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, 2014

Directors' Report

Principal Activities

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

1. Review of the financial year 2014

The following table sets forth a breakdown of net sales by region for the years ended December 31, 2014 and December 31, 2013, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,					
	2014		2013		2014 vs 2013	
	US$'000	Percentage of net sales	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects
Net sales by region:						
Asia	892,258	38.0%	768,363	37.7%	16.1%	18.0%
North America	761,310	32.4%	621,741	30.5%	22.4%	22.9%
Europe	557,934	23.7%	515,177	25.3%	8.3%	10.4%
Latin America	130,606	5.6%	123,580	6.1%	5.7%	15.7%
Corporate	8,599	0.3%	8,951	0.4%	(3.9)%	(3.9)%
Net sales	2,350,707	100.0%	2,037,812	100.0%	15.4%	17.3%

Excluding foreign currency effects, net sales increased by 17.3%. US Dollar reported net sales increased by US$312.9 million, or 15.4%, to US$2,350.7 million for the year ended December 31, 2014 from US$2,037.8 million for the year ended December 31, 2013.

Directors' Report

Brands

The following table sets forth a breakdown of net sales by brand for the years ended December 31, 2014 and December 31, 2013, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,					
	2014		2013		2014 vs 2013	
	US$'000	Percentage of net sales	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects
Net sales by brand:						
Samsonite	1,535,708	65.3%	1,413,703	69.4%	8.6%	10.2%
American Tourister	504,222	21.4%	429,309	21.1%	17.4%	19.0%
Speck[(1)]	91,565	3.9%	—	—	*nm*	*nm*
High Sierra	89,239	3.8%	72,007	3.5%	23.9%	24.9%
Hartmann	16,947	0.7%	15,481	0.8%	9.5%	10.3%
Gregory[(2)]	12,613	0.5%	—	—	*nm*	*nm*
Other[(3)]	100,413	4.4%	107,312	5.2%	(6.4)%	2.4%
Net sales	2,350,707	100.0%	2,037,812	100.0%	15.4%	17.3%

Notes

(1) The *Speck* brand was acquired on May 28, 2014.

(2) The *Gregory* brand was acquired on July 23, 2014.

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

nm Not meaningful due to acquisition during 2014.

Excluding foreign currency effects, net sales of the *Samsonite* brand increased by 10.2% for the year ended December 31, 2014 compared to the previous year. US Dollar reported net sales of the *Samsonite* brand increased by US$122.0 million, or 8.6%. *Samsonite* comprised 65.3% of the net sales of the Group during 2014 compared to 69.4% in 2013 reflecting continued diversification of the Group's brand portfolio. Excluding foreign currency effects, net sales of the *American Tourister* brand increased by 19.0% for the year ended December 31, 2014 compared to the previous year. US Dollar reported net sales of the *American Tourister* brand increased by US$74.9 million, or 17.4%. Asia accounted for US$53.6 million, or 71.5%, of the US$74.9 million increase in *American Tourister* brand sales for the year ended December 31, 2014 compared to the previous year. The increases in the net sales of both brands were attributable to expanded product offerings and further penetration of existing markets, which were all supported by the Group's targeted advertising activities. On a constant currency basis, net sales of the *High Sierra* and *Hartmann* brands increased by 24.9% and 10.3%, respectively. Net sales of the *Speck* brand, which was acquired on May 28, 2014, amounted to US$91.6 million. Net sales of the *Lipault* brand, which was acquired on April 1, 2014, amounted to US$5.5 million. Net sales of the *Gregory* brand, which was acquired on July 23, 2014, amounted to US$12.6 million. Excluding amounts attributable to the 2014 acquisitions, net sales increased by US$203.2 million, or 10.0%, and by 11.9% on a constant currency basis.

Product Categories

The Group sells products in four principal product categories: travel, business, casual and accessories. The travel category is the Group's largest category and has been its traditional strength. The following table sets forth a breakdown of net sales by product category for the years ended December 31, 2014 and December 31, 2013, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,					
	2014		2013		2014 vs 2013	
	US$'000	Percentage of net sales	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects
Net sales by product category:						
Travel	1,654,402	70.4%	1,515,852	74.4%	9.1%	10.9%
Casual	252,069	10.7%	205,871	10.1%	22.4%	25.1%
Business[(1)]	256,228	10.9%	193,474	9.5%	32.4%	34.6%
Accessories[(2)]	147,222	6.3%	85,745	4.2%	71.7%	76.3%
Other	40,786	1.7%	36,870	1.8%	10.6%	12.4%
Net sales	2,350,707	100.0%	2,037,812	100.0%	15.4%	17.3%

Notes

(1) Includes tablet and laptop cases.

(2) Includes protective phone cases.

Excluding foreign currency effects, net sales in the travel product category increased by 10.9% for the year ended December 31, 2014 compared to the year ended December 31, 2013. US Dollar reported net sales in the travel product category increased by US$138.6 million, or 9.1%. Country-specific product designs, locally relevant marketing strategies and expanded points of sale, including e-commerce, continue to be the key factors contributing to the Group's success in the travel category. Excluding foreign currency effects, net sales in the casual product category increased by 25.1%. US Dollar reported net sales in the casual product category increased by US$46.2 million, or 22.4%. This increase was primarily attributable to the success of the *High Sierra* brand and the *Samsonite Red* sub-brand as well as the contribution from the *Gregory* brand, which was acquired in July 2014. Excluding foreign currency effects, net sales in the business product category increased by 34.6%. US Dollar reported net sales in the business product category increased by US$62.8 million, or 32.4%, due primarily to US$43.6 million in net sales of tablet and laptop cases attributable to the acquisition of Speck Products as well as new product introductions. On a constant currency basis, net sales in the accessories category increased by 76.3% largely due to US$48.0 million in net sales of protective phone cases attributable to the acquisition of Speck Products.

Distribution Channels

The Group sells products through two primary distribution channels: wholesale and retail. The following table sets forth a breakdown of net sales by distribution channel for the years ended December 31, 2014 and December 31, 2013, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,					
	2014		2013		2014 vs 2013	
	US$'000	Percentage of net sales	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects
Net sales by distribution channel:						
Wholesale	1,866,789	79.4%	1,614,733	79.3%	15.6%	17.2%
Retail	474,768	20.2%	414,128	20.3%	14.7%	18.3%
Other[(1)]	9,150	0.4%	8,951	0.4%	2.2%	2.2%
Net sales	2,350,707	100.0%	2,037,812	100.0%	15.4%	17.3%

Note

(1) Other primarily consists of licensing income.

The Group expanded its points of sale by approximately 3,600 during the year to over 49,000 points of sale worldwide as of December 31, 2014.

Excluding foreign currency effects, net sales in the wholesale channel increased by 17.2% for the year ended December 31, 2014 compared to the year ended December 31, 2013. US Dollar reported net sales in the wholesale channel increased by US$252.0 million, or 15.6%. Excluding foreign currency effects, net sales in the retail channel increased by 18.3%. US Dollar reported net sales in the retail channel increased by US$60.7 million, or 14.7%. On a same store, constant currency basis, net sales in the retail channel increased by 7.9%. The Group's same store analysis includes existing retail stores which have been open for at least 12 months before the end of the relevant financial period. During the year ended December 31, 2014, approximately US$155.3 million, or 6.6%, of the Group's net sales were derived from its direct-to-consumer e-commerce business, which is included within the retail channel, and net sales to e-tailers, which are included within the wholesale channel. The direct-to-consumer e-commerce business and net sales to e-tailers comprised 5.6% of the Group's net sales for the year ended December 31, 2013.

Directors' Report

Regions

Asia

Excluding foreign currency effects, the Group's net sales in Asia increased by 18.0% for the year ended December 31, 2014 compared to the year ended December 31, 2013. US Dollar reported net sales for the region increased by US$123.9 million, or 16.1%. Excluding net sales attributable to the *Gregory* brand in Asia, which was acquired on July 23, 2014, net sales increased by 17.0% on a constant currency basis.

The *American Tourister* brand accounted for US$53.6 million, or 43.2%, of the increase in net sales for the Asia region for the year ended December 31, 2014 compared to the previous year. Excluding foreign currency effects, net sales of the *American Tourister* brand in the Asia region increased by 17.5%. Net sales of the *Samsonite* brand continued to grow in Asia, increasing by 15.4% from the previous year on a constant currency basis due to the success of the *Samsonite Red* sub-brand, whose net sales increased by 91.9% on a constant currency basis to US$57.9 million in 2014. Excluding the *Samsonite Red* sub-brand, net sales of the *Samsonite* brand increased by 9.6% on a constant currency basis. Net sales of the *High Sierra* brand amounted to US$11.7 million in Asia during the year ended December 31, 2014, an increase of 119.3% from the previous year on a constant currency basis. The development of *High Sierra* branded products specifically designed for the preferences of consumers in the region is well underway. The Group introduced the *Hartmann* brand in Asia during 2014, which contributed US$1.2 million of the net sales growth year-on-year. Net sales of the *Gregory* brand amounted to US$7.2 million from the date of acquisition.

Net sales in the travel product category increased by US$66.9 million, or 11.7%, and by 13.7% excluding foreign currency effects for the year ended December 31, 2014 compared to the previous year. Net sales in the casual product category increased by US$42.4 million, or 61.7%, and by 63.7% on a constant currency basis year-on-year, driven largely by the success of the *Samsonite Red* sub-brand, as well as the *High Sierra* brand and the acquisition of Gregory. Net sales in the business product category increased by US$8.7 million, or 8.7%, and by 10.0% excluding foreign currency effects compared to the previous year. Net sales in the accessories product category increased by US$4.3 million, or 20.4%, and by 21.5% on a constant currency basis compared to the previous year.

Net sales in the wholesale channel increased by US$105.3 million, or 16.3%, for the year ended December 31, 2014 compared to the previous year, and by 18.1% excluding foreign currency effects. Net sales in the retail channel increased by US$18.6 million, or 15.4%, and by 17.7% on a constant currency basis year-on-year. On a same store, constant currency basis, net sales in the retail channel increased by 7.8%. Over 300 points of sale were added in Asia during 2014, including 41 net new company-operated retail locations, for a total of more than 7,200 points of sale in Asia as of December 31, 2014.

Along with additional product offerings and points of sale expansion, the success of the Group's business in the Asia region has been bolstered by its continued focus on country-specific products and marketing strategies to drive increased awareness of and demand for the Group's products. On a constant currency basis, net sales increased in all countries in the Asian region except for Malaysia, which decreased slightly by 0.5%, for the year ended December 31, 2014 compared to the previous year. Net sales in China increased by 18.7%, excluding foreign currency effects, driven by *American Tourister*, *Samsonite* and *Samsonite Red*. South Korea continued to experience robust sales growth, with an increase of 12.8% on a constant currency basis, driven by the success of the *American Tourister* brand and the *Samsonite Red* sub-brand. On a constant currency basis, net sales in India increased by 19.9% for the year ended December 31, 2014 compared to the previous year driven by the *American Tourister* brand. Japan experienced strong constant currency growth of 32.3% year-on-year driven by increased sales of the *Samsonite* brand and the acquisition of Gregory. Excluding net sales attributable to the *Gregory* brand, net sales in Japan increased by 24.5% on a constant currency basis. Net sales in Hong Kong increased by 12.2% year-on-year led by growth of *Samsonite Red* and the acquisition of Gregory, despite the negative impact from the political protests during the fourth quarter.

Directors' Report

The following table sets forth a breakdown of net sales within the Asia region by geographic location for the years ended December 31, 2014 and December 31, 2013, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,					
	2014		2013		2014 vs 2013	
	US$'000	Percentage of net sales	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects
Net sales by geographic location[1]:						
China	227,454	25.5%	192,187	25.0%	18.4%	18.7%
South Korea	189,502	21.2%	161,182	21.0%	17.6%	12.8%
India	126,653	14.2%	110,526	14.4%	14.6%	19.9%
Japan	77,855	8.7%	64,172	8.4%	21.3%	32.3%
Hong Kong[2]	74,899	8.4%	66,765	8.7%	12.2%	12.2%
Australia	48,613	5.5%	42,666	5.5%	13.9%	21.2%
Other	147,282	16.5%	130,865	17.0%	12.5%	16.8%
Net sales	892,258	100.0%	768,363	100.0%	16.1%	18.0%

Notes

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

(2) Includes Macau.

North America

Excluding foreign currency effects, the Group's net sales in North America increased by 22.9% for the year ended December 31, 2014 compared to the year ended December 31, 2013. US Dollar reported net sales for the North American region increased by US$139.6 million, or 22.4%. Excluding net sales attributable to the *Speck* and *Gregory* brands, which were acquired during 2014, net sales increased by US$42.7 million, or 6.9%, and by 7.3% on a constant currency basis.

Net sales of the *Samsonite* brand increased by US$39.2 million, or 8.5%, and by 9.0% on a constant currency basis. Net sales of the *American Tourister* brand increased by US$4.4 million, or 6.9%, and by 7.5% on a constant currency basis for the year ended December 31, 2014 compared to the year ended December 31, 2013. Net sales of the *High Sierra* brand increased by US$7.8 million, or 12.0%, and by 12.2% on a constant currency basis. Net sales of the *Hartmann* brand were relatively consistent year-on-year. The *Speck* and *Gregory* brands contributed US$91.6 million and US$5.3 million, respectively, in net sales during the year.

Net sales in the travel product category increased by US$41.9 million, or 8.8%, and by 9.3% on a constant currency basis year-on-year. Net sales in the casual product category increased by US$4.5 million, or 5.1%, and by 5.3% excluding foreign currency effects. Net sales in the business product category increased by US$44.0 million, or 106.2%, and by 106.6% on a constant currency basis for the year ended December 31, 2014 compared to the previous year primarily due to US$43.6 million in net sales of protective laptop and tablet cases attributable to the acquisition of Speck Products in May 2014. Net sales in the accessories category increased by US$49.0 million, or 281.2%, and by 281.8% on a constant currency basis primarily due to US$48.0 million in net sales of protective phone cases attributable to the acquisition of Speck Products.

Net sales in the wholesale channel increased by US$121.4 million, or 24.8%, and by 25.3% excluding foreign currency effects for the year ended December 31, 2014 compared to the year ended December 31, 2013. Excluding acquisitions, net sales in the wholesale channel increased by US$29.3 million, or 6.0%. Net sales in the retail channel increased by US$18.2 million, or 13.8%, and by 14.1% on a constant currency basis year-on-year. Net sales growth in the retail channel was driven by sales made through the Group's direct-to-consumer e-commerce website, which increased by 33.8% year-on-year, as well as by the addition of eight net new stores opened since December 31, 2013. On a same store, constant currency basis, net sales in the retail channel increased by 6.0%.

The overall increase in North America net sales was primarily due to acquisitions, as well as the Group's continued focus on marketing and selling regionally developed products, which enabled the Group to bring to market products that are designed to appeal to the tastes and preferences of North American consumers, resulting in strong consumer demand for the Group's products. Excluding foreign currency effects, net sales in Canada increased by 35.0% primarily due to strong sales of the travel product category through the wholesale channel.

The following table sets forth a breakdown of net sales within the North America region by geographic location for the years ended December 31, 2014 and December 31, 2013, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,					
	2014		2013		2014 vs 2013	
	US$'000	Percentage of net sales	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects
Net sales by geographic location[1]:						
United States	720,737	94.7%	589,618	94.8%	22.2%	22.2%
Canada	40,573	5.3%	32,123	5.2%	26.3%	35.0%
Net sales	761,310	100.0%	621,741	100.0%	22.4%	22.9%

Note

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

Europe

Excluding foreign currency effects, the Group's net sales in Europe increased by 10.4% for the year ended December 31, 2014 compared to the year ended December 31, 2013. US Dollar reported net sales for the region increased by US$42.8 million, or 8.3%. Excluding net sales attributable to the *Lipault* and *Gregory* brands, which were acquired during 2014, net sales increased by 9.3% on a constant currency basis.

Local currency sales growth was strong in several markets due to the positive sell-through of new product introductions, including new product lines manufactured using Curv material and other lines of polypropylene suitcases, as demand for hardside luggage continued to grow in the European region. Germany, the Group's leading market in Europe representing 14.7% of total net sales in the region, achieved 10.6% constant currency sales growth during the period. The United Kingdom and France posted strong constant currency net sales growth of 12.2% and 13.2%, respectively, over the previous year. Excluding net sales attributable to *Lipault*, net sales in France increased by 5.2% on a constant currency basis. The Group's business in Italy and Spain continued to show signs of economic improvement with constant currency net sales growth of 12.3% and 11.3%, respectively. The Group continued to penetrate the emerging markets of Turkey and South Africa with year-on-year constant currency net sales growth of 34.9% and 25.5%, respectively. The Group's business in Russia was negatively impacted by the economic downturn and devaluation of the Russian Ruble, but still generated constant currency net sales growth of 5.7% year-on-year.

Net sales of the *Samsonite* brand increased by US$20.2 million, or 4.2%, and by 6.0% excluding foreign currency effects for the year ended December 31, 2014 compared to the year ended December 31, 2013. Net sales of the *American Tourister* brand increased by US$13.8 million, or 49.1%, and by 54.8% on a constant currency basis. *American Tourister* comprised 7.5% of the net sales in the European region during 2014 compared to 5.4% during the previous year as the Group is focused on driving growth and increasing the presence of the brand in Europe. Net sales of the *Lipault* brand amounted to US$5.4 million from the date of acquisition. The Group introduced the *High Sierra* and *Hartmann* brands in Europe during 2014, which contributed US$1.9 million and US$0.5 million, respectively, of the net sales growth year-on-year.

Net sales in the travel product category increased by US$24.9 million, or 6.0%, and by 7.8% on a constant currency basis year-on-year. Excluding foreign currency effects, net sales in the casual product category increased by 6.6% year-on-year. Net sales in the business product category increased by US$11.7 million, or 30.3%, and by 34.9% on a constant currency basis for the period due to the success of new product introductions.

Net sales in the wholesale channel increased by US$21.0 million, or 5.4%, for the year ended December 31, 2014 compared to the previous year, and by 6.4% excluding foreign currency effects. Net sales in the retail channel increased by US$21.2 million, or 17.0%, and by 22.3% on a constant currency basis, over the same period driven by the addition of 25 net new stores opened since December 31, 2013. On a same store, constant currency basis, net sales in the retail channel increased by 8.8%.

The following table sets forth a breakdown of net sales within the European region by geographic location for the years ended December 31, 2014 and December 31, 2013, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,					
	2014		2013		2014 vs 2013	
	US$'000	Percentage of net sales	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects
Net sales by geographic location[1]:						
Germany	81,847	14.7%	74,333	14.4%	10.1%	10.6%
France	75,473	13.5%	67,005	13.0%	12.6%	13.2%
Belgium[2]	65,239	11.7%	60,330	11.7%	8.1%	8.0%
Italy	60,799	10.9%	54,079	10.5%	12.4%	12.3%
United Kingdom	45,684	8.2%	38,705	7.5%	18.0%	12.2%
Spain	44,812	8.0%	40,286	7.8%	11.2%	11.3%
Russia	40,037	7.2%	44,679	8.7%	(10.4)%	5.7%
Other	144,043	25.8%	135,760	26.4%	6.1%	9.9%
Net sales	557,934	100.0%	515,177	100.0%	8.3%	10.4%

Notes

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

(2) Net sales in Belgium were US$21.7 million and US$21.6 million for the years ended December 31, 2014 and December 31, 2013, respectively. Remaining sales consisted of direct shipments to distributors, customers and agents in other countries.

Latin America

Excluding foreign currency effects, the Group's net sales in Latin America increased by 15.7% for the year ended December 31, 2014 compared to the year ended December 31, 2013. US Dollar reported net sales for the region increased by US$7.0 million, or 5.7%.

For the year ended December 31, 2014, net sales in Chile improved by 8.1% year-on-year excluding foreign currency effects. US Dollar reported net sales for Chile decreased by US$3.7 million, or 5.9%, as reported results were negatively impacted by foreign exchange rates. The constant currency net sales growth in Chile was primarily due to the recently launched women's handbag brand *Secret*. Excluding foreign currency effects, net sales in Mexico increased by 16.3% driven by the *Samsonite* and *High Sierra* brands. Net sales made in Brazil increased by 105.0% on a constant currency basis, mainly due to the direct import and sales model implemented in the second half of 2013. Net sales for the "Other" geographic location below includes sales made in Colombia, Panama and Peru, where the Group implemented a direct import and sales model during the second half of 2013. Net sales in these three markets increased by approximately 61.7% on a constant currency basis in 2014. Net sales in Argentina continued to be negatively impacted by import restrictions imposed by the local government. Excluding net sales attributable to Argentina, net sales for the Latin American region increased by 10.2%, or 20.0% excluding foreign currency effects.

Net sales of the *Samsonite* brand increased by US$6.0 million, or 11.0%, and by 17.5% excluding foreign currency effects. Net sales of the *American Tourister* brand increased by US$3.1 million, or 57.5%, and by 63.0% excluding foreign currency effects. Net sales of the *High Sierra* brand in Latin America during 2014 were US$2.5 million, an increase of 118.0%, or 127.8% excluding foreign currency effects. The *High Sierra* brand was introduced in the region during 2013. Sales of women's handbags under the *Secret* brand name continued to grow with net sales of US$13.6 million in 2014, an increase of US$4.3 million, or 46.3%, and by 43.1% excluding foreign currency effects, from the previous year.

Net sales in the travel product category increased by US$4.9 million, or 8.8%, and by 17.4% excluding foreign currency effects. Net sales in the casual product category decreased by US$1.3 million, or 3.8%, and increased by 6.5% on a constant currency basis. Net sales in the business product category decreased by US$1.6 million, or 11.4%, and by 3.7% excluding foreign currency effects.

Net sales in the wholesale channel increased by US$4.3 million, or 4.9%, for the year ended December 31, 2014 compared to the year ended December 31, 2013, and by 13.2% excluding foreign currency effects. Net sales in the retail channel increased by US$2.7 million, or 7.5%, and by 21.6% on a constant currency basis over the same period as the Group opened 11 net new company-operated retail locations during the year. On a same store, constant currency basis, net sales in the retail channel increased by 11.7%.

The following table sets forth a breakdown of net sales within the Latin America region by geographic location for the years ended December 31, 2014 and December 31, 2013, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,					
	2014		2013		2014 vs 2013	
	US$'000	Percentage of net sales	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects
Net sales by geographic location[1]:						
Chile	58,898	45.1%	62,577	50.6%	(5.9)%	8.1%
Mexico	39,830	30.5%	35,475	28.7%	12.3%	16.3%
Brazil[2]	18,925	14.5%	9,762	7.9%	93.9%	105.0%
Argentina	1,784	1.4%	6,704	5.4%	(73.4)%	(60.1)%
Other[3]	11,169	8.5%	9,062	7.4%	23.2%	25.6%
Net sales	130,606	100.0%	123,580	100.0%	5.7%	15.7%

Notes

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

(2) The net sales figure for Brazil includes both net sales made by the Group inside the country and certain export sales made by the Group to Brazil.

(3) The net sales figure for the "Other" geographic location includes sales made in Colombia, Panama, Peru and through the Group's distribution center in Uruguay.

Cost of Sales and Gross Profit

Cost of sales increased by US$157.4 million, or 16.6%, to US$1,106.9 million (representing 47.1% of net sales) for the year ended December 31, 2014 from US$949.5 million (representing 46.6% of net sales) for the year ended December 31, 2013. The slight increase in cost of sales as a percentage of net sales was primarily due to the increased contribution from the Group's business in North America, which typically yields a lower margin percentage, to the consolidated results driven by the acquisition of Speck Products, as well as a decrease in gross profit margin in Latin America related to the transition to a direct sales model in Brazil. The impacts from North America and Latin America were marginally offset by the higher gross margin percentages in Asia and Europe.

Gross profit increased by US$155.5 million, or 14.3%, to US$1,243.8 million for the year ended December 31, 2014 from US$1,088.3 million for the year ended December 31, 2013. Gross profit margin decreased from 53.4% for the year ended December 31, 2013 to 52.9% for the year ended December 31, 2014. This decrease was attributable to the factors noted above.

Distribution Expenses

Distribution expenses increased by US$85.7 million, or 15.9%, to US$626.3 million (representing 26.6% of net sales) for the year ended December 31, 2014 from US$540.6 million (representing 26.5% of net sales) for the year ended December 31, 2013. This increase, which was reflected in additional freight to customers, commissions, rent and increased personnel expenses, was primarily due to the increase in sales volume in 2014. Distribution expenses as a percentage of net sales remained relatively consistent year-on-year.

Marketing Expenses

The Group spent US$144.7 million (representing 6.2% of net sales) on marketing during the year ended December 31, 2014 compared to US$129.2 million (representing 6.3% of net sales) for the year ended December 31, 2013, an increase of US$15.5 million, or 12.0%. Marketing expenses as a percentage of net sales decreased slightly due to the impact of higher sales from acquisitions as well as strong sales growth and some efficiencies in advertising spend. Excluding the acquisitions completed in 2014, marketing expenses as a percentage of net sales remained consistent with the previous year at 6.3%. During 2014, the Group continued to employ targeted and focused advertising and promotional campaigns. The Group believes the success of its advertising campaigns is evident in its net sales growth, and remains committed to enhance brand and product awareness and drive additional net sales growth through focused marketing activities.

General and Administrative Expenses

General and administrative expenses increased by US$18.1 million, or 13.6%, to US$151.1 million (representing 6.4% of net sales) for the year ended December 31, 2014 from US$133.1 million (representing 6.5% of net sales) for the year ended December 31, 2013. Although general and administrative expenses increased in absolute terms, such expenses decreased as a percentage of net sales by 10 basis points as the Group maintained tight control of its fixed cost base and leveraged it against strong sales growth. Share-based compensation expense, a non-cash expense included in general and administrative expenses, amounted to US$11.0 million, an increase of US$4.0 million from the previous year due to the share options granted in January 2014. Excluding the increase in the share-based compensation expense, general and administrative expenses as a percentage of net sales decreased by 20 basis points.

Other Expenses

The Group recognized net other expenses of US$22.4 million and US$4.2 million for the years ended December 31, 2014 and December 31, 2013, respectively. Other expenses for 2014 included acquisition costs of US$13.5 million, which were primarily comprised of costs associated with due diligence and integration activities, severance, and professional and legal fees for the acquisitions of Lipault, Speck Products and Gregory that were completed during 2014. In comparison, other expenses for 2013 included US$1.1 million of costs related to acquisition efforts.

Operating Profit

The Group's operating profit was US$299.3 million for the year ended December 31, 2014, an increase of US$18.0 million, or 6.4%, from operating profit of US$281.3 million for the year ended December 31, 2013. The Group's operating profit was negatively impacted by US$13.5 million of acquisition costs, which increased by US$12.4 million from the previous year. Excluding acquisition costs, the Group's operating profit increased by US$30.4 million, or 10.8%, year-on-year. Further excluding share-based compensation expense, which increased by US$4.0 million year-on-year, operating profit increased by 11.9%.

Net Finance Costs

Net finance costs increased by US$5.9 million, or 54.3%, to US$16.9 million for the year ended December 31, 2014 from US$11.0 million for the year ended December 31, 2013. This increase was primarily attributable to a US$6.3 million increase in foreign exchange translation losses due to the strengthening of the US Dollar, as well as an increase of US$0.8 million of interest expense as the Group borrowed on its Revolving Credit Facility to partially fund the acquisitions during the year. These increases were partially offset by a US$2.1 million decrease in the expense recognized for the change in fair value of put options related to agreements with certain holders of non-controlling interests.

Profit before Income Tax

Profit before income tax increased by US$12.0 million, or 4.5%, to US$282.4 million for the year ended December 31, 2014 from US$270.3 million for the year ended December 31, 2013. The Group's profit before income tax in 2014 was negatively impacted by US$13.5 million of acquisition costs, an increase of US$12.4 million from the previous year, and US$6.7 million in foreign exchange translation losses, which increased by US$6.3 million from the previous year. Excluding the acquisition costs and foreign exchange translation losses, the Group's profit before income tax increased by US$30.7 million, or 11.3%. Further excluding share-based compensation expense, which increased by US$4.0 million year-on-year, profit before income tax increased by 12.5%.

Income Tax Expense

Income tax expense increased by US$4.1 million, or 5.6%, to US$77.0 million for the year ended December 31, 2014 from US$72.9 million for the year ended December 31, 2013.

The Group's consolidated effective tax rate for operations was 27.3% and 27.0% for the years ended December 31, 2014 and December 31, 2013, respectively. The effective tax rate is calculated using a weighted average income tax rate from those jurisdictions in which the Group is subject to tax, adjusted for permanent book/tax differences, tax incentives, changes in tax reserves and the recognition of previously unrecognized deferred tax assets. The increase in the Group's effective tax rate is primarily attributable to increased withholding taxes on dividend and royalty income.

Directors' Report

Profit for the Year

Profit for the year of US$205.4 million for the year ended December 31, 2014 increased by US$7.9 million, or 4.0%, from US$197.4 million for the year ended December 31, 2013. The Group's profit for the year was negatively impacted by US$13.5 million of acquisition costs and US$6.7 million in foreign exchange translation losses, which increased by US$12.4 million and US$6.3 million, respectively, from the previous year. Excluding the acquisition costs and foreign exchange translation losses, the Group's profit for the year increased by US$26.6 million, or 13.4%. Further excluding share-based compensation expense, which increased by US$4.0 million year-on-year, profit for the year increased by 14.9%.

Profit attributable to the equity holders increased by US$10.2 million, or 5.8%, from US$176.1 million for the year ended December 31, 2013 to US$186.3 million for the year ended December 31, 2014. Excluding the acquisition costs and foreign exchange translation losses noted above, profit attributable to equity holders increased by US$28.9 million, or 16.3%. Further excluding share-based compensation expense as noted above, profit attributable to the equity holders increased by 17.8%.

Adjusted Net Income, a non-IFRS measure, increased by US$17.0 million, or 9.0%, to US$206.3 million for the year ended December 31, 2014 from US$189.2 million for the year ended December 31, 2013. Further excluding the foreign exchange translation losses and share-based compensation expense noted above, Adjusted Net Income increased by US$27.3 million, or 13.9%, year-on-year. See the reconciliation of profit for the year to Adjusted Net Income below for a detailed discussion of the Group's results excluding certain non-recurring costs and charges and other non-cash charges that impacted reported profit for the year.

Basic earnings per share ("Basic EPS") and diluted earnings per share ("Diluted EPS") increased to US$0.132 for the year ended December 31, 2014 from US$0.125 for the year ended December 31, 2013. The weighted average number of shares utilized in the Basic EPS calculation increased by 625 thousand shares as a result of shares issued upon exercise of share options by certain participants in the Group's Share Award Scheme. The weighted average number of shares outstanding utilized in the Diluted EPS calculation increased by 2.5 million shares from December 31, 2013 as certain outstanding share options became dilutive during 2014. During 2013, the number of shares utilized in the Diluted EPS calculation was the same as the number of shares utilized in the basic EPS calculation as all potentially dilutive instruments were anti-dilutive.

Adjusted Basic EPS and adjusted Diluted EPS increased to US$0.147 and US$0.146, respectively, for the year ended December 31, 2014 from US$0.134 for the year ended December 31, 2013.

Adjusted EBITDA

Adjusted EBITDA, which is a non-IFRS measure, increased by US$46.6 million, or 13.8%, to US$384.3 million for the year ended December 31, 2014 from US$337.7 million for the year ended December 31, 2013. Adjusted EBITDA margin decreased to 16.4% from 16.6% due to the impact from acquisitions completed during the year which have lower margins while the acquisitions are being integrated. In addition, the Group's business in North America, which typically yields a lower margin percentage, contributed an increased amount to the consolidated results driven by the acquisition of Speck Products. The Group continued to maintain tight control of its fixed cost base while experiencing strong sales growth in its core business.

The following table presents the reconciliation from the Group's profit for the year to Adjusted EBITDA for the years ended December 31, 2014 and December 31, 2013.

(Expressed in thousands of US Dollars)	**Year ended December 31, 2014**	**2013**
Profit for the year	205,354	197,421
Plus (Minus):		
Income tax expense	77,018	72,915
Finance costs	17,383	11,808
Finance income	(478)	(852)
Depreciation	42,588	36,821
Amortization	9,180	8,363
EBITDA	351,045	326,476
Plus:		
Share-based compensation expense	11,041	7,036
Other adjustments[1]	22,259	4,218
Adjusted EBITDA	384,345	337,730

Note

(1) Other adjustments primarily comprised of 'Other expenses' per the consolidated income statement, which includes acquisition costs of US$13.5 million and US$1.1 million for the years ended December 31, 2014 and December 31, 2013, respectively.

The following tables present a reconciliation from profit for the year to Adjusted EBITDA on a regional basis for the years ended December 31, 2014 and December 31, 2013.

(Expressed in thousands of US Dollars)	Year ended December 31, 2014					
	Asia	**North America**	**Europe**	**Latin America**[(1)]	**Corporate**	**Total**
Profit for the year	80,706	29,797	45,477	4,349	45,025	205,354
Plus (Minus):						
Income tax expense (benefit)	24,232	20,177	22,049	(926)	11,486	77,018
Finance costs	3,446	751	1,776	(13)	11,423	17,383
Finance income	(354)	(6)	(107)	(9)	(2)	(478)
Depreciation	14,333	8,731	15,678	2,071	1,775	42,588
Amortization	4,302	1,389	1,525	1,930	34	9,180
EBITDA	126,665	60,839	86,398	7,402	69,741	351,045
Plus (Minus):						
Share-based compensation expense	719	2,285	2,012	263	5,762	11,041
Other adjustments[(2)]	62,217	53,186	6,805	3,275	(103,224)	22,259
Adjusted EBITDA	189,601	116,310	95,215	10,940	(27,721)	384,345

Note

(1) During the year ended December 31, 2014, the Group realized lower gross margin percentage and higher operating expenses associated with the transition to a direct sales model in Brazil, Panama, Peru and Colombia. These factors, along with the strengthening of the US Dollar, led to a temporary reduction in profitability in Latin America.

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

(Expressed in thousands of US Dollars)	Year ended December 31, 2013					
	Asia	**North America**	**Europe**	**Latin America**	**Corporate**	**Total**
Profit for the year	58,197	27,304	50,243	12,558	49,119	197,421
Plus (Minus):						
Income tax expense	19,889	21,374	11,080	2,759	17,813	72,915
Finance costs	4,862	353	1,511	(1,752)	6,834	11,808
Finance income	(264)	(3)	(254)	(3)	(328)	(852)
Depreciation	13,433	4,539	14,397	2,257	2,195	36,821
Amortization	4,207	610	1,582	1,930	34	8,363
EBITDA	100,324	54,177	78,559	17,749	75,667	326,476
Plus (Minus):						
Share-based compensation expense	901	1,449	1,310	179	3,197	7,036
Other adjustments[(1)]	53,347	45,011	9,910	(169)	(103,881)	4,218
Adjusted EBITDA	154,572	100,637	89,779	17,759	(25,017)	337,730

Note

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

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

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

Adjusted Net Income

Adjusted Net Income, which is a non-IFRS measure, increased by US$17.0 million, or 9.0%, to US$206.3 million for the year ended December 31, 2014 from US$189.2 million for the year ended December 31, 2013. Excluding the foreign exchange translation losses noted above, Adjusted Net Income increased by US$23.3 million, or 12.3%, year-on-year. Further, excluding the share-based compensation expense noted above, Adjusted Net Income increased by US$27.3 million, or 13.9%, year-on-year.

The following table presents the reconciliation from the Group's profit for the year to Adjusted Net Income for the years ended December 31, 2014 and December 31, 2013.

	Year ended December 31,	
(Expressed in thousands of US Dollars)	**2014**	**2013**
Profit for the year	205,354	197,421
Profit attributable to non-controlling interests	(19,098)	(21,334)
Profit attributable to the equity holders	186,256	176,087
Plus (Minus):		
Change in fair value of put options	4,245	6,312
Amortization of intangible assets[1]	9,180	8,363
Expenses related to acquisition activities	13,541	1,093
Tax adjustments	(6,971)	(2,648)
Adjusted Net Income[2]	206,251	189,207

Notes

(1) Amortization of intangible assets represents charges related to the amortization of other intangible assets with finite useful lives that were recognized in conjunction with business combinations.

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

The Group has presented Adjusted Net Income because it believes this measure helps to give securities analysts, investors and other interested parties a better understanding of the Group's underlying financial performance. By presenting Adjusted Net Income, the Group eliminates the effect of a number of non-recurring costs and charges and certain other non-cash charges that impact its reported profit for the 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 Group's consolidated income statement. Adjusted Net Income has limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, an analysis of the Group's results of operations as reported under IFRS.

Liquidity and Capital Resources

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

The Group generated cash from operating activities of US$229.9 million for the year ended December 31, 2014, an increase of US$36.9 million, or 19.1%, from net cash generated from operating activities of US$193.0 million for the year ended December 31, 2013. This increase is primarily attributable to increased profits, less cash used for working capital and reduced contributions to defined benefit plans, which were partially offset by an increase in taxes paid.

For the year ended December 31, 2014, net cash used in investing activities was US$267.1 million compared to US$53.9 million in the previous year. This increase was primarily due to the acquisitions of Speck Products, Gregory and Lipault, as well as an increase in the purchase of property, plant and equipment from the previous year, which was largely attributable to expenditures in connection with expanding the existing manufacturing plant in Hungary and completion of an additional warehouse in Belgium.

Net cash flows used in financing activities was US$41.7 million for the year ended December 31, 2014 compared to US$64.7 million for the year ended December 31, 2013. Cash flows used in financing activities are largely attributable to the US$80.0 million distribution to shareholders, partially offset by the Group drawing on its Revolving Facility to fund a portion of the acquisitions of Speck Products, Gregory and Lipault.

Indebtedness

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

	December 31,	
(Expressed in thousands of US Dollars)	**2014**	**2013**
Revolving Credit Facility	60,000	—
Other lines of credit	7,536	15,482
Finance lease obligations	32	53
Total loans and borrowings	67,568	15,535
Less deferred financing costs	(2,419)	(1,858)
Total loans and borrowings less deferred financing costs	65,149	13,677

The Group had US$140.4 million in cash and cash equivalents at December 31, 2014, compared to US$225.3 million at December 31, 2013.

On June 17, 2014, the Group amended its revolving credit facility (the "Revolving Facility") to increase the maximum borrowings available thereunder from US$300.0 million to US$500.0 million and to extend the term of the facility until June 17, 2019. The facility can be increased by an additional US$300.0 million, subject to lender approval. The Revolving Facility has an initial term of five years from its effective date of June 17, 2014, with a one year extension available at the request of the Group and at the option of the lenders. The interest rate on borrowings under the Revolving Facility is the aggregate of (i) (a) LIBOR or (b) the prime rate of the lender and (ii) a margin to be determined based on the Group's leverage ratio. Based on the Group's leverage ratio, the Revolving Facility carries a commitment fee ranging from 0.2% to 0.325% per annum on any unutilized amounts, as well as an agency fee if another lender joins the Revolving Facility. The Revolving Facility is secured by certain of the Group's assets in the United States and Europe, as well as the Group's intellectual property. The Revolving Facility also contains financial covenants related to interest coverage and leverage ratios, and operating covenants that, among other things, limit the Group's ability to incur additional debt, create liens on its assets, and participate in certain mergers, acquisitions, liquidations, asset sales or investments. The Group was in compliance with the financial covenants as of December 31, 2014. At December 31, 2014, US$437.5 million was available to be borrowed on the Revolving Facility as a result of US$60.0 million of outstanding borrowings and the utilization of US$2.5 million of the facility for outstanding letters of credit extended to certain creditors. At December 31, 2013, US$294.4 million was available to be borrowed on the previously existing US$300.0 million revolving credit facility as a result of the utilization of US$5.6 million of the facility for outstanding letters of credit extended to certain creditors.

Certain members of the Group maintain credit lines with various third party lenders in the regions in which they operate. These local credit lines provide working capital for the day-to-day business operations of such subsidiaries, including overdraft, bank guarantee, and trade finance and factoring facilities. The majority of these credit lines are uncommitted facilities. The total aggregate amount outstanding under the local facilities was US$7.5 million and US$15.5 million at December 31, 2014 and December 31, 2013, respectively.

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

	December 31,	
(Expressed in thousands of US Dollars)	**2014**	**2013**
On demand or within one year	67,550	15,498
After one year but within two years	15	17
After two years but within five years	3	20
More than five years	—	—
	67,568	15,535

Hedging

The Group's non-U.S. subsidiaries periodically enter into forward contracts related to the purchase of inventory denominated primarily in US Dollars which are designated as cash flow hedges. Cash outflows associated with these derivatives at December 31, 2014 are expected to be US$116.1 million within one year.

Other Financial Information

Working Capital Ratios

Inventory Analysis

The following table sets forth a summary of the Group's average inventory, cost of sales and average inventory days for the years ended December 31, 2014 and December 31, 2013.

	Year ended December 31,	
(Expressed in thousands of US Dollars)	**2014**	**2013**
Average inventory(1)	315,326	287,947
Cost of sales	1,106,881	949,475
Average inventory turnover days(2)	104	111

Notes

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

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

The Group's average inventory increased in 2014 (US$332.3 million at December 31, 2014 compared to US$298.4 million at December 31, 2013) from 2013 (US$298.4 million at December 31, 2013 compared to US$277.5 million at December 31, 2012) to support increased customer demand and new product introductions, as well as a result of the Speck Products, Gregory and Lipault acquisitions completed during 2014.

Trade and Other Receivables

The following table sets forth a summary of the Group's average trade and other receivables, net sales and turnover of trade and other receivables for the years ended December 31, 2014 and December 31, 2013.

(Expressed in thousands of US Dollars)	**Year ended December 31, 2014**	**2013**
Average trade and other receivables[(1)]	268,607	234,266
Net sales	2,350,707	2,037,812
Turnover days of trade and other receivables[(2)]	42	42

Notes

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

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

The Group's average trade and other receivables increased in 2014 (US$290.8 million at December 31, 2014 compared to US$246.4 million at December 31, 2013) from 2013 (US$246.4 million at December 31, 2013 compared to US$222.2 million at December 31, 2012) in line with the increase in net sales and as a result of the Speck Products, Gregory and Lipault acquisitions completed during 2014.

Trade receivables as of December 31, 2014 are on average due within 60 days from the date of billing.

Trade and Other Payables

The following table sets forth a summary of the Group's average trade and other payables, cost of sales and turnover days of trade and other payables for the years ended December 31, 2014 and December 31, 2013.

(Expressed in thousands of US Dollars)	**Year ended December 31, 2014**	**2013**
Average trade and other payables[(1)]	401,342	374,864
Cost of sales	1,106,881	949,475
Turnover days of trade and other payables[(2)]	132	144

Notes

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

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

The increase in average trade and other payables in 2014 (US$415.4 million at December 31, 2014 compared to US$387.2 million at December 31, 2013) from 2013 (US$387.2 million at December 31, 2013 compared to US$362.5 million at December 31, 2012) was primarily due to increased inventory purchases period over period and the timing of such purchases, as well as a result of the Speck Products, Gregory and Lipault acquisitions completed during 2014.

Trade payables as of December 31, 2014 are on average due within 105 days from the invoice date.

Capital Expenditures

Historical Capital Expenditures

The following table sets forth the Group's historical capital expenditures for the years ended December 31, 2014 and December 31, 2013.

(Expressed in thousands of US Dollars)	Year ended December 31, 2014	2013
Land	681	188
Buildings	11,455	906
Machinery, equipment, leasehold improvements and other	57,500	56,145
Total capital expenditures	69,636	57,239

The increase in the purchase of property, plant and equipment from the previous year was largely attributable to expenditures in connection with expanding the existing manufacturing plant in Hungary and completion of an additional warehouse in Belgium, as well as the addition of new retail locations.

Planned Capital Expenditures

The Group's capital expenditures budget for 2015 is approximately US$81.6 million. The Group plans to build a new warehouse in China, refurbish existing retail stores, open new retail stores and invest in machinery and equipment.

Contractual Obligations

The following table summarizes scheduled maturities of the Group's contractual obligations for which cash flows are fixed and determinable as of December 31, 2014.

(Expressed in thousands of US Dollars)	Total	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Loans and borrowings	67,568	67,550	15	3	—
Minimum operating lease payments	296,162	74,018	62,286	98,483	61,375
Total	363,730	141,568	62,301	98,486	61,375

As of December 31, 2014, the Group did not have any material off-balance sheet arrangements or contingencies except as included in the table summarizing its contractual obligations above.

Gearing Ratio

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

(Expressed in thousands of US Dollars)	December 31, 2014	December 31, 2013
Loans and borrowings (excluding deferred financing costs)	67,569	15,535
Total equity	1,307,440	1,230,582
Gearing ratio[(1)]	5.2%	1.3%

Note

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

2. Principal risks and uncertainties

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

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

3. Internal Controls and Risk Management System

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

The Company's internal audit department reviews 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, 2014. 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 Head of Internal Audit, (ii) reviewed and discussed the scope and results of the annual audit with the Company's external auditors, and (iii) 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 Group's non-U.S. subsidiaries periodically enter into forward contracts related to the purchase of inventory denominated primarily in US Dollars which are designated as cash flow hedges. Cash flows associated with these derivatives at December 31, 2014 are expected to be US$116.1 million within one year.

5. *Research and Development*

The Group devotes significant resources to new product design, development and innovation as it is a core part of its strategy. The Group 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$26.1 million during the year ended December 31, 2014. Each of the Group'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 Group's design teams are continuously developing new products, based on continual improvement and innovation.

6. *Capital Structure and Shareholding*

Details on the capital structure of the Company can be found in note 14 of the consolidated financial statements. Since its incorporation, the Company did not proceed to acquire any of its own shares.

7. *Other Information*

Distributions to Shareholders

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

No other dividends or distributions were declared or paid during the year ended December 31, 2014.

The Board recommends that a cash distribution in the amount of US$88.0 million (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 2, 2015 to June 4, 2015, 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 4, 2015. 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 1, 2015.

Subject to the shareholders approving the recommended Distribution at the forthcoming AGM, such Distribution will be payable on July 13, 2015 to shareholders whose names appear on the register of members on June 17, 2015. To determine eligibility for the Distribution, the register of members will be closed from June 13, 2015 to June 17, 2015, 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 12, 2015.

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

Human Resources and Remuneration

At December 31, 2014, the Group had approximately 8,900 employees worldwide, compared to approximately 8,085 employees at December 31, 2013. The increase in headcount is largely driven by the addition of new retail stores and shop-in-shop expansion in Asia, as well as acquisitions. The Group regularly reviews remuneration and benefits of its employees according to the relevant market practice, employee performance and the financial performance of the Group.

8. Strategic review and prospects

Strategic Review and Prospects

During 2014, the Group continued to implement its strategic plan in the following areas:

Positive financial results

All key Group metrics showed considerable growth for the year ended December 31, 2014 compared to the year ended December 31, 2013.

- Net sales increased to a record level of US$2,350.7 million, reflecting a 15.4% increase from the previous year. Excluding foreign currency effects, net sales increased by 17.3%. Excluding amounts attributable to acquisitions made in 2014, net sales increased by US$203.2 million, or 10.0%, and by 11.9% on a constant currency basis.

- Operating profit increased by US$18.0 million, or 6.4%, year-on-year and by US$30.4 million, or 10.8%, excluding acquisition costs.

- Profit attributable to the equity holders increased by US$10.2 million, or 5.8%, year-on-year and by US$28.9 million, or 16.3%, excluding acquisition costs and foreign exchange translation losses.

- Profit for the year increased by US$7.9 million, or 4.0%, year-on-year and by US$26.6 million, or 13.4%, excluding acquisition costs and foreign exchange translation losses.

- Adjusted Net Income increased by US$17.0 million, or 9.0%, year-on-year and by US$23.3 million, or 12.3%, excluding foreign exchange translation losses.

- Adjusted EBITDA increased by US$46.6 million, or 13.8%, to US$384.3 million.

- Adjusted EBITDA margin decreased to 16.4% from 16.6% primarily due to lower margins from brands acquired in 2014.

- The Group generated US$229.9 million of cash from operating activities.

Significant investment in advertising and promotion

The Group maintained its significant investment in marketing, which amounted to approximately 6.2% of net sales, reflecting its commitment to advertise and promote its brands and products to support sales growth worldwide.

Introduction of new and innovative products to the market

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

Expansion of distribution network

The Group continued the further expansion of its distribution network by adding over 3,600 points of sale during the year to over 49,000 points of sale worldwide as of December 31, 2014.

Acquisitions

The Group completed the following acquisitions during 2014:

(a) Lipault

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

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

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

(b) Speck Products

On May 28, 2014, a wholly owned subsidiary within the Group completed the acquisition of Speck Products for cash consideration of US$85.0 million, with a subsequent working capital adjustment of US$0.04 million, for a total purchase price of US$85.0 million. The Group purchased all of the outstanding capital stock of Speck Products.

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

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

(c) Gregory Mountain Products

On July 23, 2014, certain of the Group's wholly-owned subsidiaries (the "Samsonite Purchasers") purchased substantially all of the assets of Gregory Mountain Products, LLC ("Gregory") for cash consideration of US$84.1 million. The Samsonite Purchasers purchased substantially all of the assets of Gregory excluding cash, certain receivables, and certain other retained assets and assumed all balance sheet liabilities and certain contractual liabilities of Gregory.

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

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

Subsequent to December 31, 2014, the Group completed the following acquisition:

Rolling Luggage

On February 16, 2015, certain of the Company's wholly-owned subsidiaries completed the acquisition of the business and substantially all of the assets of Rolling Luggage for a cash consideration of GBP 15.75 million, subject to subsequent adjustment. The consideration was settled by cash upon completion of the acquisition. The Group purchased substantially all of the assets, and assumed certain liabilities of Rolling Luggage.

The acquisition provides the Group with a significant retail footprint in some of the world's leading airports, and further expands the Group's portfolio of retail store locations. For the fiscal year ended January 31, 2015, Rolling Luggage recorded net sales of GBP 26.7 million, an increase of 11.3% from GBP 24.0 million for the fiscal year ended January 31, 2014.

Future Prospects

The Group's growth strategy will continue as planned for 2015, with a focus on the following:

- continue to gain market share by leveraging the strength of the Group's diverse portfolio of brands, which include *Samsonite*, *American Tourister*, *Hartmann*, *High Sierra*, *Gregory*, *Speck* and *Lipault*, across all of its markets;
- allocate more resources to increase the Group's direct-to-consumer sales, including e-commerce, retail and omni-channel, in proportion to net sales;
- allocate more resources to the markets in Latin America where the Group is less represented and has the potential to increase market share;
- allocate more resources to the *Hartmann* brand to increase sales and gain market share worldwide;
- focus on further integrating Speck Products, Lipault and Gregory into the Group's existing business and continue to realize anticipated synergies in sourcing, systems and back-office support functions;
- continually improve the efficiency and effectiveness of the Group's supply chain and global distribution network; and
- continually evaluate acquisition opportunities that have a compelling strategic fit, leveraging the Group's strong management team and balance sheet capacity.

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

9. Subsequent Events

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

By: Kyle F. Gendreau
Capacity: Director

Independent Auditors' Report

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, 2014 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 issued by the International Accounting Standards Board, 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 assess-ments, 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 pur-pose 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.

Independent Auditors' Report

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, 2014, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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, March 16, 2015

KPMG Luxembourg Société coopérative
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, 2014	2013
Net sales	6	2,350,707	2,037,812
Cost of sales		(1,106,881)	(949,475)
Gross profit		1,243,826	1,088,337
Distribution expenses		(626,300)	(540,578)
Marketing expenses		(144,733)	(129,221)
General and administrative expenses		(151,137)	(133,073)
Other expenses		(22,379)	(4,173)
Operating profit		299,277	281,292
Finance income	23	478	852
Finance costs	23	(17,383)	(11,808)
Net finance costs		(16,905)	(10,956)
Profit before income tax	24	282,372	270,336
Income tax expense	22	(77,018)	(72,915)
Profit for the year		205,354	197,421
Profit attributable to the equity holders		186,256	176,087
Profit attributable to non-controlling interests		19,098	21,334
Profit for the year		205,354	197,421
Earnings per share			
Basic and diluted earnings per share *(Expressed in US Dollars per share)*	15	0.132	0.125

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, 2014	2013
Profit for the year		205,354	197,421
Other comprehensive income (loss):			
Items that will never be reclassified to profit or loss:			
Remeasurements on defined benefit plans, net of tax	17	(17,060)	4,511
		(17,060)	4,511
Items that are or may be reclassified subsequently to profit or loss:			
Changes in fair value of cash flow hedges, net of tax		6,988	(1,569)
Foreign currency translation losses for foreign operations		(35,087)	(9,880)
		(28,099)	(11,449)
Other comprehensive income (loss)		(45,159)	(6,938)
Total comprehensive income		160,195	190,483
Total comprehensive income attributable to the equity holders		145,095	173,213
Total comprehensive income attributable to non-controlling interests		15,100	17,270
Total comprehensive income for the year		160,195	190,483

The accompanying notes form part of the consolidated financial statements.

Consolidated Statement of Financial Position

(Expressed in thousands of US Dollars)	Note	December 31, 2014	December 31, 2013
Non-Current Assets			
Property, plant and equipment, net	8	178,325	155,347
Goodwill	9(a)	270,079	214,356
Other intangible assets, net	9(b)	766,687	662,707
Deferred tax assets	22(d)	57,752	44,401
Other assets and receivables	10(a)	23,195	22,722
Total non-current assets		1,296,038	1,099,533
Current Assets			
Inventories	11	332,274	298,377
Trade and other receivables, net	12	290,841	246,372
Prepaid expenses and other assets	10(b)	71,718	65,262
Cash and cash equivalents	13	140,423	225,347
Total current assets		835,256	835,358
Total assets		2,131,294	1,934,891
Equity and Liabilities			
Equity:			
Share capital	14	14,080	14,071
Reserves	14	1,255,608	1,178,685
Total equity attributable to equity holders		1,269,688	1,192,756
Non-controlling interests	14	37,752	37,826
Total equity		1,307,440	1,230,582
Non-Current Liabilities			
Loans and borrowings	16 (a)	18	37
Employee benefits	17	49,657	33,432
Non-controlling interest put options	14(f)	58,288	52,848
Deferred tax liabilities	22(d)	107,625	111,370
Other liabilities		4,704	4,879
Total non-current liabilities		220,292	202,566
Current Liabilities			
Loans and borrowings	16 (b)	65,131	13,640
Employee benefits	17	62,022	54,437
Trade and other payables	20	415,445	387,239
Current tax liabilities	22	60,964	46,427
Total current liabilities		603,562	501,743
Total liabilities		823,854	704,309
Total equity and liabilities		2,131,294	1,934,891
Net current assets		231,694	333,615
Total assets less current liabilities		1,527,732	1,433,148

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	Additional paid-in capital	Reserves			Total equity attributable to equity holders	Non-controlling interest	Total equity
					Translation reserve	Other reserves	Retained earnings			
Year ended December 31, 2013:										
Balance, January 1, 2013		1,407,137,004	14,071	962,192	(1,671)	(74,585)	151,586	1,051,593	34,512	1,086,105
Profit for the year		—	—	—	—	—	176,087	176,087	21,334	197,421
Other comprehensive income (loss):										
Remeasurements on defined benefit plans, net of tax	17	—	—	—	—	4,608	—	4,608	(97)	4,511
Changes in fair value of cash flow hedges, net of tax		—	—	—	—	(1,576)	—	(1,576)	7	(1,569)
Foreign currency translation losses		—	—	—	(5,906)	—	—	(5,906)	(3,974)	(9,880)
Total comprehensive income (loss) for the year		—	—	—	(5,906)	3,032	176,087	173,213	17,270	190,483
Transactions with owners recorded directly in equity:										
Change in fair value of put options	21	—	—	—	—	—	(1,586)	(1,586)	—	(1,586)
Cash distributions to equity holders	15	—	—	—	—	—	(37,500)	(37,500)	—	(37,500)
Share-based compensation expense	17	—	—	—	—	7,036	—	7,036	—	7,036
Dividends paid to non-controlling interests		—	—	—	—	—	—	—	(8,359)	(8,359)
Other transactions		—	—	—	—	—	—	—	(5,597)	(5,597)
Balance, December 31, 2013		1,407,137,004	14,071	962,192	(7,577)	(64,517)	288,587	1,192,756	37,826	1,230,582
Year ended December 31, 2014:										
Balance, January 1, 2014		1,407,137,004	14,071	962,192	(7,577)	(64,517)	288,587	1,192,756	37,826	1,230,582
Profit for the year		—	—	—	—	—	186,256	186,256	19,098	205,354
Other comprehensive income:										
Remeasurements on defined benefit plans, net of tax	17	—	—	—	—	(16,947)	—	(16,947)	(113)	(17,060)
Changes in fair value of cash flow hedges, net of tax		—	—	—	—	6,984	—	6,984	4	6,988
Foreign currency translation losses		—	—	—	(31,198)	—	—	(31,198)	(3,889)	(35,087)
Total comprehensive income for the year		—	—	—	(31,198)	(9,963)	186,256	145,095	15,100	160,195
Transactions with owners recorded directly in equity:										
Share-based compensation expense	17	—	—	—	—	11,041	—	11,041	—	11,041
Exercise of stock options	17	889,452	9	2,800	—	(818)	—	1,991	—	1,991
Change in fair value of put options	21	—	—	—	—	—	(1,195)	(1,195)	—	(1,195)
Cash distributions to equity holders	15	—	—	—	—	—	(80,000)	(80,000)	—	(80,000)
Dividends paid to non-controlling interests		—	—	—	—	—	—	—	(15,075)	(15,075)
Other transactions		—	—	—	—	—	—	—	(99)	(99)
Balance, December 31, 2014		1,408,026,456	14,080	964,992	(38,775)	(64,257)	393,648	1,269,688	37,752	1,307,440

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, 2014	2013
Cash flows from operating activities:			
Profit for the year		205,354	197,421
Adjustments to reconcile profit to net cash generated from operating activities:			
Loss (gain) on sale and disposal of assets, net		39	(143)
Depreciation	8	42,588	36,821
Amortization of intangible assets	9(b)	9,180	8,363
Provision for doubtful accounts		1,097	2,242
Change in fair value of put options	21(g)	4,245	6,312
Net change in defined benefit pension plans	17(b)	(8,776)	(27,813)
Non-cash share-based compensation	17(a)	11,041	7,036
Income tax expense	22	77,018	72,915
		341,786	303,154
Changes in operating assets and liabilities (excluding allocated purchase price in business combinations):			
Trade and other receivables		(42,629)	(31,575)
Inventories		(23,450)	(24,663)
Other current assets		(196)	(3,895)
Trade and other payables		43,993	29,749
Other assets and liabilities, net		(13,492)	(17,486)
Cash generated from operating activities		306,012	255,284
Interest paid		(1,964)	(1,791)
Income tax paid		(74,134)	(60,460)
Net cash generated from operating activities		229,914	193,033
Cash flows from investing activities:			
Purchases of property, plant and equipment	8	(69,636)	(57,239)
Acquisition of businesses, net of cash acquired	7	(196,665)	—
Other proceeds (uses)		(821)	3,306
Net cash used in investing activities		(267,122)	(53,933)

Consolidated Statement of Cash Flows *(cont.)*

(Expressed in thousands of US Dollars)	Note	Year ended December 31, 2014	2013
Cash flows from financing activities:			
Current loans and borrowings proceeds (payments), net	16	52,607	(18,793)
Payment of deferred financing costs		(2,001)	—
Proceeds from stock option exercises	17	2,809	—
Cash distributions to equity holders	15	(80,000)	(37,500)
Dividend payments to non-controlling interests	26	(15,075)	(8,359)
Net cash used in financing activities		(41,660)	(64,652)
Net increase (decrease) in cash and cash equivalents		(78,868)	74,448
Cash and cash equivalents, at January 1		225,347	151,399
Effect of exchange rate changes on cash and cash equivalents		(6,056)	(500)
Cash and cash equivalents, at December 31	13	140,423	225,347

The accompanying notes form part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Background

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

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

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

2. Basis of Preparation

(a) Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which collective term includes all International Accounting Standards ("IAS") and related interpretations, as issued by the International Accounting Standards Board (the "IASB").

Until December 31, 2012, the Company was preparing consolidated financial statements in accordance with IFRS as adopted by the European Union ("EU"). On October 30, 2013, The Company obtained from the Luxembourg Ministry of Justice, a 3-year authorization to prepare consolidated accounts under IFRS as adopted by IASB instead of IFRS as adopted by the EU provided that a reconciliation of the equity and result for the year as reported to the equity and result for the year that would have been reported under Luxembourg legal and regulatory requirements or under IFRS as adopted by the EU is disclosed in the consolidated financial statements of the Company.

A reconciliation of the equity and result for the year as reported to the equity and result for the year that would have been reported under IFRS as adopted by the EU is disclosed below.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing the consolidated financial statements, the Group 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, 2014. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period ended December 31, 2014 are set out in note 3(u).

The accounting policies below, where material, 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 16, 2015.

Reconciliation with IFRS as adopted by the EU

Expressed in thousands of US Dollars	As at December 31, 2014	2013
Equity under IFRS as issued by the IASB	1,307,440	1,230,582
Reconciling item		
None	—	—
Equity under IFRS as adopted by the EU	1,307,440	1,230,582

	For the year ended December 31, 2014	2013
Profit for the year under IFRS as issued by the IASB	205,354	197,421
Reconciling item		
None	—	—
Profit for the year under IFRS as adopted by the EU	205,354	197,421

As mentioned in note 2(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 for the year ended December 31, 2014, a number of new or revised IFRSs became effective for the current reporting period.

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

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

(b) Basis of Measurement

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

- derivative financial instruments are measured at fair value.

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

(c) Functional and Presentation Currency

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

Unless otherwise stated, 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 Group's accounting policies and to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of 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 7 — Business combinations

- Note 8 — Property, plant and equipment

- Note 9 — Goodwill and other intangible assets

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

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

- Note 17(b) — Measurement of plan assets and defined benefit obligation
- Note 19 — Contingent liabilities
- Note 21 — Financial instruments
- Note 22 — 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 for the year ended December 31, 2014, a number of new or revised IFRSs became effective for the current reporting period.

IAS 32 *Financial Instruments: Presentation*

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

IFRIC 21 *Levies*

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

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently by the Group to all periods presented, where material, 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 Group's previously reported consolidated net sales, gross profit, operating profit, net finance costs, income tax expense, profit for the year, earnings per share, net cash generated from (used in) 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 Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial information of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which 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 Group 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 Group'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 Group 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 or an associate.

(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 Group. In assessing control, the Group takes into consideration substantive potential voting rights.

The Group 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 Group's previously held equity interest in the acquiree; over the Group'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 Group 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 Group'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 Group 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 Group's other components. All operating segments' operating results are reviewed regularly by the Group'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 Group's segment reporting is based on geographical areas, representative of how the Group's business is managed and its operating results are evaluated. The Group's operations are organized as follows; (i) "Asia"; (ii) "North America"; (iii) "Europe"; (iv) "Latin America", and (v) "Corporate", which are set out in note 6.

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 Group.

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 Group with freehold interest is not depreciated.

The Group 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, which are expected to benefit from the synergies of the combination and are tested annually for impairment (see note 9).

(ii) Intangible Assets (other than Goodwill)

Intangible assets primarily 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*®, *Hartmann*®, *High Sierra*®, *Gregory*®, *Speck*® and *Lipault*® are the significant tradenames of the Group. 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 Group 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 Group on terms that the Group would not consider otherwise, or indications that a debtor or issuer will enter bankruptcy.

The Group 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 Group 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 Group'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 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 generate 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 Group'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 Group initially recognizes receivables and deposits on the date that they are originated.

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

The Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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

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.

(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 Group'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 Group, 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 Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

The Group recognizes remeasurements related to all actuarial gains and losses arising from defined benefit plans in other comprehensive income and those amounts cannot subsequently be reclassified into profit or loss. Actuarial valuations are obtained annually at the end of the fiscal year.

(iii) Other Long-Term Employee Benefits

The Group'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 are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

(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 Group 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 Compensation

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 market performance conditions or 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) collectability 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 Group'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 Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in profit or loss.

The Group 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 a branded product of the Group.

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

The Group 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 Group 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 Group 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 Group's majority-owned subsidiaries, 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 Group 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 Group. 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 Group, for the effects of all potentially dilutive ordinary shares, which comprise 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 Group 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 Group 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 Group's consolidated statement of financial position.

The Group 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 Group to pay real estate taxes, insurance, common area maintenance costs and other occupancy costs. The Group 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 Group 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 Group if that person:

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

(2) has significant influence over the Group; or

(3) is a member of the key management personnel of the Group.

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

(1) the entity and the Group 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 Group or an entity related to the Group;

(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

Certain new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2014, and have not been applied in preparing these consolidated financial statements.

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

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

4. Determination of Fair Values

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

The put option agreements are classified as financial liabilities in accordance with IAS 32 in the consolidated statement of financial position as the Group 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 Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

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

(a) Risk Management Framework

The Company's Board of Directors (the "Board") has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyze the risks faced by the Group, 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 Group's activities. The Group, 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 Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group'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 Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group'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 Group's sales for the periods presented or accounts receivable as of the reporting dates. Geographically there is no concentration of credit risk.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group'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 Group's wholesale customers. Customers that are graded as "high risk" are placed on credit hold and monitored by the Group, and future sales are made on an approval basis.

(c) Liquidity Risk

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

The Group's primary sources of liquidity are its cash flows from operating activities, invested cash, available lines of credit (note 16(b)) and, subject to shareholder approval, its ability to issue additional shares. The Group believes that its existing cash and estimated cash flows, along with current working capital, will be adequate to meet the operating and capital requirements of the Group for at least the next twelve months.

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

(i) Currency Risk

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

The Group 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 Group'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 Group monitors its exposure to changes in interest rates on borrowings on variable rate debt instruments. Although the Group 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 Group'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 Group's consolidated statement of financial position. The Group's investment strategy involves a de-risking program utilizing liability hedging assets to offset changes in the Group's defined benefit pension plan obligations. The Group 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 Group'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 Group'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 Group's products. The Group 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 Group's capital needs are primarily managed through cash and cash equivalents (note 13), trade and other receivables (note 12), inventories (note 11), property plant and equipment (note 8), trade and other payables (note 20) and loans and borrowings (note 16).

6. Segment Reporting

(a) Operating Segments

Management of the business and evaluation of operating results is organized primarily along geographic lines dividing responsibility for the Group'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;
- North America — which includes operations in the United States of America and Canada;
- Europe — which includes operations in European countries as well as South Africa;
- Latin America — which includes operations in Chile, Mexico, Argentina, Brazil, Colombia, Panama, Peru and Uruguay; and
- Corporate — which primarily includes certain licensing activities from brand names owned by the Group 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 Group's segments.

Segment information as of and for the year ended December 31, 2014 is as follows:

Expressed in thousands of US Dollars	Asia	North America	Europe	Latin America	Corporate	Consolidated
External revenues	892,258	761,310	557,934	130,606	8,599	2,350,707
Operating profit	108,030	50,719	69,195	3,401	67,932	299,277
Operating profit excluding intragroup charges	169,043	101,868	74,335	6,644	(52,613)	299,277
Depreciation and amortization	18,635	10,120	17,203	4,001	1,809	51,768
Capital expenditures	18,931	12,259	32,480	3,955	2,011	69,636
Interest income	354	6	107	9	2	478
Interest expense	(622)	(17)	(164)	(219)	(2,672)	(3,694)
Income tax (expense) benefit	(24,232)	(20,177)	(22,049)	926	(11,486)	(77,018)
Total assets	568,960	767,971	441,078	100,427	252,858	2,131,294
Total liabilities	209,397	494,438	181,636	65,964	(127,581)	823,854

Segment information as of and for the year ended December 31, 2013 is as follows:

Expressed in thousands of US Dollars	Asia	North America	Europe	Latin America	Corporate	Consolidated
External revenues	768,363	621,741	515,177	123,580	8,951	2,037,812
Operating profit	82,685	49,027	62,580	13,562	73,438	281,292
Operating profit excluding intragroup charges	135,233	94,277	71,692	15,172	(35,082)	281,292
Depreciation and amortization	17,640	5,149	15,979	4,187	2,229	45,184
Capital expenditures	14,307	8,332	27,024	4,281	3,295	57,239
Interest income	264	3	254	3	328	852
Interest expense	(1,016)	—	(119)	(364)	(1,430)	(2,929)
Income tax expense	(19,889)	(21,374)	(11,080)	(2,759)	(17,813)	(72,915)
Total assets	527,534	571,347	444,601	105,727	285,682	1,934,891
Total liabilities	211,822	421,379	197,164	61,944	(188,000)	704,309

(b) Geographical Information

The following tables set out enterprise-wide information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group'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 Group has operations.

Expressed in thousands of US Dollars	Year ended December 31, 2014	2013
Asia:		
China	227,454	192,187
South Korea	189,502	161,182
India	126,653	110,526
Japan	77,855	64,172
Hong Kong[(1)]	74,899	66,765
Australia	48,613	42,666
United Arab Emirates	37,208	30,501
Singapore	25,622	23,056
Thailand	24,897	22,949
Taiwan	23,131	19,582
Indonesia	20,347	20,195
Other	16,077	14,582
Total Asia	892,258	768,363
North America:		
United States	720,737	589,618
Canada	40,573	32,123
Total North America	761,310	621,741
Europe:		
Germany	81,847	74,333
France	75,473	67,005
Belgium	65,239	60,330
Italy	60,799	54,079
United Kingdom	45,684	38,705
Spain	44,812	40,286
Russia	40,037	44,679
Holland	26,474	25,140
Switzerland	19,567	19,334
Sweden	17,053	16,549
Turkey	15,925	13,422
Austria	15,695	14,309
Norway	15,170	15,992
Other	34,159	31,014
Total Europe	557,934	515,177
Latin America:		
Chile	58,898	62,577
Mexico	39,830	35,475
Brazil	18,925	9,762
Other	12,953	15,766
Total Latin America	130,606	123,580
Corporate and other (royalty revenue):		
Luxembourg	8,456	8,797
United States	143	154
Total Corporate and other	8,599	8,951
Total	2,350,707	2,037,812

Note

(1) Includes Macau

(ii) Specified Non-current Assets

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

	December 31,	
Expressed in thousands of US Dollars	**2014**	**2013**
Luxembourg	639,777	588,952
United States	87,851	31,127
Belgium	66,569	58,747
Hungary	21,632	18,331
India	18,378	18,772
China	16,719	16,096
Hong Kong	14,569	9,205
Chile	12,738	15,099
South Korea	10,856	10,790

7. Business Combinations

The Group completed three business combinations during the year ended December 31, 2014.

(a) Lipault

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

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

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

From the date of acquisition, the Lipault Entities contributed US$5.5 million of revenue and a loss of US$0.7 million to the consolidated financial results of the Group for the year ended December 31, 2014.

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

Expressed in thousands of US Dollars

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

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

The table above represents the final purchase price allocation. No changes were made to the preliminary purchase price allocation of provisional amounts disclosed in the 2014 Interim Report.

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

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

On May 28, 2014, a wholly owned subsidiary within the Group completed the acquisition of Speck Products for cash consideration of US$85.0 million, with a subsequent working capital adjustment of US$0.04 million, for a total purchase price of US$85.0 million. The Group purchased all of the outstanding capital stock of Speck Products.

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

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

From the date of acquisition, Speck Products contributed US$91.6 million of revenue and profit of US$1.6 million to the consolidated financial results of the Group for the year ended December 31, 2014.

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

Expressed in thousands of US Dollars

Property, plant and equipment	6,420
Identifiable intangible assets	43,900
Other non-current assets	1,008
Inventories	24,073
Trade and other receivables	12,085
Other current assets	1,877
Other non-current liabilities	(2,041)
Trade and other payables	(19,170)
Other current liabilities	(6,096)

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

Subsequent to the publication of the preliminary purchase price allocation of provisional amounts in the Company's 2014 Interim Report, an additional US$0.7 million of current liabilities was identified. The table above represents the final purchase price allocation and has been updated from the interim disclosure to reflect this amount.

Goodwill in the amount of US$22.9 million was recognized as a result of the acquisition. The goodwill is attributable mainly to the synergies expected to be achieved from integrating Speck Products in the Group's existing business. Approximately half of the goodwill recognized is expected to be deductible for tax purposes.

(c) Gregory Mountain Products ("Gregory")

On July 23, 2014, certain of the Group's wholly-owned subsidiaries (the "Samsonite Purchasers") purchased substantially all of the assets of Gregory Mountain Products, LLC ("Gregory") for US$84.1 million. The Samsonite Purchasers purchased substantially all of the assets of Gregory excluding cash, certain receivables, and certain other retained assets and assumed all balance sheet liabilities and certain contractual liabilities of Gregory.

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

From the date of acquisition, Gregory contributed US$12.6 million of revenue and profit of US$0.2 million to the consolidated financial results of the Group for the year ended December 31, 2014.

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

Expressed in thousands of US Dollars

Identifiable intangible assets	54,660
Inventories	7,117
Trade and other receivables	6,253
Other current assets	124
Trade and other payables	(1,485)
Other current liabilities	(1,588)

The trade and other receivables include trade receivables with gross contractual amounts due of US$4.8 million, of which US$0.1 million was expected to be uncollectible at the acquisition date.

The table above represents the final purchase price allocation. Goodwill in the amount of US$19.0 million was recognized as a result of the acquisition. The goodwill is attributable mainly to the synergies expected to be achieved from integrating Gregory in the Group's existing business. Approximately half of the goodwill recognized is expected to be deductible for tax purposes.

(d) Pro forma results

If these acquisitions had occurred on January 1, 2014, the Group estimates that consolidated net sales for 2014 would have been approximately US$2,417 million, and consolidated profit for 2014 would have been approximately US$183 million. In determining these amounts, the Group 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, 2014.

(e) Acquisition-related costs

The Group incurred approximately US$13.5 million and US$1.1 million in acquisition related costs during the years ended December 31, 2014 and December 31, 2013, respectively. Such costs are primarily comprised of costs associated with due diligence and integration activities, as well as professional and legal fees, and are recognized within other expenses on the income statement.

8. Property, Plant and Equipment, Net

Expressed in thousands of US Dollars	Land	Buildings	Machinery, equipment, leasehold improvements and other	Total
2014				
Cost:				
At January 1, 2014	11,292	50,546	374,993	436,831
Purchases of property, plant and equipment	681	11,455	57,500	69,636
Additions through business combinations (note 7)	—	—	7,020	7,020
Disposals	—	—	(10,890)	(10,890)
Effect of movements in exchange rates/other	(702)	(6,408)	(26,324)	(33,434)
At December 31, 2014	11,271	55,593	402,299	469,163
Accumulated depreciation and impairment:				
At January 1, 2014	1,333	24,218	255,933	281,484
Depreciation for the year	26	3,140	39,422	42,588
Disposals	—	—	(10,060)	(10,060)
Effect of movements in exchange rates/other	(161)	(3,526)	(19,487)	(23,174)
At December 31, 2014	1,198	23,832	265,808	290,838
Carrying value:				
At December 31, 2014	10,073	31,761	136,491	178,325

Expressed in thousands of US Dollars	Land	Buildings	Machinery, equipment, leasehold improvements and other	Total
2013				
Cost:				
At January 1, 2013	10,900	48,680	319,342	378,922
Purchases of property, plant and equipment	188	906	56,145	57,239
Disposals	—	(420)	(14,952)	(15,372)
Effect of movements in exchange rates/other	204	1,380	14,458	16,042
At December 31, 2013	11,292	50,546	374,993	436,831
Accumulated depreciation and impairment:				
At January 1, 2013	1,255	20,132	221,711	243,098
Depreciation for the year	25	3,527	33,269	36,821
Disposals	—	(412)	(14,319)	(14,731)
Effect of movements in exchange rates/other	53	971	15,272	16,296
At December 31, 2013	1,333	24,218	255,933	281,484
Carrying value:				
At December 31, 2013	9,959	26,328	119,060	155,347

Depreciation expense for the years ended December 31, 2014 and December 31, 2013 amounted to US$42.6 million and US$36.8 million, respectively. Of this amount, US$6.9 million and US$5.9 million was included in cost of sales during the years ended December 31, 2014 and December 31, 2013, respectively. Remaining amounts were presented in distribution and general and administrative expenses. The Group has authorized capital expenditures of US$81.6 million in 2015, of which approximately US$16.7 million has been committed as of December 31, 2014. All land owned by the Group is freehold.

No impairment indicators existed at December 31, 2014.

9. Goodwill and Other Intangible Assets

(a) Goodwill

The Group's goodwill balance amounted to US$270.1 million at December 31, 2014, of which approximately US$55.3 million is expected to be deductible for income tax purposes.

The carrying amount of goodwill was as follows:

Expressed in thousands of US Dollars	December 31, 2014	December 31, 2013
Cost:		
At January 1	1,184,143	1,184,143
Additions through business combinations (note 7)	57,690	—
Effect of movement in foreign exchange rates	(1,967)	—
At December 31	1,239,866	1,184,143
Accumulated impairment losses:		
At January 1 and at December 31	(969,787)	(969,787)
Carrying Amount:	270,079	214,356

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

Expressed in thousands of US Dollars	Asia	North America	Europe	Latin America	Consolidated
At December 31, 2014	170,661	84,018	15,400	—	270,079
At December 31, 2013	153,212	61,144	—	—	214,356

In accordance with IAS 36, *Impairment of Assets* ("IAS 36"), the recoverable amounts of the Group'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 Group's operating segments, comprised of groups of CGUs, as these represent the lowest level within the Group 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 11% was used in discounting the projected cash flows. The same pre-tax discount rate has been used for all segments as the specific local market risks are embedded in the cash flow projections.

- 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, 2013	115,250	5,721	120,971	595,035	716,006
Effect of movement in foreign currency exchange rate	—	—	—	(452)	(452)
At December 31, 2013 and January 1, 2014	115,250	5,721	120,971	594,583	715,554
Additions through business combinations (note 7)	23,664	701	24,365	89,033	113,398
Other additions	—	1,744	1,744	—	1,744
Effect of movement in foreign currency exchange rate	(143)	131	(12)	(1,970)	(1,982)
At December 31, 2014	138,771	8,297	147,068	681,646	828,714
Accumulated amortization:					
At January 1, 2013	(39,282)	(5,202)	(44,484)	—	(44,484)
Amortization for the year	(7,968)	(395)	(8,363)	—	(8,363)
At December 31, 2013 and January 1, 2014	(47,250)	(5,597)	(52,847)	—	(52,847)
Amortization for the year	(8,895)	(285)	(9,180)	—	(9,180)
At December 31, 2014	(56,145)	(5,882)	(62,027)	—	(62,027)
Carrying amounts:					
At December 31, 2014	82,626	2,415	85,041	681,646	766,687
At December 31, 2013	68,000	124	68,124	594,583	662,707

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

Expressed in thousands of US Dollars	December 31, 2014	December 31, 2013
Samsonite	462,459	462,459
American Tourister	69,969	69,969
High Sierra	39,900	39,900
Hartmann	16,500	16,500
Speck	36,800	—
Gregory	38,600	—
Other	17,418	5,755
Total tradenames	681,646	594,583

Amortization expense for intangible assets for the years ended December 31, 2014 and December 31, 2013 was US$9.2 million and US$8.4 million, respectively, and is presented as a distribution expense in the consolidated income statement. Future amortization expense as of December 31, 2014 for the next five years is estimated to be US$10.3 million, US$10.3 million, US$10.0 million, US$8.4 million, US$8.4 million and a total of US$37.6 million thereafter.

In accordance with IAS 36, the Group 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, 2014 and December 31, 2013 there were no impairment indicators and there were no accumulated impairment losses at December 31, 2014 and December 31, 2013.

The Group's tradenames have been deemed to have indefinite lives due to their high quality and perceived value. In accordance with IAS 36, the recoverable amounts of the Group's tradenames were determined using the relief-from-royalty income approach to derive fair value less cost.

The calculations use discounted projections based on financial estimates reviewed by management covering a five year period. Revenues beyond the five year period are extrapolated using estimated growth rates appropriate for the market. 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 11% was used. The same pre-tax discount rate has been used for all tradenames as the specific risks associated with each are embedded in the cash flow projections.

- Revenues were based on anticipated selling prices and projected based on the historical operating results, the five year forecasts and royalty rates based on recent transfer pricing studies in the jurisdictions the Group operates in.

- 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 its indefinite lived intangible assets to exceed their recoverable amounts. 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.

10. Prepaid Expenses, Other Assets and Receivables

(a) Non-current

Other assets and receivables consisted of the following:

Expressed in thousands of US Dollars	**December 31, 2014**	**December 31, 2013**
Deposits	19,097	15,738
Other	4,098	6,984
Total other assets and receivables	23,195	22,722

(b) Current

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

11. Inventories

Inventories consisted of the following:

Expressed in thousands of US Dollars	**December 31, 2014**	**December 31, 2013**
Raw materials	17,558	20,564
Work in process	2,099	2,424
Finished goods	312,617	275,389
Total inventories	332,274	298,377

The amounts above include inventories carried at net realizable value (fair value less costs to sell) of US$102.8 million and US$71.4 million as of December 31, 2014 and December 31, 2013, respectively. During the years ended December 31, 2014 and December 31, 2013, the impairment of inventories to net realizable value amounted to US$6.8 million and US$3.3 million, respectively. During the years ended December 31, 2014 and December 31, 2013 the reversal of write-downs recognized in profit or loss amounted to US$2.3 million and US$1.1 million, respectively, where the Group was able to sell the previously written down inventories at higher selling prices than previously estimated.

12. Trade and Other Receivables

Trade and other receivables are presented net of related allowances for doubtful accounts of US$13.5 million and US$14.4 million as of December 31, 2014 and December 31, 2013, respectively.

(a) Aging Analysis

Included in trade and other receivables are trade receivables (net of allowance for doubtful accounts) of US$276.3 million and US$233.7 million as of December 31, 2014 and December 31, 2013, respectively, with the following aging analysis by invoice date:

	December 31,	
Expressed in thousands of US Dollars	**2014**	**2013**
Current	234,230	195,080
Past Due	42,066	38,612
Total Trade Receivables	276,296	233,692

Credit terms are granted based on the credit worthiness of individual customers. As of December 31, 2014, 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 Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. The Group 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	Year ended December 31, 2014	2013
At January 1	14,353	12,872
Impairment loss recognized	1,097	2,242
Impairment loss written back	(1,991)	(761)
At December 31	13,459	14,353

13. Cash and Cash Equivalents

Expressed in thousands of US Dollars	December 31, 2014	2013
Bank balances	138,906	195,162
Short-term investments	1,517	30,185
Total cash and cash equivalents	140,423	225,347

Short-term investments are comprised of overnight sweep accounts and time deposits. As of December 31, 2014 and December 31, 2013 the Group had no restrictions on the use of any of its cash.

14. Share Capital and Reserves

(a) Ordinary Shares

At December 31, 2014 and December 31, 2013, the Company had 99,872,010,543 and 99,872,899,995, respectively, shares authorized but unissued and 1,408,026,456 and 1,407,137,004, respectively, 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 shareholder 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) Treasury Shares

There are no treasury shares held by the Group.

(c) Distributable Reserves

At December 31, 2014, distributable reserves amounted to approximately US$2.2 billion as shown in the statutory financial statements of Samsonite International S.A. and calculated in accordance with the Company's Articles of Incorporation.

(d) 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.

(e) Other Reserves

Other reserves comprises amounts related to defined benefit pension plans, the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred and the share option reserve for share-based payments made by the Company.

(f) Non-controlling Interests

The Group 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 Group 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 Group 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 Group may be required to acquire the respective non-controlling interests at amounts intended to represent current fair value. As of December 31, 2014 and December 31, 2013, the financial liabilities recognized related to these put options were US$58.3 million and US$52.8 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.

15. Earnings Per Share

(a) Basic

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company.

Expressed in thousands of US Dollars, except share and per share data	**Year ended December 31,** **2014**	**2013**
Issued ordinary shares at the beginning of the period	1,407,137,004	1,407,137,004
Weighted-average impact of share options exercised during the period	624,648	—
Weighted-average number of shares at end of the period	1,407,761,652	1,407,137,004
Profit attributable to the equity holders	186,256	176,087
Basic earnings per share		
Expressed in US Dollars per share	0.132	0.125

(b) Diluted

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

Expressed in thousands of US Dollars, except share and per share data	**Year ended December 31,** 2014	2013
Weighted-average number of ordinary shares (basic)	1,407,761,652	1,407,137,004
Effect of share options	2,520,360	—
Weighted-average number of shares at end of the period	1,410,282,012	1,407,137,004
Profit attributable to the equity holders	186,256	176,087
Diluted earnings per share		
Expressed in US Dollars per share	0.132	0.125

(c) Dividends and Distributions

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

On March 18, 2013, the Board recommended that a cash distribution in the amount of US$37.5 million, or US$0.02665 per share, be made to the Company's shareholders of record on June 20, 2013 from its ad hoc distributable reserve. The shareholders approved this distribution on June 6, 2013 at the annual general meeting and the distribution was paid on July 12, 2013.

No other dividends or distributions were declared or paid during the years ended December 31, 2014 and December 31, 2013.

16. Loans and Borrowings

(a) Non-current obligations:

Expressed in thousands of US Dollars	**December 31,** 2014	2013
Finance lease obligations	32	53
Less current installments	(14)	(16)
Non-current loans and borrowings	18	37

(b) Current Obligations

The Group had the following current obligations:

Expressed in thousands of US Dollars	December 31, 2014	December 31, 2013
Revolving Credit Facility	60,000	—
Current installments of non-current obligations	14	16
Other lines of credit	7,536	15,482
Total current obligations	67,550	15,498
Less deferred financing costs	(2,419)	(1,858)
Current loans and borrowings	65,131	13,640

Certain subsidiaries of the Group maintain credit lines with various third party lenders in the regions in which they operate. These local credit lines provide working capital for the day to day business operations of the subsidiaries, including overdraft, bank guarantee, and trade finance and factoring facilities. The majority of these credit lines are uncommitted facilities. The total aggregate amount outstanding under the local facilities was US$7.5 million and US$15.5 million at December 31, 2014 and December 31, 2013, respectively. The unused available lines of credit amounted to US$87.3 million and US$81.2 million as of December 31, 2014 and December 31, 2013, respectively.

On June 17, 2014, the Group amended its revolving credit facility (the "Revolving Facility") to increase the maximum borrowings available thereunder from US$300.0 million to US$500.0 million and to extend the term of the facility until June 17, 2019. The facility can be increased by an additional US$300.0 million, subject to lender approval. The Revolving Facility has an initial term of five years from its effective date of June 17, 2014, with a one year extension available at the request of the Group and at the option of the lenders. The interest rate on borrowings under the Revolving Facility is the aggregate of (i) (a) LIBOR or (b) the prime rate of the lender and (ii) a margin to be determined based on the Group's leverage ratio. Based on the Group's leverage ratio, the Revolving Facility carries a commitment fee ranging from 0.2% to 0.325% per annum on any unutilized amounts, as well as an agency fee if another lender joins the Revolving Facility. The Revolving Facility is secured by certain of the Group's assets in the United States and Europe, as well as the Group's intellectual property. The Revolving Facility also contains financial covenants related to interest coverage and leverage ratios, and operating covenants that, among other things, limit the Group's ability to incur additional debt, create liens on its assets, and participate in certain mergers, acquisitions, liquidations, asset sales or investments. The Group was in compliance with the financial covenants as of December 31, 2014. At December 31, 2014, US$437.5 million was available to be borrowed on the Revolving Facility as a result of US$60.0 million of outstanding borrowings and the utilization of US$2.5 million of the facility for outstanding letters of credit extended to certain creditors. At December 31, 2013, US$294.4 million was available to be borrowed on the previously existing US$300.0 million revolving credit facility as a result of the utilization of US$5.6 million of the facility for outstanding letters of credit extended to certain creditors. In connection with increasing the Revolving Facility, the Group capitalized US$2.0 million of deferred financing costs that will be amortized over the five-year term.

17. Employee Benefits

Employee benefits expense, which consists of payroll and other benefits, amounted to US$287.6 million and US$247.7 million for the years ended December 31, 2014 and December 31, 2013, respectively. Of these amounts, US$23.6 million and US$22.5 million was included in cost of sales during the years ended December 31, 2014 and December 31, 2013, respectively. Remaining amounts were presented in distribution and general and administrative expenses.

Average employee headcount worldwide was approximately 8,492 and 7,580 for the years ending December 31, 2014 and December 31, 2013, respectively.

(a) Long-Term Incentive Schemes

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

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

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

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

c) the nominal value of the shares.

As of February 28, 2015 (the "Latest Practicable Date"), the maximum aggregate number of shares in respect of which awards may be granted pursuant to the Share Award Scheme is 87,220,660 shares, representing approximately 6.2% of the issued share capital of the Company. An individual participant may be granted awards pursuant to the Share Award Scheme in respect of a maximum of 1% of the Company's total issued shares in any 12-month period. Any grant of awards to an individual participant in excess of this limit is subject to independent shareholder's approval.

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

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

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

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

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

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

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

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

In total, share-based compensation expense of US$11.0 million and US$7.0 million was included in the consolidated income statement for the years ended December 31, 2014 and December 31, 2013, respectively.

Particulars and movements of share options during the year ended December 31, 2014 and December 31, 2013 were as follows:

	Number of Options	**Weighted-average exercise price**
Outstanding at January 1, 2014	15,345,178	HK$17.37
Granted during the period	12,523,765	HK$23.33
Exercised during the period	(889,452)	HK$17.36
Cancelled/lapsed during the period	(237,625)	HK$20.29
Outstanding at December 31, 2014	26,741,866	HK$20.13
Exercisable at December 31, 2014	2,946,828	HK$17.37

	Number of Options	**Weighted-average exercise price**
Outstanding at January 1, 2013	—	—
Granted during the period	15,404,402	HK$17.37
Cancelled/lapsed during the period	(59,224)	HK$17.36
Outstanding at December 31, 2013	15,345,178	HK$17.37
Exercisable at December 31, 2013	—	—

At December 31, 2014, the range of exercise prices for outstanding share options was HK$17.36 to HK$24.77 with a weighted average contractual life of 8.5 years. At December 31, 2013, the range of exercise prices for outstanding share options was HK$17.36 to HK$18.68 with a weighted average contractual life of 9.0 years.

No RSUs had been issued under the Share Award Scheme as of December 31, 2014.

On January 7, 2015, the Group granted an additional 16,006,812 ordinary share options to certain directors, key management personnel, and other employees. The exercise price of the options granted is HK$23.31. Such options are subject to *pro rata* vesting over a 4-year period, with 25% of the options vesting on each anniversary date of the grant and have a 10-year term.

On January 7, 2015, the Group made an additional special grant of 10,040,399 share options to an Executive Director and to five additional members of the Group's senior management team. The exercise price of the options granted is HK$23.31. 60% of such options will vest on January 7, 2018 and 40% will vest on January 7, 2020 and such options have a 10-year term.

(b) Pension Plans and Defined Benefit Schemes

(i) Plan Descriptions

Certain subsidiaries of the Group 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 Group follows the recognition, measurement, presentation and disclosure provisions of IAS 19, Employee Benefits ("IAS 19"). Under IAS 19, remeasurements, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognized immediately in other comprehensive income and not subsequently reclassified into profit or loss. The measurement date for all pension and other employee benefit plans is the Group's fiscal year end. Details of the significant plans sponsored by the Group are presented below.

Under IAS 19, the Group determines the net interest expense (income) for the period on the net defined benefit liability (asset) by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset) at the beginning of the annual period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Consequently, the net interest cost on the net defined benefit liability (asset) now comprises:

— Interest cost on the defined benefit obligation;

— Interest income on plan assets; and

— Interest on the effect of asset ceiling.

A U.S. subsidiary of the Group 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. This plan was closed to new entrants effective January 1, 2010. Effective December 31, 2010, the plan was frozen to future accruals. This plan was terminated effective December 31, 2014. The administration of the plan will be moved to a third party insurance company. For those participants who will receive a benefit in the form of an annuity, the Group intends to purchase an annuity contract for such participants' benefits from an insurer to be selected at a later date. The Group anticipates the administration of the plan will be moved within the next two years.

The Group also maintains a supplemental retirement plan for certain management employees. This plan was closed to new entrants effective January 1, 2010. Effective December 31, 2010, the plan was frozen to future accruals.

A U.S. subsidiary of the Group 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 Group's other post-retirement benefits are not vested and the Group 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, 2014 and December 31, 2013, the percentage of health insurance cost that the retiree must contribute was 100%.

A Belgium subsidiary of the Group 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 Group, with their assets held separately from those of the Group. These plans are funded by contributions from the Group 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, 2014 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 Group's obligations under these defined benefit retirement plans are US$244.2 million and US$213.4 million as of December 31, 2014 and December 31, 2013, respectively, which are 87.7% and 93.3% funded by the plan assets held by the trustees at December 31, 2014 and December 31, 2013, respectively.

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

	December 31,	
Expressed in thousands of US Dollars	**2014**	**2013**
Present value of unfunded obligations	(15,853)	(17,110)
Present value of partly funded obligations	(241,534)	(211,027)
Fair value of plan assets	213,991	199,102
Net pension liability	(43,396)	(29,035)
Experience adjustments arising on plan liabilities	1,878	(1,084)

The net pension liability is recorded in employee benefits in the consolidated statement of financial position. The Group does not have net unrecognized actuarial losses as the Group 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 Group estimates that the benefit payments for the pension and post-retirement benefits will be approximately US$17.7 million during 2015 and between US$16.8 million and US$17.4 million each year from 2016 through 2019.

The net pension liability is shown below:

Expressed in thousands of US Dollars	December 31, 2014 US Pension benefits	US Post-retirement benefits	Belgium retirement benefits	Total
Present value of the defined benefit obligation	(244,229)	(1,826)	(11,332)	(257,387)
Fair value of plan assets	213,991	—	—	213,991
Net liability	(30,238)	(1,826)	(11,332)	(43,396)

Expressed in thousands of US Dollars	December 31, 2013 US Pension benefits	US Post-retirement benefits	Belgium retirement benefits	Total
Present value of the defined benefit obligation	(213,419)	(1,938)	(12,780)	(228,137)
Fair value of plan assets	199,102	—	—	199,102
Net liability	(14,317)	(1,938)	(12,780)	(29,035)

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

Expressed in thousands of US Dollars	Year ended December 31, 2014			
	US Pension benefits	US Post-retirement benefits	Belgium retirement benefits	Total
Change in benefit obligation:				
Benefit obligation at January 1	213,419	1,938	12,780	228,137
Service cost	—	—	626	626
Interest cost	9,054	80	328	9,462
Plan participants' contributions	—	211	—	211
Remeasurements	38,974	(180)	(445)	38,349
Benefits paid	(17,218)	(223)	(419)	(17,860)
Foreign exchange adjustments	—	—	(1,538)	(1,538)
Benefit obligation at December 31	244,229	1,826	11,332	257,387

Expressed in thousands of US Dollars	Year ended December 31, 2013			
	US Pension benefits	US Post-retirement benefits	Belgium retirement benefits	Total
Change in benefit obligation:				
Benefit obligation at January 1	243,515	2,511	11,159	257,185
Service cost	—	—	554	554
Interest cost	8,174	81	328	8,583
Plan participants' contributions	—	376	—	376
Remeasurements	(19,666)	(737)	703	(19,700)
Benefits paid	(18,604)	(293)	(465)	(19,362)
Foreign exchange adjustments	—	—	501	501
Benefit obligation at December 31	213,419	1,938	12,780	228,137

(iv) Movement in plan assets

Expressed in thousands of US Dollars	Year ended December 31, 2014 US Pension benefits	US Post-retirement benefits	Belgium retirement benefits	Total
Change in plan assets:				
Fair value of plan assets at January 1	199,102	—	—	199,102
Interest income	8,606	—	—	8,606
Remeasurements	10,261	—	—	10,261
Employer contributions	14,139	12	419	14,570
Plan participants' contributions	—	211	—	211
Benefits paid	(17,218)	(223)	(419)	(17,860)
Administrative expenses	(899)	—	—	(899)
Fair value of plan assets at December 31	213,991	—	—	213,991

Expressed in thousands of US Dollars	Year ended December 31, 2013 US Pension benefits	US Post-retirement benefits	Belgium retirement benefits	Total
Change in plan assets:				
Fair value of plan assets at January 1	188,807	—	—	188,807
Interest income	7,174	—	—	7,174
Remeasurements	(10,598)	—	—	(10,598)
Employer contributions	33,323	(82)	465	33,706
Plan participants' contributions	—	375	—	375
Benefits paid	(18,604)	(293)	(465)	(19,362)
Administrative expenses	(1,000)	—	—	(1,000)
Fair value of plan assets at December 31	199,102	—	—	199,102

(v) Remeasurements recognized in other comprehensive income

Expressed in thousands of US Dollars	Year ended December 31, 2014			
	US Pension benefits	**US Post-retirement benefits**	**Belgium retirement benefits**	**Total**
Cumulative amount at January 1	106,928	(3,573)	2,473	105,828
Effect of changes in demographic assumptions	22,250	(80)	(2,287)	19,883
Effect of changes in financial assumptions	14,681	116	1,791	16,588
Effect of experience adjustments	2,043	(216)	51	1,878
(Return) on plan assets (excluding interest income)	(10,461)	—	—	(10,461)
Cumulative amount at December 31	135,441	(3,753)	2,028	133,716

Expressed in thousands of US Dollars	Year ended December 31, 2013			
	US Pension benefits	**US Post-retirement benefits**	**Belgium retirement benefits**	**Total**
Cumulative amount at January 1	116,297	(2,836)	1,770	115,231
Effect of changes in demographic assumptions	1,878	(6)	130	2,002
Effect of changes in financial assumptions	(20,134)	(156)	246	(20,044)
Effect of experience adjustments	(1,411)	(575)	327	(1,659)
(Return) on plan assets (excluding interest income)	10,298	—	—	10,298
Cumulative amount at December 31	106,928	(3,573)	2,473	105,828

(vi) Costs recognized in the consolidated income statement

Expressed in thousands of US Dollars	Year ended December 31, 2014			
	US Pension benefits	**US Post-retirement benefits**	**Belgium retirement benefits**	**Total**
Service cost	—	—	626	626
Interest expense on defined benefit obligation	9,054	80	328	9,462
Interest (income) on plan assets	(8,606)	—	—	(8,606)
Administrative expenses	1,100	—	—	1,100
Total net periodic benefit cost	1,548	80	954	2,582

Expressed in thousands of US Dollars	Year ended December 31, 2013			
	US Pension benefits	**US Post-retirement benefits**	**Belgium retirement benefits**	**Total**
Service cost	—	—	554	554
Interest expense on defined benefit obligation	8,174	81	328	8,583
Interest (income) on plan assets	(7,174)	—	—	(7,174)
Administrative expenses	1,300	—	—	1,300
Total net periodic benefit cost	2,300	81	882	3,263

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

Expressed in thousands of US Dollars	Year ended December 31,	
	2014	**2013**
General and administrative expenses	1,412	1,490
Other expenses	1,170	1,773
	2,582	3,263

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 Group's current operations whose pension obligations were assumed by the Group 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 Group was a part of, prior to 1993.

(vii) Actuarial assumptions used

	US Pension benefits	US Post-retirement benefits	Belgium retirement benefits
2014			
Weighted average assumptions used to determine benefit obligations as of December 31:			
Discount rate	3.68%	3.68%	1.5%
Rate of compensation increase	N/A	N/A	—
Rate of price inflation	N/A	N/A	2.0%
Weighted average assumptions used to determine net periodic benefit cost for the year ended December 31:			
Discount rate	4.42%	4.42%	2.8%
Rate of compensation increase	—	N/A	—
2013			
Weighted average assumptions used to determine benefit obligations as of December 31:			
Discount rate	4.42%	4.42%	2.8%
Rate of compensation increase	N/A	N/A	—
Rate of price inflation	N/A	N/A	2.0%
Weighted average assumptions used to determine net periodic benefit cost for the year ended December 31:			
Discount rate	3.48%	3.48%	3.0%
Rate of compensation increase	—	N/A	—

The actual rate of return on assets for December 31, 2014 and December 31, 2013 was 10% and (2)%, 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 7.6% annual rate of increase in the per capita cost of covered health care benefits was assumed for the year ended December 31, 2015. The rate was assumed to decrease gradually to 4.5% for the year ended December 31, 2027 and remain at that level thereafter.

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Expressed in thousands of US Dollars	December 31, 2014 Increase	December 31, 2014 Decrease
Discount rate (50 basis points)	(10,870)	11,833
Medical cost trend rate (1% movement)	(7)	7

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, 2014 and December 31, 2013 by US$43.4 million and US$29.0 million, respectively.

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

	December 31, 2014	
	Targeted allocation	Fair value
		(US$'000)
Equity	—%–40%	—
Fixed Income	—%–100%	155,864
Asset allocation	20%–40%	55,226
Other	—%–10%	2,901
Total	100%	213,991

	December 31, 2013	
	Targeted allocation	Fair value
		(US$'000)
Equity	—%–40%	—
Fixed Income	—%–100%	132,361
Asset allocation	20%–40%	63,500
Other	—%–10%	3,241
Total	100%	199,102

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 2015, there is no minimum required contribution for the U.S. pension.

(ix) Historical Information

Expressed in thousands of US Dollars	December 31, 2014	2013	2012	2011	2010
Present value of the defined benefit obligation	(257,387)	(228,137)	(257,185)	(242,453)	(234,748)
Fair value of plan assets	213,991	199,102	188,807	182,728	157,624
Net liability	(43,396)	(29,035)	(68,378)	(59,725)	(77,124)
Experience adjustments arising on plan liabilities	1,878	(1,084)	7,354	(2,660)	9,897

(c) Defined Contribution Plan

A U.S. subsidiary of the Group provides a defined contribution 401(k) retirement plan. The plan covers substantially all non-union employees of the subsidiary for the sole purpose of encouraging participants to save for retirement. Plan participants may contribute up to 75% of their compensation to the plan, a percentage of which is matched by the Group. The Group may also make non-elective contributions to participants' accounts. Participant contributions and the earnings thereon are fully vested upon contribution. Participants become vested in the matching and non-elective contributions upon completion of two and three years of service, respectively. Forfeited contributions made by the Group are used to reduce future matching contributions and/or administrative expenses.

In connection with this plan, the Group recognized an expense of US$2.5 million and US$2.4 million for the years ended December 31, 2014 and December 31, 2013, respectively. Forfeited contributions were inconsequential for the periods presented.

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

Samsonite LLC (a U.S. subsidiary of the Group) and the PBGC are party to a settlement agreement under which PBGC was granted an equal and ratable lien 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, which is in the amount of US$35.8 million, 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 Group is in compliance with these requirements as of December 31, 2014.

The agreement will expire upon (a) the Group 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 Group becomes part of a controlled company whose unsecured debt has investment grade status, or (d) the date the plan is successfully terminated.

18. Commitments

(a) *Capital Commitments*

The Group's capital expenditures budget for 2015 is approximately US$81.6 million. Capital commitments outstanding as of December 31, 2014 and December 31, 2013 were US$16.7 million and US$14.2 million, respectively, which were not recognized as liabilities in the consolidated statement of financial position as they do not meet the recognition criteria.

(b) *Operating Lease Commitments*

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

	December 31,	
Expressed in thousands of US Dollars	**2014**	**2013**
Within one year	74,018	68,558
After one year but within two years	62,286	55,054
After two years but within five years	98,483	86,657
More than five years	61,375	21,479
Total operating lease commitments	296,162	231,748

Certain of the leases are renewable at the Group'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$112.2 million and US$96.6 million for the years ended December 31, 2014 and 2013, respectively. Certain of the retail leases provide for additional rent payments based on a percentage of sales. These additional rent payments amounted to US$3.6 million and US$3.2 million for the years ended December 31, 2014 and December 31, 2013, respectively, and are included in rent expense.

19. Contingent Liabilities

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

The Group did not settle any significant litigation during the year ended December 31, 2014.

20. Trade and Other Payables

Expressed in thousands of US Dollars	December 31, 2014	December 31, 2013
Accounts payable	316,509	282,183
Other payables and accruals	92,155	96,739
Other tax payables	6,781	8,317
Total trade and other payables	415,445	387,239

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

Expressed in thousands of US Dollars	December 31, 2014	December 31, 2013
Current	234,857	211,743
Past Due	26,855	20,132
Total trade payables	261,712	231,875

Trade payables as of December 31, 2014 are on average due within 105 days from the invoice date.

21. Financial Instruments

(a) Exposure to Credit Risk

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

Expressed in thousands of US Dollars	December 31, 2014	December 31, 2013
Trade and other receivables	290,841	246,372
Cash and cash equivalents	140,423	225,347
Total	431,264	471,719

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, 2014	December 31, 2013
Asia	85,438	77,856
North America	114,000	69,536
Europe	49,943	54,133
Latin America	26,915	32,168
Total trade receivables	276,296	233,693

(b) *Exposure to Liquidity Risk*

The following are the contractual maturities of derivative and non-derivative financial liabilities.

Expressed in thousands of US Dollars	December 31, 2014					
	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	415,445	415,445	415,445	—	—	—
Revolving Facility	60,000	60,000	60,000	—	—	—
Other lines of credit	7,536	7,536	7,536	—	—	—
Minimum operating lease payments	—	296,162	74,018	62,286	98,483	61,375
Foreign currency forward contracts:						
Assets	7,311	116,132	116,132	—	—	—

Expressed in thousands of US Dollars	December 31, 2013					
	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	387,239	387,239	387,239	—	—	—
Other lines of credit	15,482	15,482	15,482	—	—	—
Minimum operating lease payments	—	231,748	68,558	55,054	86,657	21,479
Foreign currency forward contracts:						
Liabilities	2,464	94,665	94,665	—	—	—

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, 2014:						
Assets	7,311	116,132	116,132	—	—	—
December 31, 2013:						
Liabilities	2,464	94,665	94,665	—	—	—

(c) ***Exposure to Currency Risk***

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

	December 31, 2014		
	Euro	**Renminbi**	**Indian Rupee**
	(Euro '000)	(RMB '000)	(INR '000)
Cash	19,663	131,318	160,895
Trade and other receivables, net	40,324	99,662	1,221,652
Intercompany receivables (payables)	(2,578)	(8,169)	110,629
Trade and other payables	(51,108)	(113,577)	(864,003)
Statement of financial position exposure	6,301	109,234	629,173

	December 31, 2013		
	Euro	**Renminbi**	**Indian Rupee**
	(Euro '000)	(RMB '000)	(INR '000)
Cash	31,008	196,853	91,830
Trade and other receivables, net	38,913	80,100	1,322,660
Intercompany receivables (payables)	(10,289)	(64,230)	21,379
Trade and other payables	(39,337)	(91,903)	(808,149)
Statement of financial position exposure	20,295	120,820	627,720

The following significant exchange rates applied during the year:

	Average rate		**Reporting date spot rate**	
	2014	**2013**	**2014**	**2013**
Euro	1.3249	1.3292	1.2099	1.3746
Renminbi	0.1623	0.1627	0.1611	0.1652
Indian Rupee	0.0164	0.0171	0.0159	0.0162

(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, 2014 and December 31, 2013 by US$4.5 million and US$4.7 million, respectively, and increased equity as of December 31, 2014 and December 31, 2013 by US$24.6 million and US$24.6 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, 2014 and December 31, 2013 by US$2.1 million and US$2.2 million, respectively, and equity as of December 31, 2014 and December 31, 2013 would have increased by US$3.8 million and US$3.7 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.

If the Indian Rupee had strengthened by 10% against the US Dollar profit would have increased for the years ended December 31, 2014 and December 31, 2013 by US$1.4 million and US$0.6 million, respectively, and equity as of December 31, 2014 and December 31, 2013 would have increased by US$3.0 million and US$2.1 million, respectively. The analysis assumes that all other variables, in particular interest rates, remain constant. A 10% weakening in the Indian Rupee 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 Group's interest bearing financial instruments was:

	December 31,	
Expressed in thousands of US Dollars	**2014**	**2013**
Variable rate instruments:		
Financial assets	1,517	30,185
Financial liabilities	(67,536)	(15,482)
	(66,019)	14,703

The Group did not have any interest bearing financial instruments with a fixed rate at December 31, 2014 or December 31, 2013.

(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. IFRS establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

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

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

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

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

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

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

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

		Fair value measurements at reporting date using		
Expressed in thousands of US Dollars	**December 31, 2014**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets:				
Cash and cash equivalents	140,423	140,423	—	—
Foreign currency forward contracts	7,311	7,311	—	—
Total assets	147,734	147,734	—	—
Liabilities:				
Non-controlling interest put options	58,288	—	—	58,288
Total liabilities	58,288	—	—	58,288

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

Certain non-U.S. subsidiaries of the Group periodically enter into forward contracts related to the purchase of inventory denominated primarily in USD which are designated as cash flow hedges. The hedging effectiveness was tested in accordance with IAS 39, *Financial Instruments: Recognition and Measurement*. The fair value of these instruments was an asset of US$7.3 million and a liability of US$2.5 million as of December 31, 2014 and December 31, 2013, respectively.

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

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Put options	*Income approach* — The valuation model converts future amounts based on an EBITDA multiple to a single current discounted amount reflecting current market expectations about those future amounts.	• EBITDA Multiple • Growth Rate: (2014: 3%) • Risk adjusted discount rate (2014: 11%)	The estimated value would increase (decrease) if: • The EBITDA multiple were higher (lower); • The growth rate were higher (lower); or • The risk adjusted discount rate were lower (higher).

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

Expressed in thousands of US Dollars	
Balance at January 1, 2013	44,950
Change in fair value included in equity	1,586
Change in fair value included in finance costs	6,312
Balance at December 31, 2013 and January 1, 2014	52,848
Change in fair value included in equity	1,195
Change in fair value included in finance costs	4,245
Balance at December 31, 2014	58,288

For the fair value of put options, reasonably possible changes to one of the significant unobservable inputs, holding other inputs constant, would have the following effects at December 31, 2014:

	Profit or loss		**Shareholders' Equity**	
Expressed in thousands of US Dollars	**Increase**	**Decrease**	**Increase**	**Decrease**
EBITDA multiple (movement of 0.1x)	1,452	(1,452)	403	(403)
Growth rate (50 basis points)	376	(375)	—	—
Risk adjusted discount rate (100 basis points)	(478)	490	—	—

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

22. Income Taxes

(a) Taxation in the Consolidated Income Statement

Expressed in thousands of US Dollars	Year ended December 31, 2014	2013
Current tax expense — Hong Kong Profits Tax:		
Current period	(1,769)	(655)
Current tax expense — Foreign:		
Current period	(88,235)	(69,314)
Adjustment for prior periods	(2,043)	3,396
Total current tax expense	(90,278)	(65,918)
Deferred tax benefit (expense):		
Origination and reversal of temporary differences	16,827	(12,088)
Change in tax rate	(881)	3,655
Change in recognized temporary differences	(917)	2,091
Total deferred tax benefit (expense)	15,029	(6,342)
Total income tax expense	(77,018)	(72,915)

The provision for Hong Kong Profits Tax for the years ended December 31, 2014 and December 31, 2013 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	Year ended December 31, 2014	2013
Profit for the year	205,354	197,421
Total income tax expense	(77,018)	(72,915)
Profit before income tax	282,372	270,336
Income tax expense using the Group's applicable tax rate	(79,064)	(76,457)
Tax incentives	19,292	19,886
Change in tax rates	(881)	3,655
Change in tax reserves	(472)	(3,632)
Non-deductible differences	(7,793)	(16,443)
Change in tax effect of undistributed earnings	3,445	(3,039)
Current year losses for which no deferred tax assets is recognized	(1,989)	(2,131)
Change in recognized temporary differences	(917)	2,091
Share-based compensation	(1,596)	(20)
Withholding taxes	(6,338)	(3,002)
Other	1,338	2,781
Over (under) provided in prior periods	(2,043)	3,396
	(77,018)	(72,915)

The provision for taxation for the years ended December 31, 2014 and December 31, 2013 is calculated using the Group's applicable tax rate of 28.0% and 28.3%, respectively. The applicable rate is based on the Group's weighted average worldwide tax rate.

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

	Year ended December 31, 2014			Year ended December 31, 2013		
Expressed in thousands of US Dollars	Before tax	Income tax (expense) benefit	Net of tax	Before tax	Income tax (expense) benefit	Net of tax
Remeasurements on benefit plans	(28,109)	11,049	(17,060)	7,511	(3,000)	4,511
Cash flow hedges	10,560	(3,572)	6,988	(2,449)	880	(1,569)
Foreign currency translation differences for foreign operations	(35,087)	—	(35,087)	(9,880)	—	(9,880)
	(52,636)	7,477	(45,159)	(4,818)	(2,120)	(6,938)

(d) Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

Expressed in thousands of US Dollars	December 31, 2014	December 31, 2013
Deferred tax assets:		
Allowance for doubtful accounts	2,390	2,110
Inventory	8,397	5,592
Plant and equipment	5,231	4,087
Pension and post-retirement benefits	18,713	11,927
Share-based compensation	1,568	1,309
Tax losses	4,755	3,107
Reserves	23,271	20,028
Other	1,355	6,204
Set off of tax	(7,928)	(9,963)
Total gross deferred tax assets	57,752	44,401
Deferred tax liabilities:		
Plant and equipment	(9,983)	(9,728)
Intangible assets	(99,217)	(99,825)
Other	(6,353)	(11,780)
Set off of tax	7,928	9,963
Total gross deferred tax liabilities	(107,625)	(111,370)
Net deferred tax liability	(49,873)	(66,969)

Movement in temporary differences for the years ended December 31, 2014 and December 31, 2013:

Expressed in thousands of US Dollars	Balance December 31, 2013	Recognized in profit or loss	Recognized in other comprehensive income	Other[1]	Balance December 31, 2014
Allowance for doubtful accounts	2,110	433	—	(153)	2,390
Inventory	5,592	3,046	—	(241)	8,397
Property, plant and equipment	(5,641)	491	—	398	(4,752)
Intangible assets	(99,825)	4,866	—	(4,258)	(99,217)
Pension and post-retirement benefits	11,927	(3,666)	11,049	(597)	18,713
Share-based compensation	1,309	302	—	(43)	1,568
Tax losses	3,107	2,150	—	(502)	4,755
Reserves	20,028	2,891	—	352	23,271
Other	(5,576)	4,516	(3,572)	(366)	(4,998)
Net deferred tax asset (liability)	(66,969)	15,029	7,477	(5,410)	(49,873)

Note

1 Other comprises amounts recognized in business combinations (US$4,695) (see footnote #7), and foreign exchange rate effects.

Expressed in thousands of US Dollars	Balance December 31, 2012	Recognized in profit or loss	Recognized in other comprehensive income	Balance December 31, 2013
Allowance for doubtful accounts	2,294	(184)	—	2,110
Inventory	5,969	(377)	—	5,592
Property, plant and equipment	(11,116)	5,475	—	(5,641)
Intangible assets	(101,772)	1,947	—	(99,825)
Pension and post-retirement benefits	26,992	(12,065)	(3,000)	11,927
Share-based compensation	—	1,309	—	1,309
Tax losses	3,436	(329)	—	3,107
Reserves	18,229	1,799	—	20,028
Other	(2,539)	(3,917)	880	(5,576)
Net deferred tax liability	(58,507)	(6,342)	(2,120)	(66,969)

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, 2014	December 31, 2013
Deductible temporary differences	437	4,164
Tax losses	20,047	22,975
Balance at end of year	20,484	27,139

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 Group can utilize the benefits from them.

Available tax losses (recognized and unrecognized):

Expressed in thousands of US Dollars	December 31, 2014	December 31, 2013
Europe	20,385	25,418
Asia	2,314	692
Latin America	11,753	6,989
Total	34,452	33,099

Tax losses expire in accordance with local country tax regulations. European losses will expire beginning in 2016. Asian losses will expire beginning in 2022. Latin American losses will expire beginning in 2019.

Unrecognized Deferred Tax Liabilities

At December 31, 2014 and December 31, 2013 a deferred tax liability of US$21.5 million and US$25.7 million, respectively, related to investments in subsidiaries is not recognized because the Group controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

23. Finance Income and Finance Costs

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

Expressed in thousands of US Dollars	Year ended December 31, 2014	2013
Recognized in income or loss:		
Interest income on bank deposits	478	852
Finance income	478	852
Interest expense on financial liabilities	(3,694)	(2,929)
Change in fair value of put options	(4,245)	(6,312)
Net foreign exchange loss	(6,716)	(456)
Other finance costs	(2,728)	(2,111)
Finance costs	(17,383)	(11,808)
Net finance costs recognized in profit or loss	(16,905)	(10,956)
Recognized in other comprehensive income (loss):		
Foreign currency translation differences for foreign operations	(35,087)	(9,880)
Changes in fair value of cash flow hedges	10,560	(2,449)
Income tax on finance income and finance costs recognized in other comprehensive income	(3,572)	880
Net finance costs recognized in other comprehensive income, net of tax	(28,099)	(11,449)
Attributable to:		
Equity holders of the Company	(24,214)	(7,482)
Non-controlling interests	(3,885)	(3,967)

24. Expenses

Profit before income tax is arrived at after charging the following for the years ended December 31, 2014 and December 31, 2013:

Expressed in thousands of US Dollars	Year ended December 31, 2014	Year ended December 31, 2013
Depreciation of fixed assets	42,588	36,821
Amortization of intangible assets	9,180	8,363
Auditors' remuneration	4,715	3,854
Research and development	26,140	22,386
Operating lease charges in respect of properties	112,177	96,573
Restructuring charges	—	—

The fees in relation to the audit and related services for the year ended December 31, 2014 provided by KPMG, the external auditors of the Group, were as follows:

Expressed in thousands of US Dollars	
Annual audit and interim review services	3,479
Due diligence and other acquisition related non-audit services	622
Permitted tax services	534
Other non-audit related services	80
Total	4,715

25. Related Party Transactions

(a) *Transactions with Key Management Personnel*

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

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

Expressed in thousands of US Dollars	Year ended December 31, 2014	2013
Director's fees	530	530
Salaries, allowances and other benefits in kind	5,818	5,105
Bonus[1]	4,257	2,927
Share-based compensation	4,845	3,198
Contributions to post-employment plans	93	172
Total compensation	15,543	11,932

Note
[1] Bonus is based on the performance of the Group.

(b) *Directors' Remuneration*

Directors' remuneration disclosed pursuant to section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Year ended December 31, 2014					
Expressed in thousands of US Dollars	Directors' fees	Salaries, allowances and other benefits in kind	Bonus[1]	Share-based compensation expense	Contributions to post-employment plans	Total
Executive Directors						
Ramesh Tainwala	—	1,254	388	596	—	2,238
Kyle Gendreau	—	524	343	551	28	1,446
Tom Korbas	—	505	336	533	36	1,410
Non-Executive Director						
Timothy Parker	—	786	1,018	1,693	—	3,497
Independent Non-Executive Directors						
Paul Etchells	130	—	—	—	—	130
Keith Hamill	100	—	—	—	—	100
Miguel Ko	100	—	—	—	—	100
Bruce Hardy McLain	100	—	—	—	—	100
Ying Yeh	100	—	—	—	—	100
Total	530	3,069	2,085	3,373	64	9,121

Note
[1] Bonus is based on the performance of the Group.

Expressed in thousands of US Dollars	Year ended December 31, 2013					
	Directors' fees	Salaries, allowances and other benefits in kind	Bonus[1]	Share-based compensation expense	Contributions to post-employment plans	Total
Executive Directors						
Timothy Parker	—	971	943	1,090	—	3,004
Kyle Gendreau	—	494	286	358	33	1,171
Ramesh Tainwala	—	1,018	274	388	—	1,680
Non-Executive Directors						
Keith Hamill	100	—	—	—	—	100
Bruce Hardy McLain	100	—	—	—	—	100
Independent Non-Executive Directors						
Paul Etchells	130	—	—	—	—	130
Miguel Ko	100	—	—	—	—	100
Ying Yeh	100	—	—	—	—	100
Total	530	2,483	1,503	1,836	33	6,385

Note

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

No director received any emoluments from the Group as an inducement to join or upon joining the Group during the years ended December 31, 2014 and December 31, 2013. No director waived or agreed to waive any emoluments during the periods presented. No director received any compensation during the years ended December 31, 2014 or December 31, 2013 for the loss of office as a director of the Company or of any other office in connection with the management of the affairs of the Group.

(c) Individuals with the Highest Emoluments

The five highest paid individuals of the Group include four directors during the year ended December 31, 2014 and three directors during the year ended December 31, 2013, whose emoluments are disclosed above. Details of remuneration paid to the remaining highest paid individuals of the Group are as follows:

Expressed in thousands of US Dollars	Year ended December 31,	
	2014	2013
Salaries, allowances and other benefits in kind	567	1,030
Bonus[1]	348	662
Share-based compensation expense	583	708
Contributions to post-employment plans	—	41
	1,498	2,441

Note

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

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 Group during the years ended December 31, 2014 and December 31, 2013.

(d) Other Related Party Transactions

(i) The Group's Indian subsidiary, Samsonite South Asia Pvt. Ltd., purchases raw materials and finished goods from, and sells certain raw materials and finished goods to, Abhishri Packaging Pvt. Ltd, which is managed and controlled by the family of Mr. Ramesh Tainwala, Executive Director and Chief Executive Officer of the Group ("Mr. Tainwala"). Related amounts of purchases, sales, payables and receivables are the following:

	Year ended December 31,	
Expressed in thousands of US Dollars	**2014**	**2013**
Purchases	3,631	4,575
Sales	266	377

	December 31,	
Expressed in thousands of US Dollars	**2014**	**2013**
Payables	487	607
Receivables	71	83

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

	Year ended December 31,	
Expressed in thousands of US Dollars	**2014**	**2013**
Purchases	—	—
Sales	11,415	11,799
Rent	77	58

	December 31,	
Expressed in thousands of US Dollars	**2014**	**2013**
Payables	—	—
Receivables	8,573	9,075

Approximately US$0.9 million and US$0.9 million was paid to entities owned by Mr. Tainwala and his family, for office space rent for the years ended December 31, 2014 and December 31, 2013, respectively. As of December 31, 2014 and December 31, 2013, no amounts were payable to Mr. Tainwala and his family. As of December 31, 2014 and December 31, 2013, US$nil and US$0.1 million, respectively, were recorded as a receivable in the form of a security deposit.

(iii) Samsonite South Asia Pvt. Ltd. has from time to time sold finished goods to Planet Retail Holding Pvt. Ltd. ("Planet Retail"). Mr. Tainwala is the majority shareholder of Planet Retail. There were no sales to this entity for the years ended December 31, 2014 and December 31, 2013. As of December 31, 2014 and December 31, 2013, no amounts were receivable from Planet Retail.

26. Particulars of Group Entities

Entity name	Country	Ownership% 2014	Ownership% 2013
Samsonite International S.A.	Luxembourg	Parent	Parent
Astrum R.E. LLC	United States	100	100
Bypersonal S.A. de C.V.	Mexico	100	100
Delilah Europe Investments S.à.r.l.	Luxembourg	100	100
Delilah US Investments S.à.r.l.	Luxembourg	100	100
Direct Marketing Ventures, LLC	United States	100	100
Equipaje en Movimiento, S.A. de C.V.	Mexico	100	100
Global Licensing Company, LLC	United States	100	100
HL Operating LLC	United States	100	100
Jody Apparel II, LLC	United States	100	100
Lonberg Express S.A.	Uruguay	100	100
Limited Liability Company Samsonite	Russian Federation	60	60
Lipault UK Limited	United Kingdom	100	—
McGregor II, LLC	United States	100	100
PT Samsonite Indonesia	Indonesia	60	60
Sam SA Retail (Pty) Ltd	South Africa	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 Belgium Holdings BVBA	Belgium	100	—
Samsonite Brasil Ltda.	Brazil	100	100
Samsonite B.V.	Netherlands	100	100
Samsonite Canada, Inc.	Canada	100	100
Samsonite CES Holding B.V.	Netherlands	60	60
Samsonite Chile S.A.	Chile	85	85
Samsonite China Holdings Limited	Hong Kong	100	100
Samsonite Colombia S.A.S.	Colombia	100	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 Hungaria Borond KFT	Hungary	100	100

Entity name	Country	Ownership% 2014	Ownership% 2013
Samsonite International Trading (Ningbo) Co. Ltd.	China	100	100
Samsonite IP Holdings S.à.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 Panama S.A.	Panama	100	100
Samsonite Peru S.A.C.	Peru	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 Sub Holdings S.à.r.l.	Luxembourg	100	100
SC Chile Uno S.A.	Chile	100	100
SC Inversiones Chile Ltda	Chile	100	100
Speck Trading (Shanghai) Co., Ltd.	Shanghai	100	—
Speculative Product Design, LLC	United States	100	—

Changes in the Share Capital of Samsonite International S.A.

During the year ended December 31, 2014, the Company issued 889,452 ordinary shares in connection with the exercise of share options that were granted under the Company's Share Award Scheme. There were no changes in the share capital of Samsonite International S.A. during the year ended December 31, 2013.

Non-Controlling Interests

The following table summarizes the information relating to the Group's significant subsidiaries that have material non-controlling interests ("NCI"), before any intra-group eliminations.

For the year ended December 31, 2014:

Expressed in thousands of US Dollars	**Samsonite Australia Pty Limited**	**Samsonite Chile S.A.**	**Samsonite South Asia Private Limited**
NCI percentage	30%	15%	40%
Non-current assets	948	36,444	11,533
Current assets	20,506	29,333	79,921
Non-current liabilities	—	(18,570)	2,161
Current liabilities	9,117	21,665	58,798
Net assets	12,337	62,682	30,495
Carrying amount of NCI	3,701	9,402	12,198
Net outside revenue	48,613	58,898	126,653
Profit	5,551	9,074	13,959
OCI	(1,095)	(10,098)	(886)
Total comprehensive income	4,456	(1,024)	13,073
Profit allocated to NCI	1,665	1,361	5,584
OCI allocated to NCI	(329)	(1,515)	(354)
Dividends paid to NCI	821	3,457	1,505
Net increase (decrease) in cash and cash equivalents	3,013	(1,167)	1,066

For the year ended December 31, 2013:

Expressed in thousands of US Dollars	Samsonite Australia Pty Limited	Samsonite Chile S.A.	Samsonite South Asia Private Limited
NCI percentage	30%	15%	40%
Non-current assets	1,058	43,830	10,859
Current assets	19,058	32,578	69,781
Non-current liabilities	—	(32,237)	1,528
Current liabilities	9,496	21,895	57,927
Net assets	10,620	86,750	21,185
Carrying amount of NCI	3,186	13,013	8,474
Net outside revenue	42,666	62,577	110,526
Profit	5,044	12,243	5,918
OCI	(1,596)	(7,814)	(2,471)
Total comprehensive income	3,448	4,429	3,447
Profit allocated to NCI	1,513	1,836	2,367
OCI allocated to NCI	(479)	(1,172)	(989)
Dividends paid to NCI	3,841	—	—
Net increase (decrease) in cash and cash equivalents	318	(5,023)	178

27. Subsequent Events

The Group has evaluated events occurring subsequent to December 31, 2014, the reporting date, through March 16, 2015, the date this financial information was authorized for issue by the Board of Directors.

On January 7, 2015, the Group granted an additional 16,006,812 ordinary share options to certain directors, key management personnel, and other employees. The exercise price of the options granted is HK$23.31. Such options are subject to pro rata vesting over a 4-year period, with 25% of the options vesting on each anniversary date of the grant and have a 10-year term.

On January 7, 2015, the Group made an additional special grant of 10,040,399 share options to an Executive Director and to five additional members of the Group's senior management team. The exercise price of the options granted is HK$23.31. 60% of such options will vest on January 7, 2018 and 40% will vest on January 7, 2020 and such options have a 10-year term.

From December 31, 2014 to February 28, 2015, the Company issued 212,750 ordinary shares in connection with the exercise of share options that were granted under the Company's Share Award Scheme. There were no purchases or redemptions of the Company's listed securities by the Company or any of its subsidiaries since December 31, 2014.

Business Combination

Rolling Luggage

On February 16, 2015, certain of the Company's wholly-owned subsidiaries completed the acquisition of the business and substantially all of the assets of Rolling Luggage for a cash consideration of GBP 15.75 million, subject to subsequent adjustment. The consideration was settled by cash upon completion of the acquisition. The Group purchased substantially all of the assets, and assumed certain liabilities of Rolling Luggage.

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

The acquisition provides the Group with a significant retail footprint in some of the world's leading airports, and further expands the Group's portfolio of retail store locations. For the fiscal year ended January 31, 2015, Rolling Luggage recorded net sales of GBP 26.7 million, an increase of 11.3% from GBP 24.0 million for the fiscal year ended January 31, 2014.

If this acquisition and all acquisitions completed during the year ended December 31, 2014 had occurred on January 1, 2014, the Group estimates that consolidated net sales would have been approximately US$2,461 million. The Group is unable to determine what profit for the period would have been due to lack of readily available information from the seller.