, with the following aging analysis by invoice date:

Expressed in thousands of US Dollars

	December 31,	
	2012	**2011**
Current	173,185	127,926
Past Due	38,311	37,074
Total trade receivables	211,496	165,000

Credit terms are granted based on the credit worthiness of individual customers. As of December 31, 2012, 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

	2012	2011
At January 1	11,309	12,485
Impairment loss recognized	1,861	806
Impairment loss written back	(298)	(1,982)
At December 31	12,872	11,309

14. Cash and Cash Equivalents

Expressed in thousands of US Dollars

	December 31,	
	2012	2011
Bank balances	110,561	121,188
Short-term investments	40,838	20,071
Total cash and cash equivalents	151,399	141,259

Short-term investments are comprised of overnight sweep accounts and time deposits. As of December 31, 2012 and December 31, 2011 the Company had no restrictions on the use of any of its cash.

15. Share Capital and Reserves

As of December 31, share capital was as follows:

In thousands of shares

	Ordinary shares		Preference shares of OldCo	
	2012	**2011**	**2012**	**2011**
At January 1	1,407,137	2,143,395	—	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	—	—
At December 31	1,407,137	1,407,137	—	—

In connection with the Global Offering during the year ended December 31, 2011, 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, totalled approximately 1,286.0 million ordinary shares. Please refer to note 27 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 cancelled 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 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, 2012 and 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.

(b) Preference Shares

(i) Class A Preference Shares

At January 1, 2011, 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 cancelled in on June 10, 2011.

(ii) Class B Preference Shares

At January 1, 2011, 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 cancelled on June 10, 2011.

(c) Treasury Shares

There are no treasury shares held by the Company.

(d) Distributable Reserves

At December 31, 2012, distributable reserves amounted to approximately US$2.3 billion as shown in the statutory financial statements of Samsonite International S.A. and calculated in accordance with the Company's Articles of Incorporation and with Luxembourg legal and regulatory requirements.

(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, 2012 and December 31, 2011, the financial liabilities recognized related to these put options were US$45.0 million and US$29.5 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.

16. 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, 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,	
	2012	**2011**
Issued ordinary shares at the beginning of the period	1,407,137,004	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	1,407,137,004	1,352,061,385
Profit attributable to the equity holders	148,439	86,748
Less earnings on Class B preference shares	—	(6,489)
Adjusted profit attributable to the equity holders	148,439	80,259
Basic earnings per share *(Expressed in US Dollars per share)*	0.11	0.06

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.

(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, 2012 and December 31, 2011.

(c) Dividends and Distributions

On March 27, 2012, the Company's Board of Directors recommended that a cash distribution in the amount of US$30.0 million, or US$0.02132 per share, be made to the Company's shareholders of record on June 15, 2012 from its ad hoc distributable reserve. The shareholders approved this distribution on June 7, 2012 at the annual general meeting and the distribution was paid on July 6, 2012.

No other dividends or distributions were declared or paid during the year ended December 31, 2012.

17. Loans and Borrowings

(a) Non-current obligations:

Expressed in thousands of US Dollars

	December 31,	
	2012	**2011**
Finance lease obligations	97	78
Less current installments	33	7
Non-current loans and borrowings	64	71

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, 2012 and December 31, 2011 the balance both on deposit with the bank and due on the loan to the Chilean subsidiary was US$16.1 million and US$23.7 million, respectively.

(b) Current Obligations

The Company had the following current obligations:

Expressed in thousands of US Dollars

	December 31,	
	2012	**2011**
Revolving Credit Facility	25,000	—
Current installments of non-current obligations	33	7
Other lines of credit	10,297	15,008
Total current obligations	35,330	15,015
Less deferred financing costs	(3,096)	(3,319)
Current loans and borrowings	32,234	11,696

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$10.3 million and US$15.0 million at December 31, 2012 and December 31, 2011, respectively. The unused available lines of credit amounted to US$51.9 million and US$59.6 million as of December 31, 2012 and December 31, 2011, respectively.

On July 2, 2012, the Company increased its existing revolving credit facility (the "Revolving Facility") from US$100.0 million to US$300.0 million. The facility can be increased by an additional US$100.0 million, subject to lender approval. The Revolving Facility has an initial term of three years, with a one year extension available 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 0.175% per annum on any unutilized amounts, as well as an agency fee. 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, 2012. At December 31, 2012 and December 31, 2011, US$25.0 million and US$0 were borrowed on the facility, respectively. At December 31, 2012, US$269.0 million was available to be borrowed on the Revolving Facility as a result of the US$25.0 million outstanding borrowing and the utilization of US$6.0 million of the facility for outstanding letters of credit. 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.

18. Employee Benefits

Employee benefits expense, which consists of payroll and other benefits, amounted to US$215.0 million and US$201.5 million for the years ended December 31, 2012 and December 31, 2011, respectively. Of these amounts, US$20.4 million and US$20.9 million was included in cost of sales during the years ended December 31, 2012 and December 31, 2011, respectively. Remaining amounts were presented in distribution and general and administrative expenses.

Average employee headcount worldwide was approximately 6,860 and 6,200 for the years ending December 31, 2012 and December 31, 2011, respectively.

(a) Long-Term Incentive Schemes

On September 14, 2012 the Company established a Share Award Scheme, as approved by the shareholders, that entitles certain Directors and employees of the Company and its subsidiaries to be granted Company share options or restricted stock units ("RSUs"). There were no such options granted as of December 31, 2012. On January 8, 2013, the Company granted 15,532,227 ordinary share options to certain directors, key management personnel, and other employees. The exercise price of the options granted is HK$17.36. Such options are subject to graded vesting over a 4 year period, with 25% of the options vesting on each anniversary date of the grant and have a 10 year term.

(b) Pension Plans and Defined Benefit Schemes

(i) Plan Descriptions

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, 2012 and December 31, 2011, 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, 2012 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$243.5 million and US$242.5 million as of December 31, 2012 and December 31, 2011, respectively, which are 77.5% and 75.4% funded by the plan assets held by the trustees at December 31, 2012 and December 31, 2011, respectively.

(ii) Amounts recognized in the consolidated statements of financial position

Expressed in thousands of US Dollars

	December 31, 2012	December 31, 2011
Present value of unfunded obligations	(16,325)	(13,730)
Present value of partly funded obligations	(240,860)	(228,723)
Fair value of plan assets	188,807	182,728
Net pension liability	(68,378)	(59,725)
Experience adjustments arising on plan liabilities	7,354	(2,660)
Experience adjustments arising on plan assets	(7,384)	(1,089)

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$17.6 million during 2013 and between US$16.4 million and US$17.3 million each year from 2014 through 2017.

The net pension liability is shown below:

Expressed in thousands of US Dollars

	December 31, 2012			
	US Pension benefits	**US Post-retirement benefits**	**Belgium retirement benefits**	**Total**
Present value of the defined benefit obligation	(243,515)	(2,511)	(11,159)	(257,185)
Fair value of plan assets	188,807	—	—	188,807
Net liability	(54,708)	(2,511)	(11,159)	(68,378)

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)

(iii) Movements in the present value of the defined benefit obligations

Expressed in thousands of US Dollars

	Year ended December 31, 2012			
	US Pension benefits	US Post-retirement benefits	Belgium retirement benefits	Total
Change in benefit obligation:				
Benefit obligation at January 1	231,157	2,510	8,786	242,453
Service cost	—	—	437	437
Interest cost	9,838	102	403	10,343
Plan participants' contributions	—	274	—	274
Actuarial loss	32,102	292	1,890	34,284
Benefits paid	(29,582)	(667)	(567)	(30,816)
Foreign exchange adjustments	—	—	210	210
Benefit obligation at December 31	243,515	2,511	11,159	257,185

Expressed in thousands of US Dollars

	Year ended December 31, 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

(iv) Movement in Plan Assets

Expressed in thousands of US Dollars

	Year ended December 31, 2012			
	US Pension benefits	US Post-retirement benefits	Belgium retirement benefits	Total
Change in plan assets:				
Fair value of plan assets at January 1	182,728	—	—	182,728
Expected return on plan assets	9,743	—	—	9,743
Actuarial gain on plan assets	7,384	—	—	7,384
Employer contributions	18,534	393	567	19,494
Plan participants' contributions	—	274	—	274
Benefits paid	(29,582)	(667)	(567)	(30,816)
Fair value of plan assets at December 31	188,807	—	—	188,807

Expressed in thousands of US Dollars

	Year ended December 31, 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

(v) Net actuarial gain (loss) recognized in other comprehensive income

Expressed in thousands of US Dollars

	Year ended December 31, 2012			
	US Pension benefits	US Post-retirement benefits	Belgium retirement benefits	Total
Cumulative amount at January 1	91,579	(3,129)	(48)	88,402
Net actuarial loss	24,718	293	1,818	26,829
Cumulative amount at December 31	116,297	(2,836)	1,770	115,231

Expressed in thousands of US Dollars

	Year ended December 31, 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

(vi) Expenses recognized in the consolidated income statement

Expressed in thousands of US Dollars

	Year ended December 31, 2012			
	US Pension benefits	US Post-retirement benefits	Belgium retirement benefits	Total
Service cost	—	—	437	437
Interest cost	9,838	102	403	10,343
Expected return on plan assets	(9,743)	—	—	(9,743)
Amortization of net loss	—	—	103	103
Total net periodic benefit cost	95	102	943	1,140

Expressed in thousands of US Dollars

	Year ended December 31, 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

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

Expressed in thousands of US Dollars

	Year ended December 31,	
	2012	2011
General and administrative expenses	1,137	2,231
Other expenses	3	1,502
	1,140	3,733

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.

(vii) Actuarial assumptions used

	US Pension benefits	US Post-retirement benefits	Belgium retirement benefits
2012			
Weighted average assumptions used to determine benefit obligations as of December 31:			
Discount rate	3.48%	3.48%	3.00%
Rate of compensation increase	N/A	N/A	—
Rate of price inflation	N/A	N/A	—
Weighted average assumptions used to determine net periodic benefit cost for the year ended December 31:			
Discount rate	4.42%	4.42%	4.75%
Expected long-term rate of return on assets	6.40%	N/A	N/A
Rate of compensation increase	N/A	N/A	—
2011			
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	—

The Company's overall expected long-term rate of return on assets is 6.4% 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, 2012 and December 31, 2011 was 11% and 8%, 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 7.7% annual rate of increase in the per capita cost of covered health care benefits was assumed for the year ended December 31, 2012. 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

	2012		**2011**	
	1% increase	**1% decrease**	**1% increase**	**1% decrease**
Effect on total of service and interest cost components	1	(1)	1	(1)
Effect on post retirement benefit obligation	19	(19)	15	(15)

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, 2012 and December 31, 2011 by US$68.2 million and US$59.7 million, respectively.

(viii) Fair values of the assets held by the U.S. pension plan by major asset category

	December 31, 2012	
	Targeted allocation	Fair value
		(US$'000)
Equity	—%–40%	18,409
Fixed Income	—%–100%	111,566
Asset allocation	20%–40%	57,405
Other	—%–10%	1,427
Total	100%	188,807

	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

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 2013, the minimum requirement expected to be contributed is approximately US$8.8 million, US$0.3 million and US$0.6 million to the U.S. pension, U.S. post-retirement and Belgium plans, respectively.

(ix) Historical Information

Expressed in thousands of US Dollars

	December 31,				
	2012	**2011**	**2010**	**2009**	**2008**
Present value of the defined benefit obligation	(257,185)	(242,453)	(234,748)	(234,485)	(232,427)
Fair value of plan assets	188,807	182,728	157,624	134,724	131,284
Net liability	(68,378)	(59,725)	(77,124)	(99,761)	(101,143)
Experience adjustments arising on plan liabilities	7,354	(2,660)	9,897	1,332	5,337
Experience adjustments arising on plan assets	(7,384)	(1,089)	2,675	9,277	(59,161)

(c) 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, 2012.

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.

19. Commitments

(a) Capital Commitments

Capital commitments outstanding as of December 31, 2012 and December 31, 2011 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,	
	2012	**2011**
Contracted for	11,326	2,460
Authorized but not contracted for	61,274	40,523
Total capital commitments	72,600	42,983

(b) Operating Lease Commitments

The Company's lease obligations primarily consist of non-cancellable leases of office, warehouse and retail store space and equipment. As of December 31, 2012 and December 31, 2011, future minimum payments under non-cancellable leases were as follows:

Expressed in thousands of US Dollars

	December 31,	
	2012	**2011**
Within one year	59,373	53,074
1–2 years	47,743	41,808
2–5 years	78,421	81,804
More than 5 years	21,830	24,063
Total operating lease commitments	207,367	200,749

Certain of the leases are renewable at the Company's option. 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.

Rental expense under cancellable and non-cancellable operating leases amounted to US$83.2 million and US$74.0 million for the years ended December 31, 2012 and 2011, respectively. Certain of the retail leases provide for additional rent payments based on a percentage of sales. These additional rent payments amounted to US$2.9 million and US$2.8 million for the years ended December 31, 2012 and December 31, 2011, respectively, and are included in rent expense.

20. 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.

During the year ended December 31, 2012, the Company reached an amicable settlement with Lankhorst Pure Composites B.V. with regard to the proceedings that were pending in relation to the ownership of the patents relating to the process used by the Company to manufacture products using *Curv*® material. While the terms of the settlement are confidential, the Company remains full owner of the patents at issue in the dispute, and the settlement does not impact in any way the Company's right to utilize its manufacturing process.

The Company did not settle any other significant litigation during the year ended December 31, 2012.

21. Trade and Other Payables

Expressed in thousands of US Dollars

	December 31,	
	2012	**2011**
Accounts payable	268,588	212,974
Other payables and accruals	85,074	66,953
Other tax payables	8,826	6,633
Total trade and other payables	362,488	286,560

No restructuring charges were recognized during the year ended December 31, 2012. 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.

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,	
	2012	**2011**
Current	200,927	158,067
Past Due	24,322	10,163
Total trade payables	225,249	168,230

Trade payables as of December 31, 2012 are on average due within 105 days from the invoice date.

22. 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, 2012	December 31, 2011
Trade and other receivables	222,159	171,552
Cash and cash equivalents	151,399	141,259
Foreign currency forward contracts	—	6,448
	373,558	319,259

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, 2012	December 31, 2011
Asia	73,279	63,980
Europe	49,103	47,068
North America	67,462	36,582
Latin America	21,652	17,370
Total trade receivables	211,496	165,000

(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, 2012					
	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	362,488	362,488	362,488	—	—	—
Revolving Facility	25,000	25,000	25,000	—	—	—
Other lines of credit	10,297	10,297	10,297	—	—	—
Minimum operating lease payments	—	207,367	59,373	47,743	78,421	21,830
Foreign currency forward contracts:						
Liabilities	1,694	95,799	95,799	—	—	—

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	—	—	—

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, 2012:						
Liabilities	1,694	95,799	95,799	—	—	—
December 31, 2011:						
Assets	6,448	82,246	82,246	—	—	—
Liabilities	776	9,353	9,353	—	—	—

(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, 2012	
	Euro	**Renminbi**
	(Euro'000)	(RMB'000)
Cash	40,850	88,563
Trade and other receivables, net	35,848	90,258
Intercompany receivables (payables)	(10,916)	(6,731)
Trade and other payables	(44,214)	(93,841)
Statement of financial position exposure	21,568	78,249

	December 31, 2011	
	Euro	**Renminbi**
	(Euro'000)	(RMB'000)
Cash	19,255	54,215
Trade and other receivables, net	34,492	83,430
Intercompany receivables (payables)	(5,885)	—
Trade payables	28,568	(72,965)
Statement of financial position exposure	76,430	64,680

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2012	**2011**	**2012**	**2011**
Euro	1.2911615	1.4000146	1.3197	1.2957
Renminbi	0.1587069	0.1547979	0.16051	0.1588800

(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, 2012 and December 31, 2011 by US$3.3 million and US$3.2 million, respectively, and increased equity as of December 31, 2012 and December 31, 2011 by US$22.8 million and US$22.1 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, 2012 and December 31, 2011 by US$2.1 million and US$1.1 million, respectively, and equity as of December 31, 2012 and December 31, 2011 would have increased by US$2.7 million and US$2.2 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

	December 31,	
	2012	**2011**
Fixed rate instruments:		
Financial assets	—	—
Financial liabilities	—	—
	—	—
Variable rate instruments:		
Financial assets	40,838	20,071
Financial liabilities	(35,394)	(15,008)
	5,444	5,063

(f) ***Fair Value Versus Carrying Amounts***

All 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 is estimated by reference to market quotations received from banks.

The following table presents assets and liabilities that are measured at fair value on a recurring basis (including items that are required to be measured at fair value) as of December 31, 2012 and December 31, 2011:

Expressed in thousands of US Dollars

		Fair value measurements at reporting date using		
	December 31, 2012	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	151,399	151,399	—	—
Total assets	151,399	151,399	—	—
Liabilities:				
Foreign currency forward contracts	1,694	1,694	—	—
Total liabilities	1,694	1,694	—	—

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	—	—

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$1.7 million and US$0.8 million and an asset of US$0 and US$6.4 million, as of December 31, 2012 and December 31, 2011, respectively.

23. Income Taxes

(a) *Taxation in the Consolidated Income Statements*

Expressed in thousands of US Dollars

	December 31, 2012	December 31, 2011
Current tax expense — Hong Kong Profits Tax:		
Current period	(2,566)	(923)
Current tax expense — Foreign:		
Current period	(50,255)	(44,203)
Adjustment for prior periods	(5,738)	(844)
	(55,993)	(45,047)
Deferred tax (expense) benefit:		
Origination and reversal of temporary differences	(10,563)	8,733
Change in tax rate	(222)	70
Change in unrecognized deferred tax assets	(606)	(9,115)
Recognition of previously unrecognized tax losses	11,877	10,602
	486	10,290
Total income tax expense	(58,073)	(35,680)

During the year ended December 31, 2012, based upon an evaluation of both positive and negative evidence, the Company concluded that US$47.2 million of previously unrecognized deferred tax assets should be recognized. As part of the Company's analysis, it evaluated, among other factors, its recent history of generating taxable income and its near-term forecasts of future taxable income and determined that it is more likely than not that it will be able to realize an additional US$47.2 million of its deferred tax assets over the next several years. After considering these factors, the Company concluded that recognition of these deferred tax assets was appropriate. Of the US$47.2 million of previously unrecognized deferred tax assets, US$12.3 million was recognized through income tax expense on the income statement and US$34.9 million, which relates to deferred tax assets for pension plans, was recognized through other comprehensive income on the statement of comprehensive income.

The provision for Hong Kong Profits Tax for the years ended December 31, 2012 and December 31, 2011 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 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, 2012	December 31, 2011
Profit for the year	166,627	103,618
Total income tax expense	(58,073)	(35,680)
Profit before income tax	224,700	139,298
Income tax expense using the Company's applicable tax rate	(62,406)	(38,112)
Tax incentives	14,514	9,582
Change in tax rates	(222)	70
Change in tax reserves	2,234	(977)
Non-deductible differences	(9,708)	(623)
Unrecognized benefit — Global Offering costs	—	(6,099)
Recognition of previously unrecognized tax losses	11,877	10,602
Change in unrecognized tax assets	(606)	(9,115)
Withholding taxes	(4,708)	(2,589)
Other	(3,310)	2,425
Under provided in prior periods	(5,738)	(844)
	(58,073)	(35,680)

The provision for taxation for the years ended December 31, 2012 and December 31, 2011 is calculated using the Company's applicable tax rate of 27.8% and 27.4%, respectively. The applicable rate is based on the Company's weighted average worldwide tax rate.

(c) *Income tax (expense) benefit recognized in Other Comprehensive Income*

Expressed in thousands of US Dollars

	2012			2011		
	Before tax	Income tax (expense) benefit	Net of tax	Before tax	Income tax (expense) benefit	Net of tax
Recognition of previously unrecognized deferred tax on defined benefit plans	—	34,899	34,899	—	—	—
Defined benefit plan actuarial losses	(26,829)	10,439	(16,390)	(12,886)	(207)	(13,093)
Cash flow hedges	(6,267)	1,953	(4,314)	5,401	(1,379)	4,022
Foreign currency translation differences for foreign operations	8,134	—	8,134	(15,357)	—	(15,357)
	(24,962)	47,291	22,329	(22,842)	(1,586)	(24,428)

(d) Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

Expressed in thousands of US Dollars

	December 31, 2012	December 31, 2011
Deferred tax assets:		
Allowance for doubtful accounts	2,294	1,224
Inventory	5,969	1,342
Plant and equipment	3,267	1,273
Pension and post-retirement benefits	27,064	6,821
Tax losses	3,436	951
Reserves	18,229	5,192
Other	5,240	1,227
Set off of tax	(10,197)	(4,007)
Total gross deferred tax assets	55,302	14,023
Deferred tax liabilities:		
Plant and equipment	(14,383)	(15,024)
Intangible assets	(101,772)	(103,640)
Other	(7,851)	(5,650)
Set off of tax	10,197	4,007
Total gross deferred tax liabilities	(113,809)	(120,307)
Net deferred tax asset (liability)	(58,507)	(106,284)

Movement in temporary differences for the years ended December 31, 2012 and December 31, 2011:

Expressed in thousands of US Dollars

	Balance December 31, 2011	Recognized in profit or loss	Recognized in other comprehensive income	Balance December 31, 2012
Allowance for doubtful accounts	1,224	1,070	—	2,294
Inventory	1,342	4,627	—	5,969
Property, plant and equipment	(13,752)	2,636	—	(11,116)
Intangible assets	(103,640)	1,868	—	(101,772)
Pension and post-retirement benefits	6,821	(25,167)	45,338	26,992
Tax losses	951	2,485	—	3,436
Reserves	5,192	13,037	—	18,229
Other	(4,422)	(70)	1,953	(2,539)
Net deferred tax asset (liability)	(106,284)	486	47,291	(58,507)

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)

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,	
	2012	2011
Deductible temporary differences	5,101	101,289
Tax losses	53,046	78,780
Balance at end of year	58,147	180,069

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,	
	2012	2011
United States	—	16,997
Europe	55,853	43,142
Asia	1,875	3,946
Latin America	7,452	16,738
Total	55,180	80,823

Tax losses expire in accordance with local country tax regulations. European losses will expire beginning in 2016. Asian losses will be available indefinitely. Latin American losses will expire beginning in 2017.

Unrecognized Deferred Tax Liabilities

At December 31, 2012 and December 31, 2011 a deferred tax liability of US$6.1 million and US$4.3 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 in the foreseeable future.

24. 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,	
	2012	**2011**
Recognized in income or loss:		
Interest income on bank deposits	1,187	1,247
Finance income	1,187	1,247
Interest expense on financial liabilities	3,927	37,285
Change in fair value of put options	8,908	8,644
Net foreign exchange loss	3,356	2,164
Expenses related to the Global Offering (note 6)	—	24,805
Stabilization Proceeds (note 6)	—	(3,474)
Other finance costs	2,038	2,455
Finance costs	18,229	71,879
Net finance costs recognized in profit or loss	17,042	70,632
Recognized in other comprehensive income:		
Foreign currency translation differences for foreign operations	8,134	(15,357)
Changes in fair value of cash flow hedges	(6,267)	5,401
Income tax on finance income and finance costs recognized in other comprehensive income	1,953	(1,586)
Net finance (income) costs recognized in other comprehensive income, net of tax	3,820	(11,542)
Attributable to:		
Equity holders of the Company	3,034	(9,277)
Non-controlling interests	786	(2,265)
Finance costs (income) recognized in other comprehensive income, net of tax	3,820	(11,542)

25. Expenses

Profit before income tax is arrived at after charging/(crediting) the following for the years ended December 31, 2012 and December 31, 2011:

Expressed in thousands of US Dollars

	Year ended December 31,	
	2012	**2011**
Depreciation of fixed assets	31,770	30,158
Amortization of intangible assets	8,491	8,333
Auditors' remuneration	3,471	7,751
Research and Development	14,610	13,407
Operating lease charges in respect of properties	83,245	74,035
Impairment losses on trade receivables	1,861	806
Impairment losses on trade receivables written back	(298)	(1,982)
Provision for impairment losses on inventories made	10,043	6,577
Provision for impairment losses on inventories written back	(2,832)	(321)

The fees in relation to the audit and related services for the year ended December 31, 2012 provided by KPMG, the external auditors of the Company, were as follows:

Expressed in thousands of US Dollars

Annual audit and interim review services	3,037
Non-audit related services	434
Total	3,471

26. 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,	
	2012	**2011**
Director's fees	400	251
Salaries, allowances and other benefits in kind	4,820	4,666
Bonus [1]	2,271	2,299
Share-based payments	—	200
Contributions to post-employment plans	150	152
	7,641	7,568

[1] Bonus is based on the performance of the Company.

(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, 2012					
	Directors' fees	**Salaries, allowances and other benefits in kind**	**Bonus [1]**	**Share-based payments**	**Contributions to post-employment plans**	**Total**
Executive Directors						
Timothy Parker	—	954	159	—	—	1,113
Kyle Gendreau	—	483	277	—	28	788
Ramesh Tainwala	—	960	688	—	—	1,648
Non-Executive Directors						
Keith Hamill	100	—	—	—	—	100
Nicholas Clarry	—	—	—	—	—	—
Bruce Hardy McLain	—	—	—	—	—	—
Independent Non-Executive Directors						
Paul Etchells	100	—	—	—	—	100
Miguel Ko	100	—	—	—	—	100
Ying Yeh	100	—	—	—	—	100
Total	400	2,397	1,124	—	28	3,949

[1] Bonus is based on the performance of the Company.

Expressed in thousands of US Dollars

	Year ended December 31, 2011					
	Directors' fees	Salaries, allowances and other benefits in kind	Bonus [1]	Share-based payments	Contributions to post-employment plans	Total
Executive Directors						
Timothy Parker	—	1,094	154	200	—	1,448
Kyle Gendreau	—	462	481	—	27	970
Ramesh Tainwala	—	853	532	—	—	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	2,409	1,167	200	27	4,054

[1] Bonus is based on the performance of the Company.

No director received any emoluments from the Company as an inducement to join or upon joining the Company during the years ended December 31, 2012 and December 31, 2011. No director waived or agreed to waive any emoluments during the periods presented. No director received any compensation during the years ended December 31, 2012 or December 31, 2011 for the loss of office as a director of Company or of any other office in connection with the management of the affairs of the Company.

(c) *Individuals with the Highest Emoluments*

The five highest paid individuals of the Company include three directors during the years ended December 31, 2012 and December 31, 2011, 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,	
	2012	2011
Salaries, allowances and other benefits in kind	712	944
Bonus [1]	819	672
Contributions to post-employment plans	32	9
	1,563	1,625

[1] Bonus is based on the performance of the Company.

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, 2012 and December 31, 2011.

(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,	
	2012	**2011**
Purchases	4,005	4,867
Sales	548	271

Expressed in thousands of US Dollars

	December 31,	
	2012	**2011**
Payables	483	543
Receivables	145	67

(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,	
	2012	**2011**
Purchases	—	117
Sales	10,636	7,347
Rent	49	992

Expressed in thousands of US Dollars

	December 31,	
	2012	**2011**
Payables	—	—
Receivables	6,895	4,131

Approximately US$1.0 million and US$1.9 million was paid to entities owned by Mr. Tainwala and his family, for office space rent for the years ended December 31, 2012 and December 31, 2011, respectively. As of December 31, 2012 and December 31, 2011, no amounts were payable to Mr. Tainwala and his family. As of December 31, 2012 and December 31, 2011, US$0.1 million and US$0.5 million, respectively, were 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, 2012 and December 31, 2011, respectively. As of December 31, 2012 and December 31, 2011, US$7 thousand and $33 thousand, respectively, were 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 2011, 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.

27. Particulars of Company Entities

		Ownership%	
Company name	**Country**	**2012**	**2011**
Samsonite International S.A.	Luxembourg	Parent	Parent
Samsonite Sub Holdings S.á.r.l.	Luxembourg	100	100
Delilah Europe Holdings S.á.r.l.	Luxembourg	—	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
Equipaje en Movimiento, S.A. de C.V.	Mexico	100	—
Global Licensing Company, LLC	United States	100	100
HL Operating LLC	United States	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

Company name	Country	Ownership% 2012	Ownership% 2011
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 Colombia S.A.S.	Colombia	100	—
Samsonite Company Stores, LLC	United States	100	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 Limitada	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.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 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

28. Subsequent Events

The Company has evaluated events occurring subsequent to December 31, 2012, the statement of financial position date, through March 18, 2013, the date this financial information was authorized for issue by the Board of Directors.

On January 8, 2013, the Company granted 15,532,227 options to certain directors, key management personnel, and other employees. The exercise price of the options granted is HK$17.36. Such options are subject to graded vesting over a 4 year period, with 25% of the options vesting on each of the first four anniversary dates of the grant.