Samsonite International S.A.

13–15 Avenue de la Liberté, L-1931 Luxembourg

R.C.S. Luxembourg: B 159.469

(Incorporated under the laws of Luxembourg with limited liability)

Consolidated financial statements for the year ended December 31, 2016

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*®, *Tumi*®, *American Tourister*®, *Hartmann*®, *High Sierra*®, *Gregory*®, *Speck*®, *Lipault*® and *Kamiliant*® brand names and other owned and licensed brand names.

Before 2012, the Group's business was primarily centered on the *Samsonite* brand, focused largely on travel luggage, and distributed principally through the wholesale channel. Over the last several years, the Group has strategically diversified its business in order to reduce its reliance on any single brand, market, channel of distribution or product category, and in line with the goal of not just building a bigger business, but a stronger one as well. Today, the Group has a more balanced business, built around a portfolio of diverse yet complementary brands and offering its customers a competitive mix of products sold through multiple distribution channels. The Company believes this diversification considerably strengthens its resilience and provides a platform for sustained growth.

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.

1. Review of the financial year 2016

Net Sales

Excluding foreign currency effects, net sales increased by US$420.4 million, or 17.3%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. US Dollar reported net sales increased by US$378.0 million, or 15.5%, to US$2,810.5 million for the year ended December 31, 2016, reflecting the impact of foreign currency translation from the strengthening US Dollar during the year. Excluding net sales attributable to the acquisition of *Tumi*, which occurred on August 1, 2016, net sales on a constant currency basis increased by US$145.9 million, or 6.0%, and US Dollar reported net sales increased by US$102.2 million, or 4.2%.

Performance on a constant currency basis by region was as follows:

- Asia — net sales increased by US$94.1 million, or 9.9%;
- North America — net sales increased by US$217.2 million, or 26.8%;
- Europe — net sales increased by US$87.7 million, or 16.1%; and
- Latin America — net sales increased by US$20.9 million, or 17.4%.

Excluding amounts attributable to the *Tumi* brand, performance on a constant currency basis by region was as follows:

- Asia — net sales increased by US$37.5 million, or 4.0%;
- North America — net sales increased by US$31.8 million, or 3.9%;
- Europe — net sales increased by US$56.2 million, or 10.3%; and
- Latin America — net sales increased by US$20.9 million, or 17.4%.

The following table sets forth a breakdown of net sales by region for the years ended December 31, 2016 and December 31, 2015, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,				2016 vs 2015	
	2016		2015			
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[2]
Net sales by region[1]:						
Asia	**1,028,578**	**36.6%**	947,602	39.0%	8.5%	9.9%
North America	**1,027,172**	**36.6%**	811,304	33.4%	26.6%	26.8%
Europe	**615,301**	**21.9%**	544,740	22.4%	13.0%	16.1%
Latin America	**130,559**	**4.6%**	120,476	5.0%	8.4%	17.4%
Corporate	**8,887**	**0.3%**	8,355	0.2%	6.4%	6.4%
Net sales	**2,810,497**	**100.0%**	2,432,477	100.0%	15.5%	17.3%

Notes

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

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

Brands

The following table sets forth a breakdown of net sales by brand for the years ended December 31, 2016 and December 31, 2015, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,					
	2016		2015		2016 vs 2015	
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[2]
Net sales by brand:						
Samsonite	**1,548,849**	**55.1%**	1,490,470	61.3%	3.9%	5.9%
American Tourister	**531,528**	**18.9%**	549,269	22.6%	(3.2)%	(1.0)%
Tumi	**275,779**	**9.8%**	—	—%	*nm*	*nm*
Speck	**135,449**	**4.8%**	117,719	4.8%	15.1%	15.1%
High Sierra	**82,282**	**2.9%**	85,300	3.5%	(3.5)%	(2.9)%
Gregory	**44,217**	**1.6%**	34,338	1.4%	28.8%	22.7%
Lipault	**27,607**	**1.0%**	13,788	0.6%	100.2%	102.9%
Hartmann	**26,067**	**0.9%**	21,340	0.9%	22.1%	21.4%
Kamiliant	**21,869**	**0.8%**	2,766	0.1%	690.5%	706.2%
Other[1]	**116,850**	**4.2%**	117,487	4.8%	(0.5)%	1.8%
Net sales	**2,810,497**	**100.0%**	2,432,477	100.0%	15.5%	17.3%

Notes

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

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

nm Not meaningful due to the acquisition of Tumi on August 1, 2016.

Excluding foreign currency effects, net sales of the *Samsonite* brand increased by US$87.9 million, or 5.9%, for the year ended December 31, 2016 compared to the previous year. US Dollar reported net sales of the *Samsonite* brand increased by US$58.4 million, or 3.9%, with all regions reporting constant currency net sales increases of the brand: Asia (+7.1%), North America (+1.8%), Europe (+7.8%) and Latin America (+18.9%). All regions reported US Dollar reported net sales increases of the *Samsonite* brand: Asia (+5.5%), North America (+1.6%), Europe (+4.4%) and Latin America (+7.6%). *Samsonite* comprised 55.1% of the net sales of the Group during 2016 compared to 61.3% in 2015 reflecting the continued diversification of the Group's brand portfolio with the addition of the *Tumi* brand, which was acquired on August 1, 2016, as well as increased contributions from the *Speck*, *Lipault*, *Hartmann*, *Gregory* and *Kamiliant* brands. Excluding foreign currency effects, net sales of the *American Tourister* brand decreased by US$5.4 million, or 1.0%, for the year ended December 31, 2016 compared to the previous year. US Dollar reported net sales of the *American Tourister* brand decreased by US$17.7 million, or 3.2%, driven by a 9.6% decrease in Asia, partially offset by an increase in net sales of 20.5%, 3.0% and 72.4% in Europe, North America and Latin America, respectively.

Net sales of the *Tumi* brand, which was acquired on August 1, 2016, amounted to US$275.8 million during the year ended December 31, 2016. Excluding foreign currency effects, net sales of the *Speck* brand increased by US$17.8 million, or 15.1%, for the year ended December 31, 2016 compared to the year ended December 31, 2015 due to new product launches related to certain new electronic device introductions and robust growth in net sales of protective phone cases, partially offset by lower net sales of protective laptop cases. On a constant currency basis, net sales of the *High Sierra* brand decreased by 2.9% for the year ended December 31, 2016 compared to the year ended December 31, 2015 driven by a 13.7% decrease in Asia, partially offset by a 1.6% increase in North America. Excluding foreign currency effects, net sales of the *Gregory* brand increased by $7.8 million, or 22.7%, for the year ended December 31, 2016 compared to the previous year, with Asia, North America and Europe all recording double-digit net sales growth. On a constant currency basis, net sales of the *Lipault* brand increased by US$14.2 million, or 102.9%, for the year ended December 31, 2016 compared to the year ended December 31, 2015, driven by geographical expansion in Asia, increased sales in Europe and the direct-to-market strategy adopted in North America. Excluding foreign currency effects, net sales of the *Hartmann* brand increased by US$4.6 million, or 21.4%, for the year ended December 31, 2016 compared to the previous year, driven by increased traction of the brand in Asia and Europe. For the year ended December 31, 2016, *Kamiliant*, a value-conscious, entry level brand introduced in Asia during the second half of 2015, recorded US Dollar reported net sales of US$21.9 million, compared to US$2.8 million during 2015.

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, 2016 and December 31, 2015, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,					
	2016		2015		2016 vs 2015	
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[3]
Net sales by product category:						
Travel	**1,817,778**	**64.7%**	1,660,852	68.3%	9.4%	11.4%
Business[1]	**378,605**	**13.5%**	275,999	11.3%	37.2%	38.2%
Casual	**301,930**	**10.7%**	263,096	10.8%	14.8%	16.4%
Accessories[2]	**268,670**	**9.6%**	183,899	7.6%	46.1%	47.3%
Other	**43,514**	**1.5%**	48,631	2.0%	(10.5)%	(7.5)%
Net sales	**2,810,497**	**100.0%**	2,432,477	100.0%	15.5%	17.3%

Notes

(1) Includes tablet and laptop cases.

(2) Includes protective phone cases.

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

Excluding foreign currency effects, net sales in the travel product category increased by US$188.6 million, or 11.4%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. US Dollar reported net sales in the travel product category increased by US$156.9 million, or 9.4%. Excluding *Tumi*, net sales in the travel product category increased by 4.5% on a constant currency basis and by 2.6% on a US Dollar reported basis. Country-specific product designs and locally relevant marketing strategies continued to be the key factors contributing to the Group's success in the travel category. Excluding foreign currency effects, net sales in the business product category increased by US$105.3 million, or 38.2%. US Dollar reported net sales in the business product category increased by US$102.6 million, or 37.2%. This increase was primarily due to the addition of *Tumi*. Excluding *Tumi*, net sales in the business product category increased by 3.8% on a constant currency basis and by 2.5% on a US Dollar reported basis driven by strong growth in Asia and Europe, partially offset by lower sales of protective laptop cases under the *Speck* brand in North America. Excluding foreign currency effects, net sales in the casual product category increased by US$43.2 million, or 16.4%. US Dollar reported net sales in the casual product category increased by US$38.8 million, or 14.8%. Excluding *Tumi*, net sales in the casual product category increased by 6.1% on a constant currency basis and by 4.4% on a US Dollar reported basis due to an increase in net sales of the *Gregory* and *Samsonite* brands. Excluding foreign currency effects, net sales in the accessories category increased by US$87.0 million, or 47.3%. US Dollar reported net sales in the accessories category increased by US$84.8 million, or 46.1%, largely due to the addition of *Tumi*. Excluding *Tumi*, net sales in the accessories product category increased by 26.4% on a constant currency basis and by 25.2% on a US Dollar reported basis due to an increase of US$31.4 million in net sales of protective phone cases sold under the *Speck* brand, as well as the full-year impact of net sales made through the Rolling Luggage and Chic Accent retail chains that were acquired during 2015.

Distribution Channels

The Group sells products through two primary distribution channels: wholesale and direct-to-consumer. The following table sets forth a breakdown of net sales by distribution channel for the years ended December 31, 2016 and December 31, 2015, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,					
	2016		2015		2016 vs 2015	
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[3]
Net sales by distribution channel:						
Wholesale	**2,067,287**	**73.6%**	1,903,687	78.3%	8.6%	10.5%
Direct-to-consumer[1]	**734,323**	**26.1%**	520,435	21.4%	41.1%	42.4%
Other[2]	**8,887**	**0.3%**	8,355	0.3%	6.4%	6.4%
Net sales	**2,810,497**	**100.0%**	2,432,477	100.0%	15.5%	17.3%

Notes

(1) "Direct-to-consumer" includes bricks-and-mortar retail and direct-to-consumer e-commerce. This channel was previously referred to as "retail", however, the Group believes "direct-to-consumer" more accurately reflects its evolving business.

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

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

Excluding foreign currency effects, net sales in the wholesale channel increased by US$199.5 million, or 10.5%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. US Dollar reported net sales in the wholesale channel increased by US$163.6 million, or 8.6%. Excluding *Tumi*, net sales in the wholesale channel increased by 4.5% on a constant currency basis and by 2.5% on a US Dollar reported basis. Excluding foreign currency effects, net sales in the direct-to-consumer channel increased by US$220.4 million, or 42.4%, and US Dollar reported net sales in the direct-to-consumer channel increased by US$213.9 million, or 41.1%. This increase was driven by growth in direct-to-consumer e-commerce, as well as the addition of 285 net new company-operated stores during 2016, including 202 company-operated Tumi stores resulting from the acquisition on August 1, 2016 and 9 net new Tumi stores added post-acquisition. Additionally, there was the full-year impact of 162 net new stores (including 31 Rolling Luggage stores and 30 Chic Accent stores from the respective acquisitions) added during 2015. On a same store, constant currency basis, retail net sales increased by 2.5% year-on-year. This was driven by constant currency same store net sales growth of 0.8%, 7.6% and 9.4% in North America, Europe and Latin America, respectively. This was partially offset by a 4.8% decline in Asia as a result of fewer visitors from Mainland China to Hong Kong (including Macau) and South Korea and generally weak consumer sentiment in certain other countries in the Asia region. The Group's same store analysis includes existing company-operated retail stores which have been open for at least 12 months before the end of the relevant financial period. The 42.4% constant currency net sales growth in the direct-to-consumer channel reflects the Group's strategy of investing resources to support the growth of its bricks-and-mortar retail and direct-to-consumer e-commerce business, including through acquisitions. Excluding *Tumi*, net sales in the direct-to-consumer channel increased by 11.8% on a constant currency basis and by 10.5% on a US Dollar reported basis.

During the year ended December 31, 2016, US$265.7 million, or 9.5%, of the Group's US Dollar reported net sales were derived from e-commerce (comprising US$120.0 million of net sales from the Group's direct-to-consumer e-commerce business, which is included within the direct-to-consumer channel, and US$145.7 million of net sales to e-retailers, which are included within the wholesale channel). This represents an increase of 29.1% compared to the year ended December 31, 2015, when e-commerce comprised US$205.8 million, or 8.5%, of the Group's net sales. Excluding net sales attributable to *Tumi*, net sales in the Group's e-commerce business increased by 19.7% on a constant currency basis and by 18.2% on a US Dollar reported basis, and comprised US$243.4 million, or 9.6%, of the Group's net sales. Excluding foreign currency effects, net sales to e-retailers increased by US$26.0 million, or 21.5%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. US Dollar reported net sales to e-retailers increased by US$24.6 million, or 20.4%. Excluding *Tumi*, net sales to e-retailers increased by 21.5% on a constant currency basis and by 20.4% on a US Dollar reported basis. Excluding foreign currency effects, net sales in the Group's direct-to-consumer e-commerce business increased by US$36.8 million, or 43.4%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. US Dollar reported net sales in the direct-to-consumer e-commerce business increased by US$35.2 million, or 41.5%, of which US$22.3 million was attributable to *Tumi*. Excluding *Tumi*, net sales in the Group's direct-to-consumer e-commerce business increased by 17.2% on a constant currency basis and by 15.2% on a US Dollar reported basis.

Regions

Asia

Excluding foreign currency effects, the Group's net sales in Asia increased by US$94.1 million, or 9.9%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. US Dollar reported net sales for the region increased by US$81.0 million, or 8.5%. Excluding net sales attributable to the *Tumi* brand in Asia, net sales on a constant currency basis increased by US$37.5 million, or 4.0%, and US Dollar reported net sales increased by US$22.2 million, or 2.3%. This constant currency net sales increase was primarily driven by the *Samsonite*, *Kamiliant*, *Lipault*, *Gregory* and *Hartmann* brands, partially offset by decreases in net sales of the *American Tourister* and *High Sierra* brands.

Directors' Report

Brands
On a constant currency basis, net sales of the *Samsonite* brand increased by US$35.1 million, or 7.1%, from the previous year. US Dollar reported net sales of the *Samsonite* brand increased by US$27.4 million, or 5.5%, from the previous year driven by the success of the direct-to-consumer e-commerce channel. For the year ended December 31, 2016, *Kamiliant*, a value-conscious, entry level brand introduced in Asia during the second half of 2015, recorded US Dollar reported net sales of US$21.9 million, compared to US$2.8 million during 2015. Excluding foreign currency effects, net sales of the *American Tourister* brand in the Asia region decreased by US$28.9 million, or 7.3%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. US Dollar reported net sales of the *American Tourister* brand decreased by US$38.4 million, or 9.6%, from the previous year, primarily driven by decreased net sales of *American Tourister* product in the TV home shopping channel in China and South Korea. The Group has subsequently made changes to its marketing and product strategy which it believes will have a positive impact in the near term. Net sales of the *Tumi* brand amounted to US$58.8 million in Asia since the Group's acquisition of the company on August 1, 2016. Net sales of the *High Sierra* brand amounted to US$11.6 million in Asia during the year ended December 31, 2016, a decrease of 13.7% from the previous year on a constant currency basis, while US Dollar reported net sales decreased by 15.7% from the previous year driven by a decrease in India due to the Group's decision to promote backpacks under its other brand names within the country. Net sales of the *Hartmann* brand amounted to US$8.7 million in Asia during the year ended December 31, 2016, an increase of 57.7% from the previous year on a constant currency basis, while US Dollar reported net sales increased by 61.1% from the previous year as the brand continued to gain traction in the region. Net sales of the *Gregory* brand in Asia amounted to US$26.0 million during the year ended December 31, 2016, an increase of 29.4% year-on-year on a constant currency basis, and an increase of 40.7% from the previous year on a US Dollar reported basis as the Group continued to develop products designed specifically for the tastes and preferences of consumers within the region. Net sales of the *Lipault* brand amounted to US$10.4 million in Asia during the year ended December 31, 2016 compared to net sales of US$2.7 million during the year ended December 31, 2015 as the brand began to successfully expand throughout the region.

Product Categories
Excluding foreign currency effects, net sales in the travel product category increased by US$28.0 million, or 4.2%, and US Dollar reported net sales increased by US$17.6 million, or 2.7%, for the year ended December 31, 2016 compared to the previous year. Excluding *Tumi*, net sales in the travel product category increased by 2.3% on a constant currency basis and by 0.7% on a US Dollar reported basis. Excluding foreign currency effects, net sales in the business product category increased by US$45.0 million, or 37.6%, and US Dollar reported net sales increased by US$44.5 million, or 37.3%, for the year ended December 31, 2016 compared to the previous year driven by the addition of *Tumi* and a change in the new product mix of *Samsonite Red* from casual products to business products. Excluding *Tumi*, net sales in the business product category increased by 12.3% on a constant currency basis and by 10.9% on a US Dollar reported basis. Net sales in the casual product category increased by US$16.9 million, or 13.6%, on a constant currency basis, and US Dollar reported net sales increased by US$15.4 million, or 12.4%, due to the addition of *Tumi* and increased sales of the *Gregory* brand. Excluding *Tumi*, net sales in the casual product category increased by 7.0% on a constant currency basis and by 5.6% on a US Dollar reported basis. Net sales in the accessories product category increased by US$10.0 million, or 38.8%, on a constant currency basis, and US Dollar reported net sales increased by US$9.5 million, or 36.9%, compared to the previous year. Excluding *Tumi*, net sales in the accessories product category increased by 17.6% on a constant currency basis and by 15.0% on a US Dollar reported basis.

Distribution Channels

Excluding foreign currency effects, net sales in the wholesale channel increased by US$75.8 million, or 9.6%, and US Dollar reported net sales increased by US$62.3 million, or 7.8%, for the year ended December 31, 2016 compared to the previous year, despite the challenging trading conditions in China and South Korea. Excluding *Tumi*, net sales in the wholesale channel increased by 3.4% on a constant currency basis and by 1.6% on a US Dollar reported basis. Net sales in the direct-to-consumer channel increased by US$18.3 million, or 11.8%, on a constant currency basis year-on-year. US Dollar reported net sales in the direct-to-consumer channel increased by US$18.7 million, or 12.1%. This increase was driven by the addition of 46 net new company-operated stores during 2016, including 14 Tumi stores from the acquisition on August 1, 2016 and 6 net new Tumi stores added post-acquisition. Additionally, there was the full-year impact of 39 net new stores added during 2015 and strong growth in the Group's direct-to-consumer e-commerce net sales, partially offset by a decrease in same store net sales. Direct-to-consumer e-commerce sales in the region increased year-on-year by 26.2%, on a constant currency basis, while US Dollar reported net sales increased by 22.6% from the previous year, as the Group focused on expanding its presence online. On a same store, constant currency basis, retail net sales decreased by 4.8% due to fewer visitors from Mainland China shopping in Hong Kong (including Macau) and South Korea and generally weak retail sentiment in certain Asian countries. Excluding Hong Kong (including Macau) and South Korea, same store net sales, on a constant currency basis, increased by 1.8% year-on-year. Excluding *Tumi*, net sales in the direct-to-consumer channel increased by 6.8% on a constant currency basis and by 6.4% on a US Dollar reported basis.

Countries

The following table sets forth a breakdown of net sales within the Asian region by geographic location for the years ended December 31, 2016 and December 31, 2015, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,					
	2016		2015		2016 vs 2015	
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[3]
Net sales by geographic location[1]:						
China	**251,729**	**24.5%**	252,722	26.7%	(0.4)%	5.3%
South Korea	**178,176**	**17.3%**	184,141	19.4%	(3.2)%	(1.0)%
Japan	**135,041**	**13.1%**	93,668	9.9%	44.2%	29.0%
India	**128,056**	**12.4%**	135,066	14.3%	(5.2)%	(0.5)%
Hong Kong[2]	**109,093**	**10.6%**	77,224	8.1%	41.3%	41.4%
Australia	**67,959**	**6.6%**	56,203	5.9%	20.9%	21.5%
Other	**158,524**	**15.5%**	148,578	15.7%	6.7%	8.0%
Net sales	**1,028,578**	**100.0%**	947,602	100.0%	8.5%	9.9%

Notes

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

(2) Includes Macau. 2016 includes sales to distributors of the *Tumi* brand throughout Asia.

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

During the year ended December 31, 2016, net sales of the *Tumi* brand within Asia have only been recognized in Japan and Hong Kong (net sales in Hong Kong included sales to distributors of the *Tumi* brand throughout Asia, excluding Japan). Japan experienced strong constant currency growth of 29.0% year-on-year driven by increased sales of the *Samsonite*, *American Tourister* and *Gregory* brands, as well as the addition of the *Tumi* brand. Excluding net sales attributable to the *Tumi* brand in Japan, net sales on a constant currency basis increased by 12.2%, while net sales on a US Dollar reported basis increased by 25.0%. Excluding foreign currency effects, net sales in China increased by 5.3%, driven by sales of the *Samsonite* brand. Net sales in South Korea decreased by 1.0% on a constant currency basis due to weak consumer sentiment and a decrease in shoppers visiting from China during the year. On a constant currency basis, net sales in India decreased by 0.5% for the year ended December 31, 2016 compared to the previous year, due to the economic disruption related to the Indian government's demonetization initiative. On a constant currency basis, net sales in Hong Kong (including Macau) increased by 41.4%, driven by the addition of the *Tumi* brand. Excluding net sales attributable to the *Tumi* brand in Hong Kong (including Macau), net sales on a constant currency basis decreased by US$8.9 million, or 11.5%, while net sales on a US Dollar reported basis decreased by US$8.9 million, or 11.6%, driven primarily by fewer Chinese shoppers visiting from the Mainland. Australia had strong constant currency net sales growth of 21.5%, driven by increased sales of the *Samsonite*, *American Tourister* and *High Sierra* brands.

North America

Excluding foreign currency effects, the Group's net sales in North America increased by US$217.2 million, or 26.8%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. US Dollar reported net sales for the North American region increased by US$215.9 million, or 26.6%. Excluding net sales attributable to the *Tumi* brand in North America, net sales on a constant currency basis increased by US$31.8 million, or 3.9%, and US Dollar reported net sales increased by US$30.4 million, or 3.8%. This increase was primarily driven by increased sales of the *Samsonite*, *American Tourister* and *Lipault* brands, as well as by the *Speck* brand. Net sales of the *Speck* brand in North America increased by US$17.6 million, or 14.9%, on both a constant currency and US Dollar basis for the year ended December 31, 2016 compared to the year ended December 31, 2015 due to new product launches related to certain new electronic device introductions and robust growth in net sales of protective phone cases, partially offset by lower net sales of protective laptop cases.

Brands

Excluding foreign currency effects, net sales of the *Samsonite* brand increased by US$9.2 million, or 1.8%, and US Dollar reported net sales increased by US$8.0 million, or 1.6%, for the year ended December 31, 2016 compared to the prior year. Net sales of the *American Tourister* brand increased by US$2.5 million, or 3.1%, on a constant currency basis and US Dollar reported net sales increased by US$2.4 million, or 3.0%. Net sales of the *Tumi* brand in North America amounted to US$185.4 million since the Group's acquisition of the company on August 1, 2016. Net sales of the *Speck* brand increased by US$17.6 million, or 14.9%, on both a constant currency and US Dollar reported basis due to new product launches related to certain new electronic device introductions and robust growth in net sales of protective phone cases, partially offset by lower net sales of protective laptop cases. Excluding foreign currency effects, net sales of the *High Sierra* brand increased by US$1.0 million, or 1.6%, while US Dollar reported net sales increased by US$1.0 million, or 1.5%, due to increased business-to-business sales. US Dollar reported net sales of the *Hartmann* brand amounted to US$14.1 million, a constant currency and US Dollar reported decrease of 2.1%, as the Group continued its efforts to redefine the product assortment. Net sales of the *Gregory* brand increased by US$1.5 million, or 11.6%, on both a constant currency and US Dollar reported basis for the year ended December 31, 2016 compared to the year ended December 31, 2015. The Group implemented a direct-to-market model for its *Lipault* brand in the North American region by taking its business with a former distributor in-house, which generated US Dollar reported net sales of US$3.5 million for the year ended December 31, 2016.

Product Categories

Excluding foreign currency effects, net sales in the travel product category increased by US$104.9 million, or 19.5%, and US Dollar reported net sales increased by US$103.8 million, or 19.3%, for the year ended December 31, 2016 compared to the year ended December 31, 2015 driven primarily by the addition of *Tumi*. Excluding *Tumi*, net sales in the travel product category increased by 3.5% on a constant currency basis and by 3.3% on a US Dollar reported basis. Excluding foreign currency effects, net sales in the business product category increased by US$37.1 million, or 41.9%, and US Dollar reported net sales increased by US$37.0 million, or 41.8%, year-on-year, driven by the addition of *Tumi*, partially offset by a strategic business decision to stop selling *Speck* protective laptop cases in an unprofitable sales channel. Excluding *Tumi*, net sales in the business product category decreased by 19.3% on a constant currency basis and by 19.4% on a US Dollar reported basis. Net sales in the casual product category increased by US$14.5 million, or 15.8%, on a constant currency basis and US Dollar reported net sales increased by US$14.4 million, or 15.7%, year-on-year, resulting primarily from the addition of *Tumi*. Excluding *Tumi*, net sales in the casual product category decreased by 1.7% on a constant currency basis and by 1.8% on a US Dollar reported basis. Net sales in the accessories category increased by US$60.7 million, or 66.2%, on a constant currency basis and US Dollar reported net sales increased by US$60.6 million, or 66.1%, due to increased sales of *Speck* protective phone cases over the previous year and the addition of *Tumi*. Excluding *Tumi*, net sales in the accessories product category increased by 34.4% on a constant currency basis and by 34.4% on a US Dollar reported basis.

Distribution Channels

Excluding foreign currency effects, net sales in the wholesale channel increased by US$75.6 million, or 11.5%, and US Dollar reported net sales increased by US$74.5 million, or 11.3%, for the year ended December 31, 2016 compared to the year ended December 31, 2015 primarily due to the addition of *Tumi* and strong shipments to e-commerce retailers and other key customers. Excluding *Tumi*, net sales in the wholesale channel increased by 3.6% on a constant currency basis and by 3.4% on a US Dollar reported basis. Net sales in the direct-to-consumer channel increased by US$141.6 million, or 93.2%, on a constant currency basis, and US Dollar reported net sales increased by US$141.4 million, or 93.0%, year-on-year. This increase was driven by the addition of 171 net new company-operated stores during 2016, including 163 Tumi stores from the acquisition on August 1, 2016 and 3 net new Tumi stores added post-acquisition, along with the full-year impact of 16 net new stores added during 2015. Additionally, there was the positive impact of a 0.8% increase in same store net sales, on a constant currency basis. This increase was the result of the negative impact that the strengthening US Dollar had on foreign tourist arrivals to gateway markets in the United States during the first half of 2016 becoming moderated, resulting in improved store traffic in the second half. Excluding *Tumi*, net sales in the direct-to-consumer channel increased by 5.4% on a constant currency basis and by 5.2% on a US Dollar reported basis.

US Dollar reported net sales through the Group's direct-to-consumer e-commerce channel increased by US$20.9 million, or 61.3%, of which US$19.9 million was attributable to *Tumi*. Excluding *Tumi*, net sales through the Group's direct-to-consumer e-commerce channel was driven by an increase in net sales through the Group's owned e-commerce sites.

Countries

The following table sets forth a breakdown of net sales within the North American region by geographic location for the years ended December 31, 2016 and December 31, 2015, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,				2016 vs 2015	
	2016		2015			
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(2)]
Net sales by geographic location[(1)]:						
United States	**976,120**	**95.0%**	769,505	94.8%	26.9%	26.9%
Canada	**51,052**	**5.0%**	41,799	5.2%	22.1%	25.3%
Net sales	**1,027,172**	**100.0%**	811,304	100.0%	26.6%	26.8%

Notes

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

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

For the year ended December 31, 2016, US Dollar reported net sales in the United States increased by US$206.6 million, or 26.9%, year-on-year driven by the addition of *Tumi*. Excluding amounts attributable to the *Tumi* brand, US Dollar reported net sales in the United States increased by US$28.9 million, or 3.7%, driven primarily by the *Samsonite*, *American Tourister*, *Lipault* and *Speck* brands. Excluding foreign currency effects, net sales in Canada increased by 25.3% year-on-year due primarily to the addition of the *Tumi* brand. Excluding net sales attributable to the *Tumi* brand in Canada, net sales on a constant currency basis increased by US$2.9 million, or 6.9%, while net sales on a US Dollar reported basis increased by US$1.6 million, or 3.8%.

Europe

Excluding foreign currency effects, the Group's net sales in Europe increased by US$87.7 million, or 16.1%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. US Dollar reported net sales for the region increased by US$70.6 million, or 13.0%. Excluding net sales attributable to the *Tumi* brand in Europe, net sales on a constant currency basis increased by US$56.2 million, or 10.3%, and US Dollar reported net sales increased by US$40.0 million, or 7.3%. The increase was a result of increased net sales of the *Samsonite* brand as well as the Group's continued focus on driving growth of the *American Tourister* brand and increasing its presence in Europe.

Brands
Excluding foreign currency effects, net sales of the *Samsonite* brand increased by US$33.8 million, or 7.8%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. US Dollar reported net sales of the *Samsonite* brand increased by US$19.0 million, or 4.4%. Net sales of the *American Tourister* brand increased by US$14.0 million, or 21.9%, on a constant currency basis, and US Dollar reported net sales increased by US$13.1 million, or 20.5%, compared to the prior year. *American Tourister* comprised 12.5% of the net sales in the European region during 2016 compared to 11.7% during 2015 as the Group continued its focus on driving growth of the brand and increasing its presence in Europe. Net sales of the *Tumi* brand in Europe amounted to US$30.5 million since the Group's acquisition of the company on August 1, 2016. Excluding foreign currency effects, net sales of the *Lipault* brand increased by US$3.0 million, or 27.0%, year-on-year and US Dollar reported net sales increased by US$2.8 million, or 25.2%, to US$13.7 million driven by further expansion of the brand's distribution within the region. On a constant currency basis, net sales of the *Gregory* brand increased by 31.4% and US Dollar reported net sales increased by 31.9% to US$3.4 million. Excluding foreign currency effects, net sales of the *Hartmann* brand increased by 114.1%, while US Dollar reported net sales increased by 112.6% to US$3.3 million during the year ended December 31, 2016 compared to the year ended December 31, 2015.

Product Categories
Excluding foreign currency effects, net sales in the travel product category increased by US$43.6 million, or 10.8%, and US Dollar reported net sales increased by US$29.0 million, or 7.2%, for the year ended December 31, 2016 compared to the year ended December 31, 2015 driven by the addition of *Tumi* and increased sales of hard-side products under the *Samsonite* and *American Tourister* brands. Excluding *Tumi*, net sales in the travel product category increased by 7.2% on a constant currency basis and by 3.7% on a US Dollar reported basis. Excluding foreign currency effects, net sales in the business product category increased by US$20.5 million, or 35.8%, and US Dollar reported net sales increased by US$19.3 million, or 33.7%, year-on-year, due to the addition of *Tumi* and successful new business product introductions under the *Samsonite* and *Hartmann* brands. Excluding *Tumi*, net sales in the business product category increased by 17.6% on a constant currency basis and by 15.9% on a US Dollar reported basis. Excluding foreign currency effects, net sales in the casual product category increased by US$8.8 million, or 54.7%, year-on-year, while US Dollar reported net sales increased by US$8.6 million, or 53.3%, mainly attributable to increases from the *American Tourister* and *Gregory* brands. Excluding *Tumi*, net sales in the casual product category increased by 37.2% on a constant currency basis and by 36.3% on a US Dollar reported basis.

Distribution Channels
Excluding foreign currency effects, net sales in the wholesale channel increased by US$41.9 million, or 11.3%, for the year ended December 31, 2016 compared to the previous year, and US Dollar reported net sales increased by US$29.1 million, or 7.9%, year-on-year. Excluding *Tumi*, net sales in the wholesale channel increased by 7.6% on a constant currency basis and by 4.2% on a US Dollar reported basis. Net sales in the direct-to-consumer channel increased by US$45.8 million, or 26.1%, on a constant currency basis, and US Dollar reported net sales increased by US$41.5 million, or 23.7%, over the same period. This increase was driven by the addition of 31 net new company-operated stores during 2016, including 25 Tumi stores from the acquisition on August 1, 2016. Additionally, there was the full-year impact of 79 net new stores added during 2015, which included 30 Chic Accent stores and 21 Rolling Luggage stores acquired in 2015. On a same store, constant currency basis, retail net sales increased by 7.6%. Excluding *Tumi*, net sales in the direct-to-consumer channel increased by 16.0% on a constant currency basis and by 14.0% on a US Dollar reported basis. Direct-to-consumer e-commerce sales in the region increased year-on-year by 42.3% on a constant currency basis, and US Dollar reported net sales increased by US$5.9 million, or 40.5%. Excluding *Tumi*, net sales in the direct-to-consumer e-commerce business increased by 31.3% on a constant currency basis and by 29.5% on a US Dollar reported basis.

Countries

The following table sets forth a breakdown of net sales within the European region by geographic location for the years ended December 31, 2016 and December 31, 2015, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,				2016 vs 2015	
	2016		2015			
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(4)]
Net sales by geographic location[(1)]:						
Germany	**110,883**	**18.0%**	80,252	14.7%	38.2%	38.4%
Belgium[(2)]	**73,475**	**11.9%**	64,411	11.8%	14.1%	14.0%
Italy	**68,740**	**11.2%**	60,614	11.1%	13.4%	13.7%
United Kingdom[(3)]	**68,521**	**11.1%**	59,774	11.0%	14.6%	30.6%
France	**66,997**	**10.9%**	68,393	12.6%	(2.0)%	(1.7)%
Spain	**47,599**	**7.7%**	41,055	7.5%	15.9%	16.3%
Russia	**30,608**	**5.0%**	27,085	5.0%	13.0%	23.2%
Other	**148,478**	**24.2%**	143,156	26.3%	3.7%	6.6%
Net sales	**615,301**	**100.0%**	544,740	100.0%	13.0%	16.1%

Notes

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

(2) Net sales in Belgium were US$19.7 million and US$18.8 million for the years ended December 31, 2016 and December 31, 2015, respectively. Remaining sales consisted of direct shipments to distributors, customers and agents in other countries.

(3) Includes Ireland.

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

On a constant currency basis, almost all countries within the European region achieved net sales growth during the year ended December 31, 2016 compared to the prior year, including Germany (+38.4%), the United Kingdom (+30.6%), Spain (+16.3%) and Italy (+13.7%). Excluding net sales attributable to the *Tumi* brand, these same countries achieved the following constant currency net sales growth over the prior year: the United Kingdom (+21.3%), Germany (+15.7%), Spain (+12.2%) and Italy (+11.3%). On a US Dollar reported net sales basis, these same countries achieved the following growth over the prior year when excluding net sales attributable to the *Tumi* brand: Germany (+15.6%), Spain (+11.9%), Italy (+11.1%), and the United Kingdom (+6.8%). The Group continued to experience year-on-year constant currency net sales growth in Russia (+23.2%) and Turkey (+3.4%). Net sales in France decreased by 1.7% on a constant currency basis, primarily related to negative impacts from the terrorist attacks that occurred in that country during 2016, partially offset by the addition of the *Tumi* brand. Excluding net sales attributable to the *Tumi* brand in France, net sales on a constant currency basis decreased by US$4.2 million, or 6.2%, and on a US Dollar reported basis, net sales decreased by US$4.5 million, or 6.5%.

Latin America

Excluding foreign currency effects, the Group's net sales in Latin America increased by US$20.9 million, or 17.4%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. US Dollar reported net sales for the region increased by US$10.1 million, or 8.4%, as the Group was negatively impacted by the strengthening of the US Dollar.

Brands

Excluding foreign currency effects, net sales of the *Samsonite* brand increased by US$9.9 million, or 18.9%, and US Dollar reported net sales increased by US$4.0 million, or 7.6%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. Net sales of the *American Tourister* brand increased by US$7.0 million, or 98.5%, on a constant currency basis, and US Dollar reported net sales increased by US$5.1 million, or 72.4%, year-on-year as the Group continued to expand the geographical distribution of the brand. Sales of women's handbags under the *Secret* brand name enjoyed continued success, with constant currency net sales growth of 17.1% and US Dollar reported net sales growth of 15.3% to US$14.7 million in 2016. Excluding foreign currency effects, net sales of the local brands *Saxoline* and *Xtrem* increased by 5.5% and 9.4%, respectively, while US Dollar reported net sales increased by 1.3% and 2.1%, respectively.

Product Categories

Excluding foreign currency effects, net sales in the travel product category increased by US$12.1 million, or 22.6%, for the year ended December 31, 2016 compared to the prior year. US Dollar reported net sales increased by US$6.5 million, or 12.1%. Excluding foreign currency effects, net sales in the business product category increased by US$2.8 million, or 25.7%, and US Dollar reported net sales increased by US$1.8 million, or 16.7%. Net sales in the casual product category increased by US$3.0 million, or 9.5%, on a constant currency basis. US Dollar reported net sales increased by US$0.4 million, or 1.3%.

Distribution Channels

Excluding foreign currency effects, net sales in the wholesale channel increased by US$6.2 million, or 7.6%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. US Dollar reported net sales decreased by US$2.3 million, or 2.8%, year-on-year due to the strengthening US Dollar. Net sales in the direct-to-consumer channel increased by US$14.8 million, or 37.8%, on a constant currency basis, primarily driven by the addition of 37 net new company-operated retail stores during 2016 and the full-year impact of 28 net new stores added during 2015. US Dollar reported net sales increased by 31.6%. On a same store, constant currency basis, retail net sales increased by 9.4%. The Group continued to invest in retail expansion in Latin America to expand distribution and gain market share to drive future profitability.

Countries

The following table sets forth a breakdown of net sales within the Latin American region by geographic location for the years ended December 31, 2016 and December 31, 2015, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,					
	2016		2015		2016 vs 2015	
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[4]
Net sales by geographic location[1]:						
Chile	**59,518**	**45.6%**	57,867	48.0%	2.9%	6.8%
Mexico	**41,422**	**31.7%**	38,429	31.9%	7.8%	26.0%
Brazil[2]	**12,425**	**9.5%**	10,016	8.3%	24.1%	25.5%
Other[3]	**17,194**	**13.2%**	14,164	11.8%	21.4%	31.5%
Net sales	**130,559**	**100.0%**	120,476	100.0%	8.4%	17.4%

Notes

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

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

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

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

Excluding foreign currency effects, net sales in Chile increased by 6.8% year-on-year. US Dollar reported net sales for Chile increased by US$1.7 million, or 2.9%, primarily due to improved year-on-year net sales of the *Samsonite* brand and the women's handbag brand *Secret*. Excluding foreign currency effects, net sales in Mexico increased by 26.0% for the year ended December 31, 2016 compared to the prior year, driven by increased net sales in the *Samsonite*, *American Tourister* and *Xtrem* brands. Net sales in Brazil increased by 25.5% on a constant currency basis and US Dollar reported net sales increased by 24.1% driven by continued retail expansion. The Group continues to invest in Brazil, where the Group's presence has historically been under-represented, to drive future net sales growth and gain market share.

Cost of Sales and Gross Profit

Cost of sales increased by US$136.0 million, or 11.8%, to US$1,289.5 million (representing 45.9% of net sales) for the year ended December 31, 2016 from US$1,153.5 million (representing 47.4% of net sales) for the year ended December 31, 2015.

Gross profit increased by US$242.0 million, or 18.9%, to US$1,521.0 million for the year ended December 31, 2016 from US$1,279.0 million for the year ended December 31, 2015. Gross profit margin increased to 54.1% for the year ended December 31, 2016 from 52.6% for the year ended December 31, 2015.

The increase in gross profit margin was attributable to the impact from the acquisition of Tumi, which yields higher margins, a higher proportion of sales coming from the direct-to-consumer channel, including direct-to-consumer e-commerce, and a reduction in certain product costs. Excluding amounts attributable to Tumi, gross profit increased by US$63.6 million, or 5.0%, to US$1,342.6 million, and gross profit margin increased to 53.0% for the year ended December 31, 2016 from 52.6% for the year ended December 31, 2015.

Distribution Expenses

Distribution expenses increased by US$152.7 million, or 22.9%, to US$818.4 million (representing 29.1% of net sales) for the year ended December 31, 2016 from US$665.8 million (representing 27.4% of net sales) for the year ended December 31, 2015. This increase was primarily due to the acquisition of Tumi and the increase in sales volume during the year ended December 31, 2016. Distribution expenses as a percentage of net sales increased year-on-year primarily due to increased costs from the Group's retail expansion strategy, investment in the infrastructure of the Group's business in Latin America and investment in the geographical expansion of the *American Tourister*, *Lipault* and *Hartmann* brands, as well as the impact from the Tumi acquisition, including US$10.2 million of amortization attributable to the definite-lived intangibles recognized at acquisition. Excluding amounts attributable to Tumi, distribution expenses as a percentage of net sales were 28.3% for the year ended December 31, 2016 compared to 27.4% during the previous year.

Marketing Expenses

The Group spent US$143.8 million (representing 5.1% of net sales) on marketing during the year ended December 31, 2016 compared to US$132.1 million (representing 5.4% of net sales) for the year ended December 31, 2015, an increase of US$11.7 million, or 8.9%. On a constant currency basis, marketing expenses increased by US$13.4 million, or 10.1%. The reduction in marketing spend as a percentage of net sales reflects more normalized spending on the *American Tourister* brand in Europe following two years of investment to increase awareness and drive growth of the brand in the region. The Group continued to employ targeted and focused advertising and promotional campaigns. The Group believes the success of its advertising campaigns is evident in its net sales growth, and remains committed to enhancing brand and product awareness and driving additional net sales growth through focused marketing activities.

General and Administrative Expenses

General and administrative expenses increased by US$23.5 million, or 15.2%, to US$177.9 million (representing 6.3% of net sales) for the year ended December 31, 2016 from US$154.5 million (representing 6.4% of net sales) for the year ended December 31, 2015. General and administrative expenses decreased as a percentage of net sales as the Group maintained tight control of its fixed cost base and leveraged it against year-on-year net sales growth. Share-based compensation expense, a non-cash expense included in general and administrative expenses, amounted to US$15.5 million, an increase of US$0.3 million year-on-year. Excluding amounts attributable to Tumi, general and administrative expenses as a percentage of net sales were 6.4% for the year ended December 31, 2016 compared to 6.4% during the previous year.

Other Expenses

The Group incurred other expenses of US$49.6 million and US$17.8 million for the years ended December 31, 2016 and December 31, 2015, respectively. Other expenses for 2016 were primarily comprised of acquisition-related costs totaling US$46.2 million associated with due diligence, professional and legal fees, severance and integration costs incurred for the acquisition of Tumi, which was completed on August 1, 2016. Other expenses for 2015 included acquisition-related costs of US$8.9 million, which were primarily comprised of costs associated with due diligence and integration activities, severance, and professional and legal fees associated with both the Rolling Luggage and Chic Accent acquisitions that were completed in 2015 as well as other contemplated acquisitions.

Liquidation of Defined Benefit Plan

A U.S. subsidiary of the Group sponsored a defined benefit retirement plan, the Samsonite Employee Retirement Income Plan (the "SERIP Plan"), which covered certain employee groups. Retirement benefits were based on a final average pay formula. The SERIP Plan was closed to new entrants effective December 31, 2009. Effective December 31, 2010, the SERIP Plan was frozen to suspend future benefit accruals. The SERIP Plan was terminated effective December 31, 2014. In connection with the SERIP Plan's termination, the benefits being paid to participants and beneficiaries whose pensions were in pay were continued through the purchase of an annuity contract from an insurance company. Participants whose pension payments had not started had the option to either make an election to receive a lump-sum payment that could be rolled over into an individual retirement account or other qualified plan, or receive either an immediate or a deferred vested annuity contract that would pay their benefits. In August 2016, the SERIP Plan received a determination letter from the U.S. Internal Revenue Service ("IRS") stating that the termination of the SERIP Plan did not affect its qualification for federal tax purposes. On or before December 31, 2016, substantially all SERIP Plan assets were distributed to participants and beneficiaries or used to purchase the annuity that will pay the benefits for the remaining participants (the "SERIP Plan Liquidation").

Participants who elected to receive a lump sum payment received such payment from SERIP Plan assets during 2016. The projected benefit obligation for participants who did not elect to receive a lump sum benefit has been, or, in the case of the US$7.3 million liability remaining at December 31, 2016 will be, satisfied by the annuity contracts purchased by the Group, at which time there will be no further recourse on the Group.

The net defined benefit liability was recalculated by the Group's third party actuary immediately prior to the SERIP Plan Liquidation. In conjunction with the SERIP Plan Liquidation, the Group recognized a gain in the amount of US$6.0 million in its consolidated income statement for the year ended December 31, 2016. Of the US$6.0 million, US$1.5 million has been presented within general and administrative expenses with the remainder in other expenses in the consolidated income statement.

In addition, US$56.8 million of deferred tax liabilities that were originally recognized at the time of contributions to the SERIP Plan were removed, creating a tax benefit for the same amount in the consolidated income statement for the year ended December 31, 2016.

See further discussion in note 14(b)(ii) to the consolidated financial statements.

Operating Profit

On a constant currency basis, the Group's operating profit increased by US$31.0 million, or 10.0%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. Excluding acquisition-related costs, the Group's operating profit for the year ended December 31, 2016 increased by US$68.3 million, or 21.5%, on a constant currency basis, year-on-year. US Dollar reported operating profit of US$331.2 million for the year ended December 31, 2016 increased by US$22.3 million, or 7.2%, from US$308.9 million for the year ended December 31, 2015 due to the factors noted above. Excluding acquisition-related costs, the Group's US Dollar reported operating profit increased by US$59.6 million, or 18.8%, for the year ended December 31, 2016 compared to the year ended December 31, 2015.

Net Finance Costs

Net finance costs increased by US$40.7 million, or 228.7%, to US$58.5 million for the year ended December 31, 2016 from US$17.8 million for the year ended December 31, 2015. This increase was attributable to a US$40.5 million increase in interest expense related to the Senior Credit Facilities (described in the Indebtedness section below). In addition, the increase in net finance costs was also due to a US$3.3 million increase in the expense recognized for the change in fair value of put options related to agreements with certain holders of non-controlling interests for the year ended December 31, 2016 compared to the year ended December 31, 2015. These increases were partially offset by a US$3.0 million decrease in foreign exchange losses year-on-year.

The following table sets forth a breakdown of total finance costs for the years ended December 31, 2016 and December 31, 2015.

(Expressed in thousands of US Dollars)	Year ended December 31, 2016	2015
Recognized in income or loss:		
Interest income on bank deposits	**1,253**	868
Total finance income	**1,253**	868
Interest expense on financial liabilities measured at amortized cost	**(43,691)**	(3,160)
Change in fair value of put options	**(9,119)**	(5,772)
Net foreign exchange loss	**(3,660)**	(6,681)
Other finance costs	**(3,319)**	(3,066)
Total finance costs	**(59,789)**	(18,679)
Net finance costs recognized in profit or loss	**(58,536)**	(17,811)

Profit before Income Tax

On a constant currency basis, profit before income tax decreased by US$10.5 million, or 3.6%, to US$280.6 million for the year ended December 31, 2016 from US$291.1 million for the year ended December 31, 2015 due to the aforementioned increases in acquisition-related costs and financing costs. US Dollar reported profit before income tax decreased by US$18.4 million, or 6.3%, to US$272.7 million for the year ended December 31, 2016 from US$291.1 million for the year ended December 31, 2015. Excluding acquisition-related costs, profit before income tax increased by US$26.8 million, or 8.9%, on a constant currency basis and US Dollar reported profit before income tax increased by US$18.9 million, or 6.3%, for the year ended December 31, 2016 compared to the year ended December 31, 2015, despite a year-on-year increase in interest expense of US$40.5 million, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition.

Income Tax Benefit (Expense)

For the year ended December 31, 2016, the Group recorded an income tax benefit of US$2.2 million compared with income tax expense of US$74.0 million for the year ended December 31, 2015. In conjunction with the SERIP Plan Liquidation, the Group recorded a US$56.8 million tax benefit related to the derecognition of deferred tax liabilities that originated from contributions to the pension plan in prior years. In addition, the enacted future tax rate in Luxembourg decreased by 321 basis points to 26.0%, which resulted in a favorable tax adjustment of US$8.8 million to the Group's deferred tax liabilities. Excluding these tax benefits, as well as the tax benefit resulting from the Tumi acquisition-related costs, the Group's effective tax rate was 27.8%.

The Group's consolidated effective tax rate for operations was 0.8% and (25.4)% for the years ended December 31, 2016 and December 31, 2015, 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 changes in unrecognized deferred tax assets. The increase in the Group's effective tax rate, as adjusted above for certain one-time items, was mainly the result of normal changes in the profit mix between high and low tax jurisdictions.

Profit for the Year

On a constant currency basis, profit for the year increased by US$63.0 million, or 29.0%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. Excluding the tax-effected acquisition-related costs and the income tax benefit resulting from the SERIP Plan Liquidation, the Group's profit for the year increased by US$28.5 million, or 12.8%, on a constant currency basis, despite a year-on-year increase in interest expense of US$40.5 million, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition. US Dollar reported profit for the year of US$274.8 million for the year ended December 31, 2016 increased by US$57.8 million, or 26.6%, from US$217.0 million for the previous year. Excluding the same factors noted above, the Group's US Dollar reported profit for the year increased by US$23.4 million, or 10.5%, for the year ended December 31, 2016 compared to the year ended December 31, 2015, despite a year-on-year increase in interest expense of US$40.5 million, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition.

On a constant currency basis, profit attributable to the equity holders increased by US$63.2 million, or 32.0%, compared to the prior year due to the factors noted above. Excluding tax-effected acquisition-related costs and the income tax benefit resulting from the SERIP Plan Liquidation, the Group's profit attributable to equity holders increased by US$28.7 million, or 14.1%, on a constant currency basis, despite a year-on-year increase in interest expense of US$40.5 million, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition. US Dollar reported profit attributable to the equity holders was US$255.7 million for the year ended December 31, 2016, an increase of US$58.0 million, or 29.4%, from US$197.6 million for the year ended December 31, 2015. Excluding the same factors noted above, the Group's US Dollar reported profit attributable to equity holders increased by US$23.6 million, or 11.6%, for the year ended December 31, 2016 compared to the year ended December 31, 2015, despite a year-on-year increase in interest expense of US$40.5 million, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition.

Basic earnings per share ("Basic EPS") increased by 29.3% to US$0.181 for the year ended December 31, 2016 from US$0.140 for the year ended December 31, 2015. Diluted earnings per share increased by 29.3% to US$0.181 for the year ended December 31, 2016 from US$0.140 for the year ended December 31, 2015. The weighted average number of shares utilized in the Basic EPS calculation was 1,410,593,129 shares as of December 31, 2016 compared to 1,409,398,785 shares as of December 31, 2015. The weighted average number of shares outstanding utilized in the Diluted EPS calculation was 1,413,559,223 shares as of December 31, 2016 compared to 1,412,181,274 shares as of December 31, 2015.

Adjusted EBITDA

On a constant currency basis, Adjusted EBITDA, a non-IFRS measure, increased by US$91.5 million, or 22.8%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. US Dollar reported Adjusted EBITDA increased by US$84.5 million, or 21.1%, to US$485.6 million for the year ended December 31, 2016 from US$401.2 million for the year ended December 31, 2015. US Dollar reported Adjusted EBITDA margin increased to 17.3% from 16.5% primarily due to the inclusion of Tumi. Excluding the Adjusted EBITDA and net sales attributable to Tumi, US Dollar reported Adjusted EBITDA was US$421.3 million, or 16.6%, of net sales for the year ended December 31, 2016. The Group continued to maintain tight control of its fixed cost base while achieving net sales growth. See the reconciliation of profit for the year to Adjusted EBITDA below for a detailed discussion of the Group's results excluding certain costs and charges and other non-cash charges that impacted US Dollar reported profit for the year.

The following table presents the reconciliation from the Group's profit for the year to Adjusted EBITDA for the years ended December 31, 2016 and December 31, 2015:

	Year ended December 31,	
(Expressed in thousands of US Dollars)	**2016**	2015
Profit for the year	**274,825**	217,017
Plus (Minus):		
Income tax expense (benefit)	**(2,160)**	74,043
Finance costs	**59,789**	18,679
Finance income	**(1,253)**	(868)
Depreciation	**66,785**	48,985
Amortization	**22,456**	10,590
EBITDA	**420,442**	368,446
Plus:		
Share-based compensation expense	**15,490**	15,215
Other adjustments[1]	**49,706**	17,526
Adjusted EBITDA	**485,638**	401,187
Adjusted EBITDA growth	**21.1%**	4.4%
Adjusted EBITDA growth, constant currency basis	**22.8%**	12.6%
Adjusted EBITDA margin	**17.3%**	16.5%

Note

(1) Other adjustments primarily comprised of 'Other expenses' per the consolidated income statement, which includes acquisition-related costs of US$46.2 million and US$8.9 million for the years ended December 31, 2016 and December 31, 2015, respectively.

The following tables present reconciliations from profit (loss) for the year to Adjusted EBITDA on a regional basis for the years ended December 31, 2016 and December 31, 2015:

(Expressed in thousands of US Dollars)	Year ended December 31, 2016					
	Asia	**North America**	**Europe**	**Latin America[(1)]**	**Corporate**	**Total**
Profit (loss) for the year	**102,883**	**40,649**	**49,356**	**(7,187)**	**89,124**	**274,825**
Plus (Minus):						
Income tax expense (benefit)	**31,184**	**42,863**	**14,769**	**172**	**(91,148)**	**(2,160)**
Finance costs	**(343)**	**840**	**4,615**	**2,641**	**52,036**	**59,789**
Finance income	**(654)**	**(7)**	**(192)**	**(226)**	**(174)**	**(1,253)**
Depreciation	**18,920**	**20,663**	**21,430**	**3,333**	**2,439**	**66,785**
Amortization	**10,502**	**5,194**	**3,074**	**3,272**	**414**	**22,456**
EBITDA	**162,492**	**110,202**	**93,052**	**2,005**	**52,691**	**420,442**
Plus (Minus):						
Share-based compensation expense	**1,412**	**3,154**	**812**	**136**	**9,976**	**15,490**
Other adjustments[(2)]	**64,024**	**56,479**	**15,975**	**5,659**	**(92,431)**	**49,706**
Adjusted EBITDA	**227,928**	**169,835**	**109,839**	**7,800**	**(29,764)**	**485,638**
Adjusted EBITDA growth	**13.6%**	**36.8%**	**18.9%**	**(28.6)%**	**10.9%**	**21.1%**
Adjusted EBITDA growth, constant currency basis	**15.8%**	**37.0%**	**20.7%**	**(21.8)%**	**10.9%**	**22.8%**
Adjusted EBITDA margin	**22.2%**	**16.5%**	**17.9%**	**6.0%**	***nm***	**17.3%**

Notes

(1) During the year ended December 31, 2016, the Group's profitability in Latin America was negatively impacted by the continued investment in retail expansion, team and infrastructure necessary to position the region for strong growth in the coming years.

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

nm Not meaningful.

(Expressed in thousands of US Dollars)	Year ended December 31, 2015					
	Asia	North America	Europe	Latin America	Corporate	Total
Profit (loss) for the year	83,752	33,078	34,479	(3,980)	69,688	217,017
Plus (Minus):						
Income tax expense	29,382	21,680	16,982	2,743	3,256	74,043
Finance costs	2,167	1,327	1,115	4,816	9,254	18,679
Finance income	(488)	(2)	(444)	66	—	(868)
Depreciation	15,084	11,553	17,608	2,345	2,395	48,985
Amortization	5,233	1,347	1,720	2,256	34	10,590
EBITDA	135,130	68,983	71,460	8,246	84,627	368,446
Plus (Minus):						
Share-based compensation expense	1,116	2,704	1,313	41	10,041	15,215
Other adjustments[(1)]	64,314	52,466	19,607	2,640	(121,501)	17,526
Adjusted EBITDA	200,560	124,153	92,380	10,927	(26,833)	401,187
Adjusted EBITDA margin	21.2%	15.3%	17.0%	9.1%	*nm*	16.5%

Notes

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

nm Not meaningful.

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

On a constant currency basis, Adjusted Net Income, a non-IFRS measure, increased by US$44.4 million, or 20.5%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. US Dollar reported Adjusted Net Income increased by US$41.0 million, or 18.9%, to US$257.9 million for the year ended December 31, 2016 from US$216.9 million for the year ended December 31, 2015, despite a year-on-year increase in interest expense of US$40.5 million, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition. See the reconciliation of profit for the year to Adjusted Net Income below for a detailed discussion of the Group's results excluding certain costs and charges and other non-cash charges that impacted US Dollar reported profit for the year.

Adjusted Basic EPS and adjusted Diluted EPS, non-IFRS measures, increased to US$0.183 and US$0.182, respectively, for the year ended December 31, 2016 from US$0.154 and US$0.154, respectively, for the year ended December 31, 2015.

The following table presents the reconciliation from the Group's profit for the year to Adjusted Net Income for the years ended December 31, 2016 and December 31, 2015:

	Year ended December 31,	
(Expressed in thousands of US Dollars)	**2016**	2015
Profit for the year	**274,825**	217,017
Profit attributable to non-controlling interests	**(19,158)**	(19,378)
Profit attributable to the equity holders	**255,667**	197,639
Plus (Minus):		
Change in fair value of put options	**9,119**	5,772
Amortization of intangible assets	**22,456**	10,590
Acquisition-related costs	**46,189**	8,877
Tax benefit from the SERIP Plan Liquidation	**(56,773)**	—
Other adjustments[1]	**5,775**	—
Tax adjustments[2]	**(24,547)**	(5,968)
Adjusted Net Income[3]	**257,886**	216,910

Notes

(1) Other adjustments consisted of US$5.8 million for interest expense associated with the Term Loan B Facility incurred prior to the acquisition on August 1, 2016 (described in the Indebtedness section below).

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

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

The Group has presented Adjusted Net Income because it believes this measure helps to give securities analysts, investors and other interested parties a better understanding of the Group's underlying financial performance. By presenting Adjusted Net Income, the Group eliminates the effect of a number of costs, charges and credits and certain other non-cash charges, along with their respective tax effects, that impact US Dollar 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 the Company's shareholders, and to fund capital expenditures, normal operating expenses, working capital needs and the payment of obligations. The Group's primary sources of liquidity are its cash flows from operating activities, invested cash, available lines of credit and, subject to shareholder approval, the Company's ability to issue additional shares. The Group believes that its existing cash and estimated cash flows, along with current working capital, will be adequate to meet the operating and capital requirements of the Group for at least the next twelve months.

Net cash flows provided by operating activities increased by US$1.7 million, or 0.7%, to US$260.8 million for the year ended December 31, 2016 compared to US$259.0 million for the year ended December 31, 2015. This increase was primarily attributable to an increase in profit for the year, partially offset by a US$34.2 million increase in cash paid for interest, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition and the US$37.3 million increase in acquisition-related costs recorded in 2016.

For the year ended December 31, 2016, net cash flows used in investing activities were US$1,759.4 million compared to US$104.1 million in the previous year. This increase was due to the acquisition of Tumi on August 1, 2016 compared to the acquisitions of Rolling Luggage and Chic Accent in 2015.

Net cash flows generated from financing activities were US$1,697.9 million for the year ended December 31, 2016 compared to net cash flows used in financing activities of US$110.2 million for the year ended December 31, 2015. The Group received gross proceeds of US$1,925.0 million from the Term Loan Facilities (described in the Indebtedness section below) which were used to fund the acquisition of Tumi. The Group paid US$69.5 million in deferred financing costs related to the Term Loan Facilities. Cash flows used in financing activities for the year ended December 31, 2015 are largely attributable to the US$88.0 million distribution to shareholders and the purchase of the non-controlling interest in the Group's Russian subsidiary.

The Group had US$368.5 million in cash and cash equivalents as of December 31, 2016, compared to US$180.8 million as of December 31, 2015. As of December 31, 2016, US$35.1 million of the cash was restricted. No amounts were restricted as of December 31, 2015. Cash and cash equivalents are denominated in the functional currencies of each respective Group entity.

Indebtedness

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

(Expressed in thousands of US Dollars)	December 31, 2016	2015
Term Loan A Facility	**1,242,187**	—
Term Loan B Facility	**673,313**	—
Revolving Facility	**10,516**	—
Senior Credit Facilities	**1,926,016**	—
Prior Revolving Facility	**—**	48,174
Other lines of credit	**13,410**	15,921
Finance lease obligations	**283**	87
Total loans and borrowings	**1,939,709**	64,182
Less deferred financing costs	**(64,341)**	(1,401)
Total loans and borrowings less deferred financing costs	**1,875,368**	62,781

Senior Credit Facilities

Overview

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

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

Interest Rate and Fees

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

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

Subsequent to December 31, 2016, the Group refinanced the Senior Credit Facilities on February 2, 2017 (the "Repricing"). Under the terms of the Repricing, the interest rate payable on the Term Loan A Facility and the Revolving Facility was reduced with effect from February 2, 2017 until the delivery of the financial statements for the period ending June 30, 2017 to LIBOR plus 2.00% per annum (or a base rate plus 1.00% per annum) from LIBOR plus 2.75% per annum (or a base rate plus 1.75% per annum) and thereafter shall be based on the total net leverage ratio of the Group at the end of each fiscal quarter. The interest rate payable on the Term Loan B Facility was reduced with effect from February 2, 2017 to LIBOR plus 2.25% per annum with a LIBOR floor of 0.00% (or a base rate plus 1.25% per annum) from LIBOR plus 3.25% with a LIBOR floor of 0.75% (or a base rate plus 2.25% per annum). In addition, the commitment fee payable in respect of the unutilized commitments under the Revolving Facility was reduced from 0.5% per annum to 0.375% per annum through June 30, 2017 and thereafter shall be based on the total net leverage ratio of the Group at the end of each fiscal quarter. In conjunction with the Repricing, the Group incurred approximately US$5.2 million in fees and expenses that will be deferred and amortized over the term of the borrowings.

Mandatory Prepayments

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

Voluntary Prepayments

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

Amortization and Final Maturity

The Term Loan A Facility requires scheduled quarterly payments commencing December 31, 2016, with an amortization of 2.5% of the original principal amount of the loans under the Term Loan A Facility made during the first year, with a step-up to 5.0% amortization during the second and third years, 7.5% during the fourth year and 10.0% during the fifth year, with the balance due and payable on the fifth anniversary of the Closing Date. The Term Loan B Facility requires scheduled quarterly payments commencing December 31, 2016, each equal to 0.25% of the original principal amount of the loans under the Term Loan B Facility, with the balance due and payable on the seventh anniversary of the Closing Date. There is no scheduled amortization of the principal amounts of the loans outstanding under the Revolving Facility. Any principal amount outstanding under the Revolving Facility is due and payable on the fifth anniversary of the Closing Date.

Guarantees and Security

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

Certain Covenants and Events of Default

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

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

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

Interest Rate Swaps

The Group entered into interest rate swap transactions on June 1, 2016 that became effective on December 31, 2016 and will terminate on August 31, 2021. The Group uses the interest rate swap transactions to minimize its exposure to interest rate fluctuations under the floating-rate Senior Credit Facilities by swapping certain US Dollar floating-rate bank borrowings with fixed-rate agreements. The interest rate swap agreements have initial notional amounts totaling US$1,237.0 million representing approximately 65% of the anticipated balances of the Term Loan Facilities. The notional amounts of the interest rate swap agreements decrease over time in line with required amortization and anticipated prepayments on the Term Loan Facilities. LIBOR has been fixed at approximately 1.30% under each agreement. Each of the interest rate swap agreements have fixed payments due monthly starting January 31, 2017. The interest rate swap transactions qualify as cash flow hedges under IFRS. As of December 31, 2016, the interest rate swaps were marked-to-market, resulting in a net asset position to the Group in the amount of US$16.1 million, which was recorded as an asset with the effective portion of the gain deferred to other comprehensive income.

Deferred Financing Costs
The Group recognized US$69.5 million of deferred financing costs during the year ended December 31, 2016 related to the Senior Credit Facilities, all of which were included in non-current loans and borrowings in the consolidated statement of financial position as of December 31, 2016. The deferred financing costs were comprised of the original issue discount, commitment fees and other financing-related costs that will be deferred and offset against loans and borrowings to be amortized using the effective interest method over the life of the Term Loan Facilities.

Revolving Facility
As of December 31, 2016, US$486.4 million was available to be borrowed on the Revolving Facility as a result of US$10.5 million of outstanding borrowings and the utilization of US$3.1 million of the facility for outstanding letters of credit extended to certain creditors.

Prior Revolving Facility
Until July 31, 2016, the Group maintained the Prior Revolving Facility in the amount of US$500.0 million. The Prior Revolving Facility had an initial term of five years from its effective date of June 17, 2014, with a one-year extension available at the request of the Group and at the option of the lenders. The interest rate on borrowings under the Prior Revolving Facility was the aggregate of (i) (a) LIBOR or (b) the prime rate of the lender and (ii) a margin to be determined based on the Group's leverage ratio. Based on the Group's leverage ratio, the Prior Revolving Facility carried a commitment fee ranging from 0.2% to 0.325% per annum on any unutilized amounts, as well as an agency fee if another lender joined the Prior Revolving Facility. The Prior Revolving Facility was secured by certain of the Group's assets in the United States and Europe, as well as the Group's intellectual property. The Prior Revolving Facility also contained financial covenants related to interest coverage and leverage ratios, and operating covenants that, among other things, limited the Group's ability to incur additional debt, create liens on its assets, and participate in certain mergers, acquisitions, liquidations, asset sales or investments. The Prior Revolving Facility was terminated and all outstanding balances were repaid in conjunction with the financing for the Tumi acquisition on August 1, 2016.

Other Loans and Borrowings
Certain consolidated subsidiaries of the Group maintain credit lines with various third party lenders in the regions in which they operate. Other loans and borrowings are generally variable rate instruments denominated in the functional currency of the borrowing Group entity. These local credit lines provide working capital for the day-to-day business operations of the subsidiaries, including overdraft, bank guarantees, 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$13.4 million and US$15.9 million as of December 31, 2016 and December 31, 2015, respectively. The uncommitted available lines of credit amounted to US$79.5 million and US$88.1 million as of December 31, 2016 and December 31, 2015, 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, 2016 and December 31, 2015:

	December 31,	
(Expressed in thousands of US Dollars)	**2016**	2015
On demand or within one year	**69,807**	64,125
After one year but within two years	**69,319**	18
After two years but within five years	**1,161,020**	39
More than five years	**639,563**	—
	1,939,709	64,182

Hedging

The Group's non-U.S. subsidiaries periodically enter into forward contracts related to the purchase of inventory denominated primarily in US Dollars which are designated as cash flow hedges. Cash outflows associated with these derivatives as of December 31, 2016 are expected to be US$95.4 million within one year.

Other Financial Information

Capital Expenditures

Historical Capital Expenditures

The following table sets forth the Group's historical capital expenditures for the years ended December 31, 2016 and December 31, 2015:

(Expressed in thousands of US Dollars)	Year ended December 31, 2016	2015
Land	**226**	26
Buildings	**404**	2,659
Machinery, equipment, leasehold improvements and other	**68,949**	65,792
Total capital expenditures	**69,579**	68,477

Capital expenditures during the year ended December 31, 2016 included costs for the construction of a new warehouse in China, new or remodeled retail locations and investments in the Group's infrastructure.

Planned Capital Expenditures

The Group's capital expenditures budget for 2017 is approximately US$114.4 million. The increase from 2016 reflects the inclusion of Tumi. The Group plans to complete the warehouse in China and the plant expansion in Hungary, 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, 2016:

(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	1,939,709	69,807	69,319	1,161,020	639,563
Minimum operating lease payments	602,328	139,664	111,490	211,979	139,195
Total	2,542,037	209,471	180,809	1,372,999	778,758

As of December 31, 2016, the Group did not have any material off-balance sheet arrangements or contingencies except as included in the table summarizing its contractual obligations above.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries

Other than the acquisition of Tumi, there were no other significant investments held, material acquisitions, or disposals of subsidiaries during the year ended December 31, 2016.

Forward-Looking Statements

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

2. Principal Risks and Uncertainties

Details of principal risks and uncertainties can be found in note 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. Effectiveness of Risk Management and Internal Control

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

The Company's internal audit department reviews the adequacy and effectiveness of the risk management and internal control systems. Each year the internal and external audit plans are discussed with, and approved by, the Audit Committee.

The Board has reviewed the overall effectiveness of the Company's systems of risk management and internal control for the year ended December 31, 2016. The Board has delegated to the Audit Committee responsibility for reviewing the Company's systems of risk management and internal control 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 Vice President of Internal Audit, (ii) reviewed and discussed the scope and results of the annual audit with the Company's external auditors, (iii) reviewed the results of management's control self-assessment process with management and the Company's Vice President of Internal Audit, (iv) reviewed the results of the Company's risk assessment with management and the Company's Vice President of Internal Audit, and (v) reviewed with management the results of the Company's internal management representation process that was performed in connection with the preparation of the annual consolidated financial statements. Based on its review, the Board confirms, and management has also confirmed to the Board, that the Company's risk management and internal control systems are effective and adequate.

4. *Financial Risk Management and Hedging*

Details of financial risk management can be found in note 21 of the consolidated financial statements.

The Group's non-U.S. subsidiaries periodically enter into forward contracts related to the purchase of inventory denominated primarily in US Dollars which are designated as cash flow hedges. Cash outflows associated with these derivatives as of December 31, 2016 are expected to be US$95.4 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$25.4 million during the year ended December 31, 2016. 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 23 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 16, 2016, the Board recommended that a cash distribution in the amount of US$93.0 million, or approximately US$0.0659 per share, be made to the Company's shareholders of record on June 17, 2016 from its ad hoc distributable reserve. The shareholders approved this distribution on June 2, 2016 at the Annual General Meeting and the distribution was paid on July 13, 2016.

Dividend payments to non-controlling interests amounted to US$14.8 million and US$11.6 million during the years ended December 31, 2016 and December 31, 2015, respectively.

No other dividends or distributions were declared or paid during the years ended December 31, 2016 and December 31, 2015.

The Board recommends that a cash distribution in the amount of US$97.0 million, or approximately US$0.0687 per share based upon the number of shares outstanding as of the date hereof (the "Distribution") be made to the Company's shareholders from its ad hoc distributable reserve. The per share amount of the Distribution is subject to change in the event that any new shares are issued pursuant to the exercise of outstanding share options before the record date for the Distribution. A further announcement will be made on the record date of the Distribution in the event that the final amount per share changes. 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 May 26, 2017 to June 1, 2017, 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 1, 2017. 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, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on May 25, 2017.

Subject to the shareholders approving the recommended Distribution at the forthcoming AGM, such Distribution will be payable on July 12, 2017 to shareholders whose names appear on the register of members on June 17, 2017. To determine eligibility for the Distribution, the register of members will be closed from June 14, 2017 to June 16, 2017, 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, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on June 13, 2017.

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

Human Resources and Remuneration

As of December 31, 2016, the Group had approximately 12,400 employees worldwide, compared to approximately 9,800 employees as of December 31, 2015. The increase in headcount was largely driven by the acquisition of Tumi that was completed on August 1, 2016, as well as the addition of new retail stores around the world. 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. The Group is committed to helping its employees develop the knowledge, skills and abilities needed for continued success, and encourages employee professional development throughout each employee's career.

8. Strategic Review and Future Prospects

During 2016, the Group continued to implement its strategic plan in the following areas:

Financial Highlights

All key Group metrics showed growth for the year ended December 31, 2016 compared to the year ended December 31, 2015.

- Net sales increased to a record level of US$2,810.5 million, reflecting an increase of 17.3% on a constant currency basis from the previous year. US Dollar reported net sales increased by 15.5%. Excluding amounts attributable to the *Tumi* brand, which was acquired on August 1, 2016, net sales increased by US$145.9 million, or 6.0%, on a constant currency basis and US Dollar reported net sales increased by US$102.2 million, or 4.2%.

- Operating profit increased by US$31.0 million, or 10.0%, on a constant currency basis year-on-year. US Dollar reported operating profit increased by US$22.3 million, or 7.2%, to US$331.2 million. Excluding acquisition-related costs, operating profit increased by US$68.3 million, or 21.5%, on a constant currency basis and US Dollar reported operating profit increased by US$59.6 million, or 18.8%.

- The Group's reported effective tax rate for the year ended December 31, 2016 was 0.8%, or an income tax benefit of US$2.2 million. During 2016, the Group purchased an annuity to liquidate its principal defined benefit pension plan in the U.S. In conjunction with this liquidation, the Group recorded a US$56.8 million tax benefit related to the derecognition of deferred tax liabilities that originated from contributions to the pension plan in prior years. In addition, the enacted future tax rate in Luxembourg decreased by 321 basis points to 26.0%, which resulted in a favorable tax adjustment of US$8.8 million to the Group's deferred tax liabilities. Excluding these tax benefits, as well as the tax benefit resulting from the Tumi acquisition-related costs, the Group's effective tax rate was 27.8%.

- Profit for the year increased by US$63.0 million, or 29.0%, on a constant currency basis year-on-year. US Dollar reported profit for the year increased by US$57.8 million, or 26.6%, to US$274.8 million. Excluding the tax-effected acquisition-related costs and the tax benefit realized on the pension plan liquidation, the Group's profit for the year increased by US$28.5 million, or 12.8%, on a constant currency basis and US Dollar reported profit for the year increased by US$23.4 million, or 10.5%, despite a year-on-year increase in interest expense of US$40.5 million, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition.

- Profit attributable to the equity holders increased by US$63.2 million, or 32.0%, on a constant currency basis from the previous year. US Dollar reported profit attributable to the equity holders increased by US$58.0 million, or 29.4%, to US$255.7 million. Excluding the tax-effected acquisition-related costs and the tax benefit realized on the pension plan liquidation, the Group's profit attributable to equity holders increased by US$28.7 million, or 14.1%, on a constant currency basis and US Dollar reported profit attributable to the equity holders increased by US$23.6 million, or 11.6%, despite a year-on-year increase in interest expense of US$40.5 million, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition.

- Adjusted Net Income, a non-IFRS measure, increased by US$44.4 million, or 20.5%, on a constant currency basis year-on-year. US Dollar reported Adjusted Net Income increased by US$41.0 million, or 18.9%, to US$257.9 million, despite a year-on-year increase in interest expense of US$40.5 million, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition.

- Adjusted EBITDA, a non-IFRS measure, increased by US$91.5 million, or 22.8%, on a constant currency basis from the previous year. US Dollar reported Adjusted EBITDA increased by US$84.5 million, or 21.1%, to US$485.6 million due to the inclusion of Tumi. Excluding the Adjusted EBITDA attributable to Tumi, US Dollar reported Adjusted EBITDA was US$421.3 million, an increase of US$20.1 million, or 5.0%, and by 6.8% on a constant currency basis.

- Adjusted EBITDA margin, a non-IFRS measure, increased to 17.3% from 16.5%. Excluding the Adjusted EBITDA and net sales attributable to Tumi, Adjusted EBITDA margin increased to 16.6% from 16.5%.

- The Group generated US$260.8 million of cash from operating activities during 2016 compared to US$259.0 million during 2015, an increase of US$1.7 million from the previous year, despite a US$34.2 million increase in cash paid for interest, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition, and the US$37.3 million increase in acquisition-related costs recorded in 2016. As of December 31, 2016, the Group had cash and cash equivalents of US$368.5 million and outstanding financial debt of US$1,939.7 million (excluding deferred financing costs of US$64.3 million), putting the Group in a net debt position of US$1,571.2 million.

- On March 15, 2017, the Company's Board of Directors recommended that a cash distribution in the amount of US$97.0 million, or approximately US$0.0687 per share, be made to the Company's shareholders, a 4.3% increase from the US$93.0 million distribution paid in 2016. The distribution will be subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company.

The Group has presented certain non-IFRS measures in the financial highlights section above because each of these measures provides additional information that management believes is useful in gaining a more complete understanding of the Group's operational performance and of the trends impacting its business to securities analysts, investors and other interested parties. These non-IFRS financial measures, as calculated herein, may not be comparable to similarly named measures used by other companies, and should not be considered as measures comparable to IFRS measures in the Group's consolidated income statement for the year. Non-IFRS measures have limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, an analysis of the Group's financial results as reported under IFRS.

Significant investment in advertising and promotion

The Group continued to make significant investments in marketing, which amounted to approximately 5.1% of net sales during 2016, 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.

Acquisition of Tumi

On March 3, 2016, the Group entered into an agreement and plan of merger (the "Merger Agreement") with Tumi Holdings, Inc. ("Tumi Holdings"), pursuant to which the Company agreed to acquire Tumi Holdings for a cash consideration of US$26.75 per outstanding common share of Tumi Holdings, without interest. The acquisition was completed on August 1, 2016. The total consideration paid under the Merger Agreement amounted to approximately US$1,830.8 million. As a result of the completion of the acquisition pursuant to the Merger Agreement, Tumi Holdings became an indirect, wholly-owned subsidiary of the Company. On December 30, 2016, Tumi Holdings was merged with and into its wholly-owned subsidiary Tumi, Inc., with Tumi, Inc. surviving the merger.

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

The financial results of the Group as of and for the year ended December 31, 2016 include Tumi Holdings' financial results from August 1, 2016, the date of acquisition, through December 31, 2016.

Future Prospects

The Group's growth strategy will continue as planned for 2017, with a focus on the following:

- Continue to develop the Company into a well-diversified multi-brand, multi-category and multi-channel luggage, bag and accessories business.

- Leverage the Company's regional management structure, sourcing and distribution expertise and marketing engine to extend the strong *Tumi* brand into new markets and penetrate deeper into existing channels.

- Tactfully deploy multiple brands to operate at wider price points and broader consumer demographics in each category.

- Increase the proportion of net sales from the Group's direct-to-consumer channel by growing direct-to-consumer e-commerce net sales and through targeted expansion of its bricks-and-mortar retail presence.

- Continue to invest in the Group's core brands with sustained R&D spending to produce lighter and stronger new materials as well as exciting and innovative new products, supported by effective marketing spend to drive awareness among consumers.

- Intend to increase the Company's investment in marketing in 2017 to support global expansion of *Tumi* and to continue to drive visibility for *Samsonite*, *American Tourister* and other brands.

- Execute on market opportunities for recently acquired brands to further diversify the Group's product offering into non-travel categories.

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

By: Kyle F. Gendreau
Capacity: Director

KPMG Luxembourg, Société coopérative
39, Avenue John F. Kennedy
L - 1855 Luxembourg

Tel.: +352 22 51 51 1
Fax: +352 22 51 71
E-mail: info@kpmg.lu
Internet: www.kpmg.lu

To the Shareholders of
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, 2016, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising 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 assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

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, 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting as issued by the International Accounting Standards Board.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the consolidated management report but does not include the consolidated financial statements and our report of réviseur d'entreprises agréé thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Report on other legal and regulatory requirements

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with the applicable legal requirements.

Luxembourg, March 15, 2017

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Jean-Manuel Séris

SJI001

Consolidated Income Statement

(Expressed in thousands of US Dollars, except per share data)	Note	Year ended December 31, 2016	2015
Net sales	4	**2,810,497**	2,432,477
Cost of sales		**(1,289,545)**	(1,153,513)
Gross profit		**1,520,952**	1,278,964
Distribution expenses		**(818,432)**	(665,762)
Marketing expenses		**(143,785)**	(132,068)
General and administrative expenses		**(177,933)**	(154,465)
Other expenses	5(c)	**(49,601)**	(17,798)
Operating profit		**331,201**	308,871
Finance income	19	**1,253**	868
Finance costs	19	**(59,789)**	(18,679)
Net finance costs	19	**(58,536)**	(17,811)
Profit before income tax	20	**272,665**	291,060
Income tax benefit (expense)	18	**2,160**	(74,043)
Profit for the year		**274,825**	217,017
Profit attributable to equity holders		**255,667**	197,639
Profit attributable to non-controlling interests	23(b)	**19,158**	19,378
Profit for the year		**274,825**	217,017
Earnings per share			
Basic and diluted earnings per share (Expressed in US Dollars per share)	12	**0.181**	0.140

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, 2016	2015
Profit for the year		**274,825**	217,017
Other comprehensive income (loss):			
Items that will never be reclassified to profit or loss:			
Deferred tax impact of the SERIP Plan Liquidation	14(b)	**(53,899)**	—
Remeasurements on defined benefit plans, net of tax	14, 18(c)	**(8,354)**	(530)
		(62,253)	(530)
Items that are or may be reclassified subsequently to profit or loss:			
Changes in fair value of foreign exchange forward contracts, net of tax	18(c)	**(657)**	(1,690)
Changes in fair value of interest rate swaps, net of tax	13(a), 18(c)	**11,431**	—
Foreign currency translation gains (losses) for foreign operations	19	**(23,118)**	(35,272)
		(12,344)	(36,962)
Other comprehensive income (loss)		**(74,597)**	(37,492)
Total comprehensive income for the year		**200,228**	179,525
Total comprehensive income attributable to equity holders		**181,352**	163,751
Total comprehensive income attributable to non-controlling interests		**18,876**	15,774
Total comprehensive income for the year		**200,228**	179,525

The accompanying notes form part of the consolidated financial statements.

Consolidated Statement of Financial Position

(Expressed in thousands of US Dollars)	Note	December 31, 2016	2015
Non-Current Assets			
Property, plant and equipment	6	**281,990**	186,083
Goodwill	7(a)	**1,238,910**	297,360
Other intangible assets	7(b)	**1,733,061**	762,411
Deferred tax assets	18(d)	**56,007**	50,752
Derivative financial instruments	13(a)	**16,149**	—
Other assets and receivables	8(a)	**32,926**	25,159
Total non-current assets		**3,359,043**	1,321,765
Current Assets			
Inventories	9	**421,334**	349,076
Trade and other receivables	10	**357,790**	283,495
Prepaid expenses and other assets	8(b)	**142,833**	80,702
Cash and cash equivalents	11	**368,540**	180,803
Total current assets		**1,290,497**	894,076
Total assets		**4,649,540**	2,215,841
Equity and Liabilities			
Equity:			
Share capital	23(a)	**14,113**	14,098
Reserves	23(a)	**1,452,941**	1,345,456
Total equity attributable to equity holders		**1,467,054**	1,359,554
Non-controlling interests	23(b)	**43,933**	39,832
Total equity		**1,510,987**	1,399,386
Non-Current Liabilities			
Loans and borrowings	13(a)	**1,805,561**	57
Employee benefits	14	**28,680**	38,523
Non-controlling interest put options	23(b)	**64,746**	55,829
Deferred tax liabilities	18(d)	**456,540**	106,240
Other liabilities		**7,140**	4,403
Total non-current liabilities		**2,362,667**	205,052
Current Liabilities			
Loans and borrowings	13(b)	**23,994**	62,724
Current portion of long-term debt	13(b)	**45,813**	—
Employee benefits	14	**78,680**	59,139
Trade and other payables	17	**533,772**	442,141
Current tax liabilities	18	**93,627**	47,399
Total current liabilities		**775,886**	611,403
Total liabilities		**3,138,553**	816,455
Total equity and liabilities		**4,649,540**	2,215,841
Net current assets		**514,611**	282,673
Total assets less current liabilities		**3,873,654**	1,604,438

The accompanying notes form part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

(Expressed in thousands of US Dollars, except number of shares)	Note	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Reserves: Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
Year ended December 31, 2015:										
Balance, January 1, 2015		1,408,026,456	14,080	964,992	(38,775)	(64,257)	393,648	1,269,688	37,752	1,307,440
Profit for the year		—	—	—	—	—	197,639	197,639	19,378	217,017
Other comprehensive income (loss):										
Remeasurements on defined benefit plans, net of tax	14(b)	—	—	—	—	(533)	—	(533)	3	(530)
Changes in fair value of cash flow hedges, net of tax	18(c)	—	—	—	—	(1,689)	—	(1,689)	(1)	(1,690)
Foreign currency translation losses	19	—	—	—	(31,666)	—	—	(31,666)	(3,606)	(35,272)
Total comprehensive income (loss) for the year		—	—	—	(31,666)	(2,222)	197,639	163,751	15,774	179,525
Transactions with owners recorded directly in equity:										
Change in fair value of put options	21	—	—	—	—	—	1,775	1,775	—	1,775
Cash distributions to equity holders	12	—	—	—	—	—	(88,000)	(88,000)	—	(88,000)
Share-based compensation expense	14(a)	—	—	—	—	15,215	—	15,215	—	15,215
Exercise of stock options	14(a)	1,807,069	18	6,229	—	(1,804)	—	4,443	—	4,443
Acquisition of non-controlling interest	23(b)	—	—	—	(1,102)	—	(6,216)	(7,318)	(2,085)	(9,403)
Dividends paid to non-controlling interests		—	—	—	—	—	—	—	(11,609)	(11,609)
Balance, December 31, 2015		1,409,833,525	14,098	971,221	(71,543)	(53,068)	498,846	1,359,554	39,832	1,399,386

The accompanying notes form part of the consolidated financial statements.

Consolidated Statement of Changes in Equity *(continued)*

(Expressed in thousands of US Dollars, except number of shares)	Note	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Reserves: Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
Year ended December 31, 2016:										
Balance, January 1, 2016		**1,409,833,525**	**14,098**	**971,221**	**(71,543)**	**(53,068)**	**498,846**	**1,359,554**	**39,832**	**1,399,386**
Profit for the year		—	—	—	—	—	**255,667**	**255,667**	**19,158**	**274,825**
Other comprehensive income (loss):										
Liquidation of defined benefit plan	14(b)	—	—	—	—	**141,747**	**(141,747)**	—	—	—
Deferred tax impact of the SERIP Plan Liquidation	14(b)	—	—	—	—	**(53,899)**	—	**(53,899)**	—	**(53,899)**
Remeasurements on defined benefit plans, net of tax	14(b)	—	—	—	—	**(8,384)**	—	**(8,384)**	**30**	**(8,354)**
Changes in fair value of foreign exchange forward contracts, net of tax	18(c)	—	—	—	—	**(628)**	—	**(628)**	**(29)**	**(657)**
Changes in fair value of interest rate swaps, net of tax	13(a), 18(c)	—	—	—	—	**11,431**	—	**11,431**	—	**11,431**
Foreign currency translation gains (losses)	19	—	—	—	**(22,835)**	—	—	**(22,835)**	**(283)**	**(23,118)**
Total comprehensive income (loss) for the year		—	—	—	**(22,835)**	**90,267**	**113,920**	**181,352**	**18,876**	**200,228**
Transactions with owners recorded directly in equity:										
Change in fair value of put options	21	—	—	—	—	—	**202**	**202**	—	**202**
Cash distributions to equity holders	12	—	—	—	—	—	**(93,000)**	**(93,000)**	—	**(93,000)**
Share-based compensation expense	14(a)	—	—	—	—	**15,490**	—	**15,490**	—	**15,490**
Exercise of stock options	14(a)	**1,455,376**	**15**	**4,830**	—	**(1,389)**	—	**3,456**	—	**3,456**
Dividends paid to non-controlling interests		—	—	—	—	—	—	—	**(14,775)**	**(14,775)**
Balance, December 31, 2016		**1,411,288,901**	**14,113**	**976,051**	**(94,378)**	**51,300**	**519,968**	**1,467,054**	**43,933**	**1,510,987**

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, 2016	2015
Cash flows from operating activities:			
Profit for the year		**274,825**	217,017
Adjustments to reconcile profit to net cash generated from operating activities:			
Gain on sale and disposal of assets, net		**1,593**	10
Depreciation	6	**66,785**	48,985
Amortization of intangible assets	7(b)	**22,456**	10,590
Net change in defined benefit pension plans	14(b)	**(21,652)**	(8,809)
Change in fair value of put options	19, 21(g)	**9,119**	5,772
Non-cash share-based compensation	14(a)	**15,490**	15,215
Interest expense on financial liabilities	19	**43,691**	3,160
Income tax (benefit) expense	18	**(2,160)**	74,043
		410,147	365,983
Changes in operating assets and liabilities (excluding allocated purchase price in business combinations):			
Trade and other receivables		**(55,132)**	(10,528)
Inventories		**31,469**	(31,783)
Other current assets		**(9,719)**	(5,968)
Trade and other payables		**(8,363)**	35,774
Other assets and liabilities, net		**3,611**	(9,290)
Cash generated from operating activities		**372,013**	344,188
Interest paid		**(36,055)**	(1,900)
Income tax paid		**(75,203)**	(83,265)
Net cash generated from operating activities		**260,755**	259,023
Cash flows from investing activities:			
Purchases of property, plant and equipment	6	**(69,579)**	(68,477)
Other intangible asset additions	7	**(6,197)**	—
Acquisition of businesses, net of cash acquired	5	**(1,685,281)**	(30,138)
Other proceeds (uses)		**1,691**	(5,437)
Net cash used in investing activities		**(1,759,366)**	(104,052)
Cash flows from financing activities:			
Proceeds from issuance of Senior Credit Facilities	13	**1,925,000**	—
Payments of long-term debt	13	**(9,500)**	—
Payments from current loans and borrowings, net	13	**(45,211)**	(1,111)
Acquisition of non-controlling interest	23(b)	**—**	(15,716)
Payment of deferred financing costs	13	**(69,499)**	—
Proceeds from the exercise of share options	14	**4,845**	6,247
Cash distributions to equity holders	12	**(93,000)**	(88,000)
Dividend payments to non-controlling interests	23	**(14,775)**	(11,609)
Net cash generated from (used in) financing activities		**1,697,860**	(110,189)
Net increase in cash and cash equivalents		**199,249**	44,782
Cash and cash equivalents, at January 1		**180,803**	140,423
Effect of exchange rate changes on cash and cash equivalents		**(11,512)**	(4,402)
Cash and cash equivalents, at December 31	11	**368,540**	180,803

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

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

Details of the principal subsidiaries of the Group are set out in note 23.

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 the 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. In December 2015, the Company received an extension of such authorization through the period ending December 31, 2018.

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, 2016. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period ended December 31, 2016 are set out in note 3(v).

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 (the "Board") on March 15, 2017.

2. Basis of Preparation *(continued)*

(a) Statement of Compliance *(continued)*

(Expressed in thousands of US Dollars)	As of December 31, 2016	2015
Equity under IFRS as issued by the IASB	**1,510,987**	1,399,386
Reconciling item		
None	**—**	—
Equity under IFRS as adopted by the EU	**1,510,987**	1,399,386

	For the year ended December 31, 2016	2015
Profit for the year under IFRS as issued by the IASB	**274,825**	217,017
Reconciling item		
None	**—**	—
Profit for the year under IFRS as adopted by the EU	**274,825**	217,017

As mentioned in note 2(e), Changes in Accounting Policies, the IASB has issued a number of new, revised and amended IFRSs. For the purpose of preparing the consolidated financial statements for the year ended December 31, 2016, there were no new or revised IFRSs yet effective.

(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 recognized past service cost and recognized actuarial losses, less recognized 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 within the Group are the currencies of the primary economic environment and key business processes of these subsidiaries and include, but are not limited to, United States Dollars, Euros, Renminbi and Indian Rupee.

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

2. Basis of Preparation *(continued)*

(d) Use of Judgments, Estimates and Assumptions

The preparation of the 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. No significant changes occurred during the current reporting period of estimates reported in prior 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(o) — Revenue recognition
- Note 5 — Business combinations
- Note 6 — Property, plant and equipment
- Note 7 — Goodwill and other intangible assets
- Note 9 — Inventories
- Note 10 — Trade and other receivables
- Note 14(a) — Share-based payment arrangements
- Note 14(b) — Pension plans and defined benefit schemes
- Note 18 — Income taxes
- Note 21(g) — Fair value of financial instruments
- Note 23(b) — Non-controlling interests and acquisition of non-controlling interests

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 5 — Business combinations
- Note 7 — Goodwill and other intangible assets
- Note 14(b) — Pension plans and defined benefit schemes
- Note 16 — Contingent liabilities
- Note 18 — Income taxes
- Note 21 — Financial risk management and financial instruments

(e) Changes in Accounting Policies

The IASB has issued a number of new, revised and amended IFRSs. For the purpose of preparing the consolidated financial statements for the year ended December 31, 2016, there were no new or revised IFRSs yet effective.

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.

(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 is 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 total equity attributable to 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 for the year and total comprehensive income for the year between non-controlling interests and 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 the 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 new cost basis 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, if applicable. Such amounts generally are recognized in profit or loss.

3. Summary of Significant Accounting Policies *(continued)*

(a) Principles of Consolidation *(continued)*

(iii) Business Combinations *(continued)*

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

(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. All foreign currency differences arising from the translation of the financial statements of foreign operations are recorded in the foreign currency translation reserve in the consolidated statement of position. 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.

3. Summary of Significant Accounting Policies *(continued)*

(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".

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 as incurred.

3. Summary of Significant Accounting Policies *(continued)*

(e) Goodwill and Other Intangible Assets

(i) Goodwill

Goodwill that arises upon the acquisition of a business 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 CGUs, which are expected to benefit from the synergies of the combination and are tested annually for impairment.

(ii) Intangible Assets (Other Than Goodwill)

Intangible assets primarily consist of tradenames, customer relationships, patents and key money. No recognized intangible assets have been generated internally.

Intangible assets which are considered to have an indefinite life, such as 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*®, *Tumi*®, *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
- Key money 3 to 10 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.

3. **Summary of Significant Accounting Policies** *(continued)*

(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.

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 may be allocated.

3. Summary of Significant Accounting Policies *(continued)*

(f) Impairment *(continued)*

(ii) Non-financial Assets *(continued)*

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) 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.

(i) 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.

(j) 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.

3. Summary of Significant Accounting Policies *(continued)*

(k) 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 the redemption value being recognized in profit or loss over the period of the borrowings, together with any interest payable and deferred financing costs, using the effective interest method.

(l) 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, canceled 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 and interest rate 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.

3. Summary of Significant Accounting Policies *(continued)*

(l) Financial Instruments *(continued)*

(ii) Derivative Financial Instruments *(continued)*

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* ("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, *Business Combinations* ("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.

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 a cash flow hedge of a forecasted transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that ultimately could affect reported profit or loss.

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 presented in the hedging reserve in equity, 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 immediately in 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. If the forecasted transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

3. Summary of Significant Accounting Policies *(continued)*

(l) Financial Instruments *(continued)*

(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.

(m) 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. IAS 19, *Employee Benefits* ("IAS19") limits the measurement of the defined benefit asset to the lower of the surplus in the defined benefit plan and the asset ceiling, which is defined as the present value of any economic benefits available in the form of refunds from the plan or redirections 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.

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. 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 are 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.

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. 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.

3. Summary of Significant Accounting Policies *(continued)*

***(m) Employee Benefits** (continued)*

(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 are projected and discounted at spot rates along the curve. The discount rate is then determined as a single rate yielding the same present value. Any actuarial gains and losses are recognized in other comprehensive income 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.

(n) 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 by the reporting date, and any adjustment to tax payable in respect of previous years.

3. Summary of Significant Accounting Policies *(continued)*

(n) Income Taxes *(continued)*

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.

(o) 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.

(p) 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, 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.

3. Summary of Significant Accounting Policies *(continued)*

(p) Cost of Sales, Distribution, Marketing and General and Administrative Expenses *(continued)*

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 and are expensed as incurred.

(q) Finance Income and Costs

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

Finance costs comprise interest expense on borrowings (including the amortization of deferred financing costs), unwinding of the discount on provisions, changes in the fair value of put options associated with the Group's majority-owned subsidiaries, net gains (losses) on hedging instruments that are recognized in profit or loss and reclassifications of net losses previously recognized in other comprehensive income. 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 deferred financing costs are amortized using the effective interest method over the term of the related debt obligation.

(r) 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 equity shareholders of the Company by the weighted average number of ordinary shares outstanding for the period, adjusted for any shares held by the Group. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary equity shareholders and the weighted average number of ordinary shares outstanding, adjusted for any shares held by the Group, for the effects of all potentially dilutive ordinary shares, which comprise share options granted to employees, as applicable.

(s) 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.

3. Summary of Significant Accounting Policies *(continued)*

(s) Leases *(continued)*

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.

(t) 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.

3. Summary of Significant Accounting Policies *(continued)*

(u) 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 apply:
  (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);
  (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); or
  (8) the entity, or any member of a group of which it is part, provides key management services to the Group or to the Group's parent.

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.

(v) New Standards and Interpretations

Certain new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2016, 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 new principles for classification and measurement based on cash flows characteristics and business model, a single forward-looking expected loss impairment model and a substantially revised approach to hedge accounting aligning it more with risk management strategies. IFRS 9 will come into effect on January 1, 2018 with early application permitted. The Group intends to adopt IFRS 9 as of January 1, 2018 and, based on its preliminary assessment of the requirements, does not anticipate a significant impact on its financial performance and condition.

In May 2014, the IASB issued IFRS 15, Revenue from *Contracts with Customers* ("IFRS 15"). IFRS 15 sets out requirements for recognizing revenue that applies to all contracts with customers and introduces a five step approach with control being the basic principal underpinning the new model. IFRS 15 is effective as of January 1, 2018 with earlier application permitted. The Group intends to adopt IFRS 15 as of January 1, 2018 and is currently in the process of evaluating an appropriate transition approach as well as identifying potential differences between existing accounting and the new requirements.

3. Summary of Significant Accounting Policies *(continued)*

(v) New Standards and Interpretations *(continued)*

In January 2016, the IASB issued IFRS 16, *Leases* ("IFRS 16") which, once adopted, replaces the existing standard IAS 17, *Leases*. IFRS 16 is intended to provide transparency on companies' lease assets and liabilities, with off-balance sheet lease financing generally no longer possible, thereby improving comparability between companies that lease and those that borrow to buy. IFRS 16 is effective as of January 1, 2019. Early application is permitted for companies that also adopt IFRS 15. The Group intends to adopt IFRS 16 as of January 1, 2019 and is currently in the process of evaluating appropriate transition options available under IFRS 16 as well as gaining an understanding of the overall impact of the adoption on the Group's consolidated financial statements.

In January 2016, the IASB issued Amendments to IAS 12, *Income Taxes*. These amendments, Recognition of Deferred Tax Assets for Unrealized Losses, clarify how to account for deferred tax assets related to debt instruments measured at fair value. Amendments to IAS 12, *Income Taxes* provides requirements on the recognition and measurement of current or deferred tax liabilities or assets and clarify the requirements on recognition of deferred tax assets for unrealized losses. Amendments to IAS 12, *Income Taxes* will come into effect for annual periods beginning on or after January 1, 2017 with earlier application permitted. The Group will adopt Amendments to IAS 12, *Income Taxes* as of January 1, 2017. Based on its assessment, the adoption of the new guidance will not have a significant impact on the Group's consolidated financial statements.

In February 2016, the IASB issued Amendments to IAS 7, *Statement of Cash Flows*. These amendments are part of the IASB's broader disclosure initiative to improve presentation and disclosure in financial statements. Amendments to IAS 7, *Statement of Cash Flows* requires new disclosures that help users to evaluate changes in liabilities arising from financing activities, including both cash flow and non-cash flow changes. Amendments to IAS 7, *Statement of Cash Flows* will come into effect for annual periods beginning on or after January 1, 2017 with early application permitted. Comparative information for preceding periods is not required upon the adoption of this amendment. The Group will adopt Amendments to IAS 7, *Statement of Cash Flows* as of January 1, 2017 and will present reconciliations between the opening and closing balances for liabilities with changes arising from financing activities in its 2017 annual report.

In June 2016, the IASB issued Amendments to IFRS 2, *Classification and Measurement of Share-based Payment Transactions*. These amendments eliminate the ambiguity over how a company should account for certain types of share-based payment arrangements. Amendments to IFRS 2, *Classification and Measurement of Share-based Payment Transactions* cover three accounting areas: (i) measurement of cash-settled share-based arrangements, (ii) classification of share-based payments settled net of tax withholdings and (iii) accounting for a modification of a share-based payment from cash-settled to equity-settled. Amendments to IFRS 2, *Classification and Measurement of Share-based Payment Transactions* will come into effect for annual periods beginning on or after January 1, 2018 with earlier application permitted. The Group intends to adopt IFRS 2, *Classification and Measurement of Share-based Payment Transactions* as of January 1, 2018 and does not anticipate a material impact on its consolidated financial results from adoption of this amendment.

3. Summary of Significant Accounting Policies *(continued)*

(v) New Standards and Interpretations (continued)

In December 2016, the IFRS issued Interpretations Committee ("IFRIC") Update 22, *Foreign Currency Transactions and Advance Consideration* ("IFRIC 22"). IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. IFRIC 22 covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. IFRIC 22 is effective for annual reporting periods beginning on or after January 1, 2018 with earlier application permitted. The Group intends to adopt IFRIC 22 as of January 1, 2018. Based on its initial assessment, management does not expect the adoption of the new guidance will have a significant impact on the Group's consolidated financial statements.

4. 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 — 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 — includes operations in the United States of America and Canada;
- Europe — includes operations in European countries as well as South Africa;
- Latin America — includes operations in Chile, Mexico, Argentina, Brazil, Colombia, Panama, Peru and Uruguay; and
- Corporate — 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 that are reviewed by the Chief Operating Decision Maker. Segment operating profit or loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of the Group's segments.

Segment information as of and for the year ended December 31, 2016 and December 31, 2015 is as follows:

	Year ended December 31, 2016					
(Expressed in thousands of US Dollars)	**Asia**	**North America**	**Europe**	**Latin America**	**Corporate**	**Consolidated**
External revenues	**1,028,578**	**1,027,172**	**615,301**	**130,559**	**8,887**	**2,810,497**
Operating profit	**133,070**	**84,345**	**68,548**	**(4,600)**	**49,838**	**331,201**
Operating profit (loss) excluding intragroup charges	**196,107**	**142,880**	**85,012**	**(1,683)**	**(91,115)**	**331,201**
Depreciation and amortization	**29,422**	**25,857**	**24,504**	**6,605**	**2,853**	**89,241**
Capital expenditures	**21,861**	**16,300**	**22,697**	**7,161**	**1,560**	**69,579**
Interest income	**654**	**7**	**192**	**226**	**174**	**1,253**
Interest expense	**(261)**	**—**	**(736)**	**(545)**	**(42,149)**	**(43,691)**
Income tax (expense) benefit	**(31,184)**	**(42,863)**	**(14,769)**	**(172)**	**91,148**	**2,160**
Total assets	**1,122,449**	**1,740,980**	**538,763**	**107,641**	**1,139,707**	**4,649,540**
Total liabilities	**176,483**	**612,954**	**214,146**	**43,229**	**2,091,741**	**3,138,553**

4. Segment Reporting *(continued)*

(a) Operating Segments (continued)

(Expressed in thousands of US Dollars)	Year ended December 31, 2015 Asia	North America	Europe	Latin America	Corporate	Consolidated
External revenues	947,602	811,304	544,740	120,476	8,355	2,432,477
Operating profit	114,813	56,083	52,132	3,645	82,198	308,871
Operating profit (loss) excluding intragroup charges	178,377	107,890	69,186	6,437	(53,019)	308,871
Depreciation and amortization	20,317	12,900	19,328	4,601	2,429	59,575
Capital expenditures	26,305	14,209	20,383	5,660	1,920	68,477
Interest income	488	2	444	(66)	—	868
Interest expense	(146)	(145)	(461)	(287)	(2,121)	(3,160)
Income tax (expense) benefit	(29,382)	(21,680)	(16,982)	(2,743)	(3,256)	(74,043)
Total assets	609,838	762,054	466,915	112,099	264,935	2,215,841
Total liabilities	229,924	502,839	225,856	44,145	(186,309)	816,455

(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 assets.

(i) Revenue from External Customers

The following table presents the revenues earned in major geographical locations where the Group has operations. 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.

4. Segment Reporting *(continued)*

(b) Geographical Information *(continued)*

(i) Revenue from External Customers *(continued)*

(Expressed in thousands of US Dollars)	Year ended December 31, 2016	2015
Asia:		
China	**251,729**	252,722
South Korea	**178,176**	184,141
Japan	**135,041**	93,668
India	**128,056**	135,066
Hong Kong[(1)]	**109,093**	77,224
Australia	**67,959**	56,203
United Arab Emirates	**45,881**	41,043
Thailand	**27,551**	25,703
Singapore	**26,262**	25,126
Taiwan	**23,910**	22,970
Indonesia	**19,069**	17,817
Other	**15,851**	15,919
Total Asia	**1,028,578**	947,602
North America:		
United States	**976,120**	769,505
Canada	**51,052**	41,799
Total North America	**1,027,172**	811,304
Europe:		
Germany	**110,883**	80,252
Belgium	**73,475**	64,411
Italy	**68,740**	60,614
United Kingdom[(2)]	**68,521**	59,774
France	**66,997**	68,393
Spain	**47,599**	41,055
Russia	**30,608**	27,085
Holland	**30,295**	28,307
Sweden	**19,684**	16,821
Austria	**17,103**	14,684
Turkey	**16,670**	17,745
Switzerland	**16,446**	17,701
Norway	**12,034**	11,941
Other	**36,246**	35,957
Total Europe	**615,301**	544,740
Latin America:		
Chile	**59,518**	57,867
Mexico	**41,422**	38,429
Brazil[(3)]	**12,425**	10,016
Other	**17,194**	14,164
Total Latin America	**130,559**	120,476
Corporate and other (royalty revenue):		
Luxembourg	**8,804**	8,240
United States	**83**	115
Total Corporate and other	**8,887**	8,355
Total	**2,810,497**	2,432,477

Notes

(1) Includes Macau. 2016 net sales in Hong Kong included sales to distributors of the *Tumi* brand throughout Asia, excluding Japan.

(2) Includes Ireland.

(3) The net sales figure for Brazil includes net sales to third party distributors in Brazil.

4. Segment Reporting *(continued)*

(b) Geographical Information *(continued)*

(ii) Specified Non-current Assets

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

(Expressed in thousands of US Dollars)	December 31, 2016	2015
United States	**1,613,020**	51,590
Luxembourg	**693,756**	677,309
Belgium	**55,699**	58,466
China	**27,140**	25,153
Hungary	**23,705**	20,953
Japan	**23,661**	16,232
Hong Kong	**19,382**	14,789
India	**15,200**	15,252
Chile	**11,697**	12,033
South Korea	**11,012**	9,937

5. Business Combinations

(a) 2016 Acquisition

The Group completed one business combination during the year ended December 31, 2016.

(i) Tumi Holdings, Inc.

On March 3, 2016, the Company and PTL Acquisition Inc. ("Merger Sub"), which was then an indirect wholly-owned subsidiary of the Company, entered into an agreement and plan of merger (the "Merger Agreement") with Tumi Holdings, Inc. ("Tumi Holdings"), pursuant to which the Company agreed to acquire Tumi Holdings for a cash consideration of US$26.75 per outstanding common share of Tumi Holdings, without interest (the "Per Share Merger Consideration"). The acquisition was completed on August 1, 2016 and was effected by way of the merger of Merger Sub with and into Tumi Holdings, with Tumi Holdings surviving the merger as an indirect wholly-owned subsidiary of the Company. On December 30, 2016, Tumi Holdings was merged with and into its wholly-owned subsidiary Tumi, Inc., with Tumi, Inc. surviving the merger. *Tumi* is a leading global premium lifestyle brand offering a comprehensive line of business bags, travel luggage and accessories. The brand is consistently recognized as "best in class" for the high quality, durability, functionality and innovative design of its products, which range from its iconic black ballistic business cases and travel luggage synonymous with the modern business professional, to travel accessories, women's bags and outdoor apparel.

5. Business Combinations *(continued)*

(a) 2016 Acquisition *(continued)*

(i) Tumi Holdings, Inc. *(continued)*

Pursuant to the terms of the Merger Agreement, as of the effective time of the merger (the "Effective Time"), each issued and outstanding share of Tumi Holdings common stock, other than dissenting shares and shares owned by the Company, Merger Sub, Tumi Holdings or any of their respective wholly-owned subsidiaries (including treasury shares), was canceled and converted into the right to receive the Per Share Merger Consideration. All Tumi Holdings stock options, service restricted stock unit awards and performance restricted stock unit awards (in each case whether vested or unvested) that were outstanding immediately prior to the Effective Time were canceled upon the completion of the merger, and the holders thereof were paid an aggregate of approximately US$19.0 million in cash in respect of such cancellation pursuant to the terms of the Merger Agreement. Upon the Effective Time, holders of Tumi Holdings common stock immediately prior to the Effective Time ceased to have any rights as stockholders in Tumi Holdings (other than their right to receive the Per Share Merger Consideration, or, in the case of shares of Tumi Holdings common stock as to which appraisal rights have been properly exercised and not withdrawn, the rights pursuant to Section 262 of the Delaware General Corporation Law). The total consideration paid under the Merger Agreement was approximately US$1,830.8 million. There was no contingent consideration included in the transaction.

The financial results of the Group as of and for the year ended December 31, 2016 include Tumi Holdings' financial results from August 1, 2016, the date of acquisition, through December 31, 2016. From the date of acquisition, the Tumi operations contributed US$275.8 million of revenue and net income of US$38.0 million (excluding transaction costs and the finance costs associated with the Senior Credit Facilities used to fund the acquisition) to the consolidated financial results of the Group for the year ended December 31, 2016.

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

(Expressed in thousands of US Dollars)	
Property, plant and equipment	102,309
Identifiable intangible assets	986,984
Other non-current assets	5,441
Inventories	109,735
Trade and other receivables	27,855
Other current assets	26,801
Cash	145,507
Deferred tax liability	(370,183)
Current loans and borrowings	(4,409)
Other non-current liabilities	(1,665)
Trade and other payables	(138,660)
Other current liabilities	(3,205)
Total identifiable net assets acquired	886,510
Goodwill	944,278
Total purchase price	1,830,788

5. Business Combinations *(continued)*

(a) 2016 Acquisition *(continued)*

(i) Tumi Holdings, Inc. *(continued)*

Identifiable intangible assets above is comprised of US$845.0 million attributable to the Tumi tradename, US$136.0 million for customer relationships and US$6.0 million for other intangibles.

If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised. See further discussion in note 3(a)(iii) on accounting for business combinations.

Goodwill in the amount of US$944.3 million was recognized as a result of the acquisition. The goodwill is attributable mainly to the synergies expected to be achieved from integrating Tumi into the Group's existing business. None of the goodwill recognized is expected to be deductible for tax purposes.

(ii) Pro forma results (unaudited)

If this acquisition had occurred on January 1, 2016, the Group estimates that consolidated net sales for 2016 would have been approximately US$3,126.4 million, and consolidated profit attributable to equity holders for 2016 would have been approximately US$269.7 million. In determining these amounts, the Group has assumed that the Senior Credit Facilities would have been outstanding for the full year and that the fair value adjustments that arose on the date of the acquisition would have been the same if the acquisition had occurred on January 1, 2016. The proforma information is not necessarily indicative of the results of operations that actually would have been achieved had the acquisition been consummated at that time, nor is it intended to be a projection of future results.

(b) 2015 Acquisitions

The Group completed two business combinations during the year ended December 31, 2015.

(i) 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 GBP15.8 million, with a subsequent working capital adjustment of GBP(0.3) million and a subsequent purchase price adjustment of GBP(0.5) million for leases that were not successfully transferred, for a total purchase price of GBP15.0 million. 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. The allocation of the purchase price was completed in 2015 resulting in goodwill of US$21.8 million, none of which is expected to be deductible for tax purposes. No subsequent adjustments have been made to the amounts recognized for the assets acquired and liabilities assumed that were disclosed in the 2015 Annual Report.

5. Business Combinations *(continued)*

(b) 2015 Acquisitions *(continued)*

(ii) Chic Accent

On September 30, 2015, a wholly-owned subsidiary of the Company completed the acquisition of substantially all of the assets, and assumed certain liabilities, comprising the business as a going concern of Chic Accent for a cash consideration of EUR8.5 million, with a subsequent working capital adjustment of EUR(2.1) million in cash. The acquisition provides the Group with 31 retail store locations in Italy dedicated to premium accessories, ladies' handbags, travel luggage and business products, and further expands the Group's portfolio of retail store locations. The allocation of the purchase price was completed in 2015 resulting in goodwill of US$8.1 million, all of which is expected to be deductible for tax purposes. No subsequent adjustments have been made to the amounts recognized for the assets acquired and liabilities assumed that were disclosed in the 2015 Annual Report.

(c) Acquisition-related Costs

The Group incurred approximately US$46.2 million and US$8.9 million in acquisition-related costs during the years ended December 31, 2016 and December 31, 2015, respectively. Such costs are primarily comprised of costs associated with due diligence, professional and legal fees, severance and integration costs and are recognized within other expenses on the consolidated income statement.

6. Property, Plant and Equipment

(Expressed in thousands of US Dollars)	Land	Buildings	Machinery, equipment, leasehold improvements and other	Total
2016				
Cost:				
As of January 1, 2016	**10,728**	**51,687**	**422,753**	**485,168**
Purchases of property, plant and equipment	**226**	**404**	**68,949**	**69,579**
Additions through business combinations (note 5)	**418**	**6,876**	**95,015**	**102,309**
Disposals and write-offs	**—**	**(16)**	**(29,344)**	**(29,360)**
Effect of movement in foreign currency exchange rates	**(161)**	**(2,050)**	**(10,911)**	**(13,122)**
As of December 31, 2016	**11,211**	**56,901**	**546,462**	**614,574**
Accumulated depreciation and impairment:				
As of January 1, 2016	**(1,099)**	**(22,790)**	**(275,196)**	**(299,085)**
Depreciation for the year	**(28)**	**(3,433)**	**(63,324)**	**(66,785)**
Disposals and write-offs	**—**	**9**	**26,024**	**26,033**
Effect of movement in foreign currency exchange rates	**37**	**986**	**6,230**	**7,253**
As of December 31, 2016	**(1,090)**	**(25,228)**	**(306,266)**	**(332,584)**
Carrying value:				
As of December 31, 2016	**10,121**	**31,673**	**240,196**	**281,990**

6. Property, Plant and Equipment *(continued)*

(Expressed in thousands of US Dollars)	Land	Buildings	Machinery, equipment, leasehold improvements and other	Total
2015				
Cost:				
As of January 1, 2015	11,271	55,593	402,299	469,163
Purchases of property, plant and equipment	26	2,659	65,792	68,477
Additions through business combinations (note 5)	—	—	2,099	2,099
Disposals and write-offs	—	(1,485)	(20,602)	(22,087)
Effect of movement in foreign currency exchange rates	(569)	(5,080)	(26,835)	(32,484)
As of December 31, 2015	10,728	51,687	422,753	485,168
Accumulated depreciation and impairment:				
As of January 1, 2015	(1,198)	(23,832)	(265,808)	(290,838)
Depreciation for the year	(24)	(3,153)	(45,808)	(48,985)
Disposals and write-offs	—	1,485	19,351	20,836
Effect of movement in foreign currency exchange rates	123	2,710	17,069	19,902
As of December 31, 2015	(1,099)	(22,790)	(275,196)	(299,085)
Carrying value:				
As of December 31, 2015	9,629	28,897	147,557	186,083

Depreciation expense for the years ended December 31, 2016 and December 31, 2015 amounted to US$66.8 million and US$49.0 million, respectively. Of this amount, US$13.9 million and US$8.0 million was included in cost of sales during the years ended December 31, 2016 and December 31, 2015, respectively. Remaining amounts were presented in distribution and general and administrative expenses. The Group has authorized capital expenditures of US$114.4 million in 2017, of which approximately US$3.6 million has been committed as of December 31, 2016. All land owned by the Group is freehold.

No impairment indicators existed as of December 31, 2016 and December 31, 2015.

7. Goodwill and Other Intangible Assets

(a) Goodwill

The Group's goodwill balance amounted to US$1,238.9 million as of December 31, 2016, of which approximately US$61.2 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, 2016	December 31, 2015
Cost:		
As of January 1	**1,267,147**	1,239,866
Additions through business combinations (note 5)	**944,278**	29,909
Other additions	**452**	—
Effect of movement in foreign currency exchange rates/other	**(3,180)**	(2,628)
As of December 31	**2,208,697**	1,267,147
Accumulated impairment losses:		
As of January 1 and as of December 31	**(969,787)**	(969,787)
Carrying amount	**1,238,910**	297,360

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
As of December 31, 2016	**503,726**	**679,753**	**55,431**	**—**	**1,238,910**
As of December 31, 2015	174,438	84,018	38,904	—	297,360

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.

7. Goodwill and Other Intangible Assets *(continued)*

(a) Goodwill *(continued)*

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.

- Pre-tax discount rates of 8.5–10.5% were used in discounting the projected cash flows. The pre-tax discount rates were calculated for each CGU.
- Segment cash flows were projected based on the historical operating results and the five-year forecasts.
- The terminal values were extrapolated using constant long-term growth rates of 3–4% for each CGU, which is consistent with the average growth rate for the industry.
- The sales prices were assumed to be a constant margin above cost.

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. 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.

7. Goodwill and Other Intangible Assets *(continued)*

(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:					
As of January 1, 2015	138,771	8,297	147,068	681,646	828,714
Additions through business combinations	—	—	—	1,078	1,078
Other additions	—	6,675	6,675	—	6,675
Disposals	—	(4,160)	(4,160)	—	(4,160)
Effect of movement in foreign currency exchange rates	(249)	(596)	(845)	(567)	(1,412)
As of December 31, 2015 and January 1, 2016	138,522	10,216	148,738	682,157	830,895
Additions through business combinations (note 5)	**136,000**	**5,984**	**141,984**	**845,000**	**986,984**
Other additions	**—**	**5,745**	**5,745**	**—**	**5,745**
Disposals	**—**	**(535)**	**(535)**	**—**	**(535)**
Effect of movement in foreign currency exchange rates	**126**	**(983)**	**(857)**	**203**	**(654)**
As of December 31, 2016	**274,648**	**20,427**	**295,075**	**1,527,360**	**1,822,435**
Accumulated amortization:					
As of January 1, 2015	(56,145)	(5,882)	(62,027)	—	(62,027)
Amortization for the year	(9,852)	(738)	(10,590)	—	(10,590)
Disposal	—	4,160	4,160	—	4,160
Effect of movement in foreign currency exchange rates	18	(45)	(27)	—	(27)
As of December 31, 2015 and January 1, 2016	(65,979)	(2,505)	(68,484)	—	(68,484)
Amortization for the year	**(19,009)**	**(3,447)**	**(22,456)**	**—**	**(22,456)**
Effect of movement in foreign currency exchange rates	**46**	**1,520**	**1,566**	**—**	**1,566**
As of December 31, 2016	**(84,942)**	**(4,432)**	**(89,374)**	**—**	**(89,374)**
Carrying amounts:					
As of December 31, 2016	**189,706**	**15,995**	**205,701**	**1,527,360**	**1,733,061**
As of December 31, 2015	72,543	7,711	80,254	682,157	762,411

7. Goodwill and Other Intangible Assets *(continued)*

(b) Other Intangible Assets *(continued)*

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

(Expressed in thousands of US Dollars)	December 31, 2016	December 31, 2015
Samsonite	**462,459**	462,459
Tumi	**845,000**	—
American Tourister	**69,969**	69,969
High Sierra	**39,900**	39,900
Gregory	**38,600**	38,600
Speck	**36,800**	36,800
Hartmann	**16,500**	16,500
Lipault	**12,259**	12,259
Other	**5,873**	5,670
Total tradenames	**1,527,360**	682,157

Amortization expense for intangible assets for the years ended December 31, 2016 and December 31, 2015 was US$22.5 million and US$10.6 million, respectively, and is presented as a distribution expense in the consolidated income statement. Future amortization expense as of December 31, 2016 for the next five years is estimated to be US$32.1 million, US$29.0 million, US$27.9 million, US$25.9 million, US$24.9 million and a total of US$65.9 million thereafter.

In accordance with IAS 36, the Group is required to evaluate its intangible assets with finite lives for recoverability whenever events or changes in circumstance indicate that their carrying amount might not be recoverable. 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. There were no impairment indicators and there were no accumulated impairment losses as of December 31, 2016 and December 31, 2015.

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 to sell.

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.

- Pre-tax discount rates of 8.5–10.5% were used. The pre-tax discount rates were calculated separately for each tradename.
- 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.

7. Goodwill and Other Intangible Assets *(continued)*

(b) Other Intangible Assets *(continued)*

- The terminal values were extrapolated using constant long-term growth rates of 3–4% for each tradename, which is consistent with the average growth rate for the industry.
- The sales prices were assumed to be a constant margin above cost.

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. 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.

8. Prepaid Expenses, Other Assets and Receivables

(a) Non-current

Other assets and receivables consisted of the following:

	December 31,	
(Expressed in thousands of US Dollars)	**2016**	2015
Deposits	**28,926**	21,346
Other	**4,000**	3,813
Total other assets and receivables	**32,926**	25,159

(b) Current

Prepaid expenses and other current assets are primarily comprised of prepaid taxes and prepaid rent and are expected to be recoverable or expensed within one year.

9. Inventories

Inventories consisted of the following:

	December 31,	
(Expressed in thousands of US Dollars)	**2016**	2015
Raw materials	**23,913**	22,608
Work in process	**1,779**	1,725
Finished goods	**395,642**	324,743
Total inventories	**421,334**	349,076

The amounts above include inventories carried at net realizable value (estimated selling price less costs to sell) of US$180.8 million and US$94.7 million as of December 31, 2016 and December 31, 2015, respectively. During the years ended December 31, 2016 and December 31, 2015, the impairment of inventories to net realizable value amounted to US$6.2 million and US$2.1 million, respectively. During the years ended December 31, 2016 and December 31, 2015 the reversal of impairments recognized in profit or loss amounted to US$1.3 million and US$1.9 million, respectively, where the Group was able to sell the previously written-down inventories at higher selling prices than previously estimated.

10. Trade and Other Receivables

Trade and other receivables are presented net of related allowances for doubtful accounts of US$13.0 million and US$12.7 million as of December 31, 2016 and December 31, 2015, respectively.

(a) *Aging Analysis*

Included in trade and other receivables are trade receivables (net of allowance for doubtful accounts) of US$338.4 million and US$269.1 million as of December 31, 2016 and December 31, 2015, respectively, with the following aging analysis by due date of the respective invoice:

(Expressed in thousands of US Dollars)	December 31, 2016	2015
Current	**291,359**	232,027
0–30 days past due	**34,379**	32,960
Greater than 30 days past due	**12,648**	4,132
Total trade receivables	**338,386**	269,119

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

(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 follows:

(Expressed in thousands of US Dollars)	2016	2015
As of January 1	**12,720**	13,459
Impairment loss recognized	**2,031**	1,160
Impairment loss written back or off	**(1,746)**	(1,899)
As of December 31	**13,005**	12,720

11. Cash and Cash Equivalents

(Expressed in thousands of US Dollars)	December 31, 2016	2015
Bank balances	**362,736**	169,994
Short-term investments	**5,804**	10,809
Total cash and cash equivalents	**368,540**	180,803

Short-term investments are comprised of overnight sweep accounts and time deposits. The Group had restricted cash in the amount of US$35.1 million as of December 31, 2016. There were no restrictions on the use of any of the Group’s cash as of December 31, 2015.

12. Earnings Per Share

(a) Basic

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the years ended December 31, 2016 and December 31, 2015.

(Expressed in thousands of US Dollars, except share and per share data)	Year ended December 31, 2016	2015
Issued ordinary shares at the beginning of the year	**1,409,833,525**	1,408,026,456
Weighted-average impact of share options exercised during the year	**759,604**	1,372,329
Weighted-average number of shares during the year	**1,410,593,129**	1,409,398,785
Profit attributable to the equity holders	**255,667**	197,639
Basic earnings per share (Expressed in US Dollars per share)	**0.181**	0.140

(b) Diluted

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

(Expressed in thousands of US Dollars, except share and per share data)	Year ended December 31, 2016	2015
Weighted-average number of ordinary shares (basic) at end of the year	**1,410,593,129**	1,409,398,785
Effect of share options	**2,966,094**	2,782,489
Weighted-average number of shares during the year	**1,413,559,223**	1,412,181,274
Profit attributable to the equity holders	**255,667**	197,639
Diluted earnings per share (Expressed in US Dollars per share)	**0.181**	0.140

(c) Dividends and Distributions

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

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

Dividend payments to non-controlling interests amounted to US$14.8 million and US$11.6 million during the years ended December 31, 2016 and December 31, 2015, respectively.

12. Earnings Per Share *(continued)*

(c) Dividends and Distributions *(continued)*

No other dividends or distributions were declared or paid during the years ended December 31, 2016 and December 31, 2015.

13. Loans and Borrowings

(a) Non-current Obligations

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

(Expressed in thousands of US Dollars)	December 31, 2016	December 31, 2015
Term Loan A Facility	**1,242,187**	—
Term Loan B Facility	**673,313**	—
Term Loan Facilities	**1,915,500**	—
Finance lease obligations	**283**	87
Total loans and borrowings	**1,915,783**	87
Less deferred financing costs	**(64,341)**	—
Total loans and borrowings less deferred financing costs	**1,851,442**	87
Less current portion of long-term debt	**(45,813)**	—
Less current installments on finance lease obligations	**(68)**	(30)
Non-current loans and borrowings	**1,805,561**	57

The contractual maturities of non-current loans and borrowings are included in note 21(c).

Senior Credit Facilities

Overview

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

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

13. Loans and Borrowings *(continued)*

(a) Non-current Obligations *(continued)*

Senior Credit Facilities *(continued)*

Interest Rate and Fees

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

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

Subsequent to December 31, 2016, the Group refinanced the Senior Credit Facilities on February 2, 2017 (the "Repricing"). Under the terms of the Repricing, the interest rate payable on the Term Loan A Facility and the Revolving Facility was reduced with effect from February 2, 2017 until the delivery of the financial statements for the period ending June 30, 2017 to LIBOR plus 2.00% per annum (or a base rate plus 1.00% per annum) from LIBOR plus 2.75% per annum (or a base rate plus 1.75% per annum) and thereafter shall be based on the total net leverage ratio of the Group at the end of each fiscal quarter. The interest rate payable on the Term Loan B Facility was reduced with effect from February 2, 2017 to LIBOR plus 2.25% per annum with a LIBOR floor of 0.00% (or a base rate plus 1.25% per annum) from LIBOR plus 3.25% with a LIBOR floor of 0.75% (or a base rate plus 2.25% per annum). In addition, the commitment fee payable in respect of the unutilized commitments under the Revolving Facility was reduced from 0.5% per annum to 0.375% per annum through June 30, 2017 and thereafter shall be based on the total net leverage ratio of the Group at the end of each fiscal quarter. In conjunction with the Repricing, the Group incurred approximately US$5.2 million in fees and expenses that will be deferred and amortized over the term of the borrowings.

Mandatory Prepayments

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

Voluntary Prepayments

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

13. Loans and Borrowings *(continued)*

(a) Non-current Obligations *(continued)*

Senior Credit Facilities *(continued)*

Amortization and Final Maturity

The Term Loan A Facility requires scheduled quarterly payments commencing December 31, 2016, with an amortization of 2.5% of the original principal amount of the loans under the Term Loan A Facility made during the first year, with a step-up to 5.0% amortization during the second and third years, 7.5% during the fourth year and 10.0% during the fifth year, with the balance due and payable on the fifth anniversary of the Closing Date. The Term Loan B Facility requires scheduled quarterly payments commencing December 31, 2016, each equal to 0.25% of the original principal amount of the loans under the Term Loan B Facility, with the balance due and payable on the seventh anniversary of the Closing Date. There is no scheduled amortization of the principal amounts of the loans outstanding under the Revolving Facility. Any principal amount outstanding under the Revolving Facility is due and payable on the fifth anniversary of the Closing Date.

Guarantees and Security

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

Certain Covenants and Events of Default

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

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

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

13. Loans and Borrowings *(continued)*

(a) Non-current Obligations *(continued)*

Senior Credit Facilities *(continued)*

Interest Rate Swaps

The Group entered into interest rate swap transactions on June 1, 2016 that became effective on December 31, 2016 and will terminate on August 31, 2021. The Group uses the interest rate swap transactions to minimize its exposure to interest rate fluctuations under the floating-rate Senior Credit Facilities by swapping certain US Dollar floating-rate bank borrowings with fixed-rate agreements. The interest rate swap agreements have initial notional amounts totaling US$1,237.0 million representing approximately 65% of the anticipated balances of the Term Loan Facilities. The notional amounts of the interest rate swap agreements decrease over time in line with required amortization and anticipated prepayments on the Term Loan Facilities. LIBOR has been fixed at approximately 1.30% under each agreement. Each of the interest rate swap agreements have fixed payments due monthly starting January 31, 2017. The interest rate swap transactions qualify as cash flow hedges under IFRS. As of December 31, 2016, the interest rate swaps were marked-to-market, resulting in a net asset position to the Group in the amount of US$16.1 million, which was recorded as an asset with the effective portion of the gain deferred to other comprehensive income.

Deferred Financing Costs

The Group recognized US$69.5 million of deferred financing costs during the year ended December 31, 2016 related to the Senior Credit Facilities, all of which were included in non-current loans and borrowings in the consolidated statement of financial position as of December 31, 2016. The deferred financing costs were comprised of the original issue discount, commitment fees and other financing-related costs that will be deferred and offset against loans and borrowings to be amortized using the effective interest method over the life of the Term Loan Facilities.

(b) Current Obligations and Credit Facilities

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

	December 31,	
(Expressed in thousands of US Dollars)	**2016**	2015
Current portion of non-current loans and borrowings	**45,813**	—
Revolving Facility	**10,516**	—
Prior Revolving Facility	**—**	48,174
Other lines of credit	**13,410**	15,921
Finance lease obligations	**68**	30
Total current obligations	**69,807**	64,125
Less deferred financing costs on Prior Revolving Facility	**—**	(1,401)
Total current obligations less deferred financing costs	**69,807**	62,724

Revolving Facility

As of December 31, 2016, US$486.4 million was available to be borrowed on the Revolving Facility as a result of US$10.5 million of outstanding borrowings and the utilization of US$3.1 million of the facility for outstanding letters of credit extended to certain creditors.

13. Loans and Borrowings *(continued)*

(b) Current Obligations and Credit Facilities *(continued)*

Prior Revolving Facility

Until July 31, 2016, the Group maintained the Prior Revolving Facility in the amount of US$500.0 million. The Prior Revolving Facility had an initial term of five years from its effective date of June 17, 2014, with a one-year extension available at the request of the Group and at the option of the lenders. The interest rate on borrowings under the Prior Revolving Facility was the aggregate of (i) (a) LIBOR or (b) the prime rate of the lender and (ii) a margin to be determined based on the Group's leverage ratio. Based on the Group's leverage ratio, the Prior Revolving Facility carried a commitment fee ranging from 0.2% to 0.325% per annum on any unutilized amounts, as well as an agency fee if another lender joined the Prior Revolving Facility. The Prior Revolving Facility was secured by certain of the Group's assets in the United States and Europe, as well as the Group's intellectual property. The Prior Revolving Facility also contained financial covenants related to interest coverage and leverage ratios, and operating covenants that, among other things, limited the Group's ability to incur additional debt, create liens on its assets, and participate in certain mergers, acquisitions, liquidations, asset sales or investments. The Prior Revolving Facility was terminated and all outstanding balances were repaid in conjunction with the financing for the Tumi acquisition on August 1, 2016.

Other Loans and Borrowings

Certain consolidated subsidiaries of the Group maintain credit lines with various third party lenders in the regions in which they operate. Other loans and borrowings are generally variable rate instruments denominated in the functional currency of the borrowing Group entity. These local credit lines provide working capital for the day-to-day business operations of the subsidiaries, including overdraft, bank guarantees, 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$13.4 million and US$15.9 million as of December 31, 2016 and December 31, 2015, respectively. The uncommitted available lines of credit amounted to US$79.5 million and US$88.1 million as of December 31, 2016 and December 31, 2015, respectively.

14. Employee Benefits

Employee benefits expense, which consists of payroll, pension plan expenses, share-based payments and other benefits, amounted to US$377.5 million and US$298.0 million for the years ended December 31, 2016 and December 31, 2015, respectively. Of these amounts, US$31.4 million and US$23.6 million was included in cost of sales during the years ended December 31, 2016 and December 31, 2015, respectively. The remaining amounts were presented in distribution expenses and general and administrative expenses.

Average employee headcount worldwide was approximately 11,061 and 9,325 for the years ending December 31, 2016 and December 31, 2015, respectively.

(a) Share-based Payment Arrangements

On September 14, 2012, the Company's shareholders adopted the Company's Share Award Scheme, which will remain in effect until September 13, 2022. The purpose of the Share Award Scheme is to attract skilled and experienced personnel, to incentivize them to remain with the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company. Awards under the Share Award Scheme may take the form of either share options or restricted share units ("RSUs"), which may be granted at the discretion of the Board to directors, employees or such other persons as the Board may determine.

14. Employee Benefits *(continued)*

(a) Share-based Payment Arrangements *(continued)*

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, 2017 (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 65,799,419 shares, representing approximately 4.7% of the issued share capital of the Company at that date. An individual participant may be granted awards pursuant to the Share Award Scheme in respect of a maximum of 1% of the Company's total issued shares in any 12-month period. Any grant of awards to an individual participant in excess of this limit is subject to independent shareholder's approval.

On May 6, 2016, the Company granted share options exercisable for 19,953,760 ordinary shares to certain directors, key management personnel and other employees of the Group with an exercise price of HK$24.91 per share. Such options are subject to pro rata vesting over a 4-year period, with 25% of the options vesting on each anniversary date of the grant. Such options have a 10-year term.

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

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

On June 16, 2016, the Company granted share options exercisable for 99,972 ordinary shares to an employee of a subsidiary of the Company with an exercise price of HK$23.19 per share. Such options are subject to *pro rata* vesting over a 4-year period, with 25% of the options vesting on each anniversary date of the grant. Such options have a 10-year term.

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

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

14. Employee Benefits *(continued)*

(a) Share-based Payment Arrangements *(continued)*

The following inputs were used in the measurement of the fair value at grant date of the share-based payment for the 19,953,760 share options made on May 6, 2016:

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

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

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

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

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

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

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

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

14. Employee Benefits *(continued)*

(a) Share-based Payment Arrangements *(continued)*

In total, share-based compensation expense of US$15.5 million and US$15.2 million was recognized in the consolidated income statement, with the offset in equity reserves, for the years ended December 31, 2016 and December 31, 2015, respectively.

Particulars and movements of share options during the year ended December 31, 2016 and December 31, 2015 were as follows:

	Number of Options	Weighted-average exercise price
Outstanding at January 1, 2016	**49,101,566**	**HK$21.83**
Granted during the period	**24,305,905**	**HK$24.90**
Exercised during the period	**(1,455,376)**	**HK$18.41**
Canceled/lapsed during the period	**(963,036)**	**HK$23.24**
Outstanding at December 31, 2016	**70,989,059**	**HK$22.93**
Exercisable at December 31, 2016	**16,625,484**	**HK$20.57**

	Number of Options	Weighted-average exercise price
Outstanding at January 1, 2015	26,741,866	HK$20.13
Granted during the period	26,161,369	HK$23.31
Exercised during the period	(1,807,069)	HK$19.06
Canceled/lapsed during the period	(1,994,600)	HK$21.22
Outstanding at December 31, 2015	49,101,566	HK$21.83
Exercisable at December 31, 2015	8,036,722	HK$19.29

At December 31, 2016, the range of exercise prices for outstanding share options was HK$17.36 to HK$24.91 with a weighted average contractual life of 8.0 years. At December 31, 2015, the range of exercise prices for outstanding share options was HK$17.36 to HK$24.77 with a weighted average contractual life of 8.3 years.

No RSUs had been issued under the Share Award Scheme as of December 31, 2016.

14. Employee Benefits *(continued)*

(b) Pension Plans and Defined Benefit Schemes

(i) Plan Descriptions

Details of the significant plans sponsored by the Group are presented below.

A U.S. subsidiary of the Group sponsored a defined benefit retirement plan, the Samsonite Employee Retirement Income Plan (the "SERIP Plan"), which covered certain employee groups. Retirement benefits were based on a final average pay formula. The SERIP Plan was closed to new entrants effective December 31, 2009. Effective December 31, 2010, the SERIP Plan was frozen to suspend future benefit accruals. The SERIP Plan was terminated effective December 31, 2014. In connection with the SERIP Plan's termination, the benefits being paid to participants and beneficiaries whose pensions were in pay were continued through the purchase of an annuity contract from an insurance company. Participants whose pension payments had not started had the option to either make an election to receive a lump-sum payment that could be rolled over into an individual retirement account or other qualified plan, or receive either an immediate or a deferred vested annuity contract that would pay their benefits. In August 2016, the SERIP Plan received a determination letter from the U.S. Internal Revenue Service ("IRS") stating that the termination of the SERIP Plan did not affect its qualification for federal tax purposes. On or before December 31, 2016, substantially all SERIP Plan assets were distributed to participants and beneficiaries or used to purchase the annuity that will pay the benefits for the remaining participants (the "SERIP Plan Liquidation"). SERIP Plan management believes it has complied with all applicable laws and regulations in regards to the SERIP Plan Liquidation. A liability of US$7.3 million exists for the SERIP Plan at December 31, 2016 for certain participants whose benefits were not distributed or transferred to the insurance carrier or Pension Benefit Guaranty Corporation until the first quarter of 2017 due to administrative reasons. See further discussion in note 14(b)(ii) below.

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 was 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, 2016 and December 31, 2015, 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.

14. Employee Benefits *(continued)*

(b) Pension Plans and Defined Benefit Schemes *(continued)*

(i) Plan Descriptions *(continued)*

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, 2016 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 were US$9.9 million and US$227.4 million as of December 31, 2016 and December 31, 2015, respectively, which are 0.0% and 90.7% funded by the plan assets held by the trustees as of December 31, 2016 and December 31, 2015, respectively.

(ii) The SERIP Plan Liquidation

The Group accounted for the SERIP Plan Liquidation in accordance with IAS 19, *Employee Benefits* ("IAS 19"). IAS 19 defines a settlement as a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan, other than a payment of benefits to, or on behalf of, employees that are set out in the terms of the plan and included in the actuarial assumptions. Substantially all of the participants who elected to receive a lump sum payment received such payment from SERIP Plan assets during 2016. The projected benefit obligation for participants who did not elect to receive a lump sum benefit has been, or, in the case of the US$7.3 million liability remaining at December 31, 2016, will be, satisfied by the annuity contracts purchased with a combination of SERIP Plan and Group assets. As a result of this process, the Group will no longer be obligated to pay such benefits.

In accordance with IAS 19, the net defined benefit liability was recalculated by the Group's third party actuary immediately prior to the SERIP Plan Liquidation. In conjunction with this remeasurement, the Group recognized a settlement gain in the amount of US$6.0 million in its consolidated income statement for the year ended December 31, 2016. Of the US$6.0 million, US$1.5 million has been presented within general and administrative expenses with the remainder in other expenses in the consolidated income statement.

Per IAS 19, remeasurements of the net defined benefit liability recognized in accumulated other comprehensive income shall not be reclassified to profit or loss in a subsequent period. However, an entity may transfer those amounts recognized in accumulated other comprehensive income within equity categories. In conjunction with the SERIP Plan Liquidation, accumulated other comprehensive income attributable to the SERIP Plan in the amount of US$141.7 million was transferred to retained earnings, while the related US$53.9 million of deferred tax asset was derecognized from the statement of financial position and from accumulated other comprehensive income.

The Group had US$53.9 million of deferred tax asset recognized against accumulated other comprehensive income. Per IAS 12, *Income Taxes* ("IAS 12"), deferred tax assets or liabilities shall be recognized outside profit or loss if those relate to pre-tax items that have been recognized, in the same or a different period, outside of profit or loss. Therefore, the derecognition of deferred tax assets or liabilities that relate to pre-tax items that originally have been recognized in other comprehensive income shall be presented in other comprehensive income accordingly. Hence, the US$53.9 million of derecognized deferred tax asset was released through other comprehensive income during 2016.

14. Employee Benefits *(continued)*

(b) Pension Plans and Defined Benefit Schemes *(continued)*

(ii) The SERIP Plan Liquidation *(continued)*

In conjunction with the SERIP Plan Liquidation, US$56.8 million of deferred tax liabilities that were originally recognized as deferred income tax expense at the time of related cash contributions to the U.S. SERIP Plan were derecognized, creating a tax benefit for the same amount on the consolidated income statement for the year ended December 31, 2016. Per IAS 12, in the case of deferred tax assets or liabilities that have been originally recognized through deferred tax income or an expense are derecognized in a subsequent period, those reversals will be presented within profit or loss accordingly. Hence, the US$56.8 million of derecognized deferred tax liability was released through deferred tax income during 2016. See also note 18(a).

(iii) Amounts Recognized in the Consolidated Statements of Financial Position for the Group's Significant Plans

	December 31,	
(Expressed in thousands of US Dollars)	**2016**	2015
Present value of unfunded obligations	**(15,541)**	(14,104)
Present value of partly funded obligations	**(7,302)**	(224,840)
Fair value of plan assets	**—**	206,378
Net pension liability	**(22,843)**	(32,566)
Experience adjustments arising on plan liabilities	**3,300**	270

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 accumulated 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 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$0.7 million during 2017 and between US$0.6 million and US$0.9 million each year from 2018 through 2021.

The net pension liability is shown below:

	December 31, 2016			
(Expressed in thousands of US Dollars)	**U.S. pension benefits**	**U.S. post-retirement benefits**	**Belgium retirement benefits**	**Total**
Present value of the defined benefit obligation	**(9,915)**	**(1,631)**	**(11,297)**	**(22,843)**
Fair value of plan assets	**—**	**—**	**—**	**—**
Net liability	**(9,915)**	**(1,631)**	**(11,297)**	**(22,843)**

14. Employee Benefits *(continued)*

(b) Pension Plans and Defined Benefit Schemes *(continued)*

(iii) Amounts Recognized in the Consolidated Statements of Financial Position for the Group's Significant Plans *(continued)*

	December 31, 2015			
(Expressed in thousands of US Dollars)	U.S. pension benefits	U.S. post-retirement benefits	Belgium retirement benefits	Total
Present value of the defined benefit obligation	(227,426)	(1,681)	(9,837)	(238,944)
Fair value of plan assets	206,378	—	—	206,378
Net liability	(21,048)	(1,681)	(9,837)	(32,566)

(iv) Movements in the Present Value of the Defined Benefit Obligations for the Group's Significant Plans

	Year ended December 31, 2016			
(Expressed in thousands of US Dollars)	**U.S. pension benefits**	**U.S. post-retirement benefits**	**Belgium retirement benefits**	**Total**
Change in benefit obligation:				
Benefit obligation at January 1	**227,426**	**1,681**	**9,837**	**238,944**
Service cost	**(5,962)**	**—**	**914**	**(5,048)**
Interest cost	**7,443**	**65**	**176**	**7,684**
Plan participants' contributions	**—**	**129**	**—**	**129**
Remeasurements	**16,122**	**(110)**	**1,005**	**17,017**
Benefits paid	**(13,904)**	**(134)**	**(238)**	**(14,276)**
Settlement payments from plan assets	**(221,210)**	**—**	**—**	**(221,210)**
Foreign exchange adjustments	**—**	**—**	**(397)**	**(397)**
Benefit obligation at December 31	**9,915**	**1,631**	**11,297**	**22,843**

	Year ended December 31, 2015			
(Expressed in thousands of US Dollars)	U.S. pension benefits	U.S. post-retirement benefits	Belgium retirement benefits	Total
Change in benefit obligation:				
Benefit obligation at January 1	244,229	1,826	11,332	257,387
Service cost	—	—	578	578
Interest cost	8,674	64	153	8,891
Plan participants' contributions	—	168	—	168
Remeasurements	(8,524)	(199)	(785)	(9,508)
Benefits paid	(16,953)	(178)	(289)	(17,420)
Foreign exchange adjustments	—	—	(1,152)	(1,152)
Benefit obligation at December 31	227,426	1,681	9,837	238,944

14. Employee Benefits *(continued)*

(b) Pension Plans and Defined Benefit Schemes *(continued)*

(v) Movement in Plan Assets for the Group's Significant Plans

(Expressed in thousands of US Dollars)	**Year ended December 31, 2016**			
	U.S. pension benefits	**U.S. post-retirement benefits**	**Belgium retirement benefits**	**Total**
Change in plan assets:				
Fair value of plan assets at January 1	**206,378**	**—**	**—**	**206,378**
Interest income	**7,139**	**—**	**—**	**7,139**
Remeasurements	**9,578**	**—**	**—**	**9,578**
Employer contributions	**13,148**	**5**	**238**	**13,391**
Plan participants' contributions	**—**	**129**	**—**	**129**
Benefits paid	**(13,904)**	**(134)**	**(238)**	**(14,276)**
Settlement payments from plan assets	**(221,210)**	**—**	**—**	**(221,210)**
Administrative expenses	**(1,129)**	**—**	**—**	**(1,129)**
Fair value of plan assets at December 31	**—**	**—**	**—**	**—**

(Expressed in thousands of US Dollars)	Year ended December 31, 2015			
	U.S. pension benefits	U.S. post-retirement benefits	Belgium retirement benefits	Total
Change in plan assets:				
Fair value of plan assets at January 1	213,991	—	—	213,991
Interest income	7,714	—	—	7,714
Remeasurements	(10,913)	—	—	(10,913)
Employer contributions	14,140	10	289	14,439
Plan participants' contributions	—	168	—	168
Benefits paid	(16,953)	(178)	(289)	(17,420)
Administrative expenses	(1,601)	—	—	(1,601)
Fair value of plan assets at December 31	206,378	—	—	206,378

14. Employee Benefits *(continued)*

(b) Pension Plans and Defined Benefit Schemes *(continued)*

(vi) Remeasurements Recognized in Other Comprehensive Income for the Group's Significant Plans

	Year ended December 31, 2016			
(Expressed in thousands of US Dollars)	**U.S. pension benefits**	**U.S. post-retirement benefits**	**Belgium retirement benefits**	**Total**
Cumulative amount at January 1	**137,931**	**(3,952)**	**1,243**	**135,222**
Effect of changes in demographic assumptions	**—**	**—**	**(45)**	**(45)**
Effect of changes in financial assumptions	**13,179**	**37**	**546**	**13,762**
Effect of experience adjustments	**2,943**	**(147)**	**504**	**3,300**
(Return) on plan assets (excluding interest income)	**(9,449)**	**—**	**—**	**(9,449)**
SERIP Plan Liquidation	**(141,747)**	**—**	**—**	**(141,747)**
Cumulative amount at December 31	**2,857**	**(4,062)**	**2,248**	**1,043**

	Year ended December 31, 2015			
(Expressed in thousands of US Dollars)	U.S. pension benefits	U.S. post-retirement benefits	Belgium retirement benefits	Total
Cumulative amount at January 1	135,441	(3,753)	2,028	133,716
Effect of changes in demographic assumptions	—	—	—	—
Effect of changes in financial assumptions	(9,036)	(62)	(680)	(9,778)
Effect of experience adjustments	512	(137)	(105)	270
(Return) on plan assets (excluding interest income)	11,014	—	—	11,014
Cumulative amount at December 31	137,931	(3,952)	1,243	135,222

14. Employee Benefits *(continued)*

(b) Pension Plans and Defined Benefit Schemes *(continued)*

(vii) Costs (Gains) Recognized in the Consolidated Income Statement for the Group's Significant Plans

(Expressed in thousands of US Dollars)	**Year ended December 31, 2016**			
	U.S. pension benefits	**U.S. post-retirement benefits**	**Belgium retirement benefits**	**Total**
Service cost (gain)	**(5,962)**	**—**	**914**	**(5,048)**
Interest expense on defined benefit obligation	**7,443**	**65**	**177**	**7,685**
Interest (income) on plan assets	**(7,139)**	**—**	**—**	**(7,139)**
Administrative expenses	**1,000**	**—**	**—**	**1,000**
Total net periodic benefit cost (gain)	**(4,658)**	**65**	**1,091**	**(3,502)**

(Expressed in thousands of US Dollars)	Year ended December 31, 2015			
	U.S. pension benefits	U.S. post-retirement benefits	Belgium retirement benefits	Total
Service cost	—	—	578	578
Interest expense on defined benefit obligation	8,674	64	153	8,891
Interest (income) on plan assets	(7,715)	—	—	(7,715)
Administrative expenses	1,500	—	—	1,500
Total net periodic benefit cost	2,459	64	731	3,254

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

(Expressed in thousands of US Dollars)	Year ended December 31,	
	2016	2015
General and administrative expenses	**(6,990)**	1,343
Other expenses	**3,488**	1,911
	(3,502)	3,254

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.

14. Employee Benefits *(continued)*

(b) Pension Plans and Defined Benefit Schemes *(continued)*

(viii) Actuarial Assumptions Used for the Group's Significant Plans

	U.S. pension benefits	U.S. post-retirement benefits	Belgium retirement benefits
2016			
Weighted average assumptions used to determine benefit obligations as of December 31:			
Discount rate	**3.89%**	**3.82%**	**1.40%**
Rate of compensation increase	**N/A**	**N/A**	**—**
Rate of price inflation	**N/A**	**N/A**	**1.75%**
Weighted average assumptions used to determine net periodic benefit cost for the year ended December 31:			
Discount rate	**4.07%**	**4.07%**	**1.80%**
Rate of compensation increase	**—**	**N/A**	**—**
2015			
Weighted average assumptions used to determine benefit obligations as of December 31:			
Discount rate	4.07%	4.07%	1.80%
Rate of compensation increase	N/A	N/A	—
Rate of price inflation	N/A	N/A	1.75%
Weighted average assumptions used to determine net periodic benefit cost for the year ended December 31:			
Discount rate	3.68%	3.68%	1.50%
Rate of compensation increase	—	N/A	—

The actual rate of return on assets for December 31, 2016 and December 31, 2015 was 10.3% and (2.0)%, 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 6.7% annual rate of increase in the per capita cost of covered health care benefits is assumed for the year ended December 31, 2017. The rate is assumed to decrease gradually to 4.5% for the year ended December 31, 2027 and remain at that level thereafter.

14. Employee Benefits *(continued)*

(b) Pension Plans and Defined Benefit Schemes *(continued)*

(viii) Actuarial Assumptions Used for the Group's Significant Plans *(continued)*

Reasonably possible changes as of 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.

	December 31, 2016	
(Expressed in thousands of US Dollars)	**Increase**	**Decrease**
Discount rate (50 basis points)	**(841)**	**919**
Medical cost trend rate (1% movement)	**(9)**	**8**

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, 2016 and December 31, 2015 by US$22.8 million and US$32.6 million, respectively.

(ix) Fair Values of the Assets Held by the U.S. Pension Plan by Major Asset Category for the Group's Significant Plans

As of December 31, 2016, substantially all SERIP Plan assets were distributed to participants and beneficiaries or used to purchase the annuity contract in conjunction with the SERIP Plan Liquidation. See further discussion in note 14(b)(ii).

	December 31, 2015	
	Targeted allocation	Fair value
		(US$'000)
Fixed Income	—%–100%	174,942
Cash	—%–100%	31,436
Total	100%	206,378

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 the Group's investment advisers.

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 2017, there is no minimum required contribution for the defined benefit plans.

14. Employee Benefits *(continued)*

(b) Pension Plans and Defined Benefit Schemes *(continued)*

(x) Historical Information for the Group's Significant Plans

(Expressed in thousands of US Dollars)	December 31, 2016	2015	2014	2013	2012
Present value of the defined benefit obligation	**(22,843)**	(238,944)	(257,387)	(228,137)	(257,185)
Fair value of plan assets	**—**	206,378	213,991	199,102	188,807
Net liability	**(22,843)**	(32,566)	(43,396)	(29,035)	(68,378)
Experience adjustments arising on plan liabilities	**3,300**	270	1,878	(1,084)	7,354

(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$3.6 million and US$3.1 million for the years ended December 31, 2016 and December 31, 2015, respectively. Forfeited contributions were inconsequential for the periods presented.

(d) Samsonite LLC's U.S. 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$39.3 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, 2016.

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.

15. Commitments

(a) Capital Commitments

The Group's capital expenditures budget for 2017 is approximately US$114.4 million. Capital commitments outstanding as of December 31, 2016 and December 31, 2015 were US$3.6 million and US$7.8 million, respectively, which were not recognized as liabilities in the consolidated statement of financial position as they have not met the recognition criteria.

(b) Operating Lease Commitments

The Group's lease obligations primarily consist of non-cancellable leases of office, warehouse and retail store space and equipment. As of December 31, 2016 and December 31, 2015, future minimum payments under non-cancellable leases were as follows:

	December 31,	
(Expressed in thousands of US Dollars)	**2016**	2015
Within one year	**139,664**	94,453
After one year but within two years	**111,490**	89,374
After two years but within five years	**211,979**	102,717
More than five years	**139,195**	64,573
Total operating lease commitments	**602,328**	351,117

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$156.9 million and US$122.0 million for the years ended December 31, 2016 and December 31, 2015, respectively. Certain of the retail leases provide for additional rent payments based on a percentage of sales. These additional rent payments amounted to US$1.8 million and US$2.5 million for the years ended December 31, 2016 and December 31, 2015, respectively, and are included in rent expense.

16. 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, 2016.

17. Trade and Other Payables

(Expressed in thousands of US Dollars)	December 31, 2016	2015
Accounts payable	**386,754**	345,438
Other payables and accruals	**141,677**	89,523
Other tax payables	**5,341**	7,180
Total trade and other payables	**533,772**	442,141

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

(Expressed in thousands of US Dollars)	December 31, 2016	2015
Current	**290,703**	262,325
0–30 days past due	**10,991**	16,155
Greater than 30 days past due	**2,429**	5,205
Total trade payables	**304,123**	283,685

Trade payables as of December 31, 2016 are on average due within 105 days from the invoice date.

18. Income Taxes

(a) Taxation in the Consolidated Income Statement

Taxation in the consolidated income statement for the years ended December 31, 2016 and December 31, 2015 consisted of the following:

(Expressed in thousands of US Dollars)	Year ended December 31, 2016	2015
Current tax expense — Hong Kong Profits Tax:		
Current period	**(85)**	(663)
Current tax expense — Foreign:		
Current period	**(83,134)**	(70,894)
Adjustment for prior periods	**1,142**	2,167
Total current tax expense — foreign	**(81,992)**	(68,727)
Total current tax expense	**(82,077)**	(69,390)
Deferred tax benefit (expense):		
Origination and reversal of temporary differences	**18,576**	(1,249)
SERIP Plan Liquidation	**56,773**	—
Change in tax rate	**8,777**	(94)
Change in recognized temporary differences	**111**	(3,310)
Total deferred tax benefit (expense)	**84,237**	(4,653)
Total income tax benefit (expense)	**2,160**	(74,043)

18. Income Taxes *(continued)*

(a) Taxation in the Consolidated Income Statement (continued)

For the year ended December 31, 2016, the Group recorded an income tax benefit of US$2.2 million compared with income tax expense of US$74.0 million for the year ended December 31, 2015. In conjunction with the SERIP Plan Liquidation, the Group recorded a US$56.8 million tax benefit related to the derecognition of deferred tax liabilities that originated from contributions to the pension plan in prior years. In addition, the enacted future tax rate in Luxembourg decreased by 321 basis points to 26.0%, which resulted in a favorable tax adjustment of US$8.8 million to the Group's deferred tax liabilities. Excluding these tax benefits, as well as the tax benefit resulting from the Tumi acquisition-related costs, the Group's effective tax rate was 27.8%.

The Group's consolidated effective tax rate for operations was 0.8% and (25.4)% for the years ended December 31, 2016 and December 31, 2015, 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 changes in unrecognized deferred tax assets. The increase in the Group's effective tax rate as adjusted above for certain one-time items, was mainly the result of normal changes in the profit mix between high and low tax jurisdictions.

See discussion regarding the SERIP Plan Liquidation and the related tax impacts in note 14(b)(ii).

The provision for Hong Kong Profits Tax for the years ended December 31, 2016 and December 31, 2015 was calculated at an effective tax rate of 16.5% of the estimated assessable profits for the year. Taxation for overseas subsidiaries was charged at the appropriate current rates of taxation in the relevant countries.

(b) Reconciliation Between Tax Benefit (Expense) and Profit Before Taxation at Applicable Tax Rates

	Year ended December 31,	
(Expressed in thousands of US Dollars)	**2016**	2015
Profit for the year	**274,825**	217,017
Total income tax benefit (expense)	**2,160**	(74,043)
Profit before income tax	**272,665**	291,060
Income tax benefit (expense) using the Group's applicable tax rate	**(75,256)**	(82,661)
Tax incentives	**27,029**	26,374
SERIP Plan Liquidation	**56,773**	—
Change in tax rates	**8,777**	(94)
Change in tax reserves	**2,937**	2,167
Non-deductible expenses	**(11,552)**	(4,537)
Change in tax effect of undistributed earnings	**1,281**	(1,082)
Current year losses for which no deferred tax assets are recognized	**(2,623)**	(4,616)
Recognition of previously unrecognized tax losses	**111**	47
Change in recognized temporary differences	**—**	(3,357)
Share-based compensation	**(3,276)**	(2,420)
Withholding taxes	**(5,304)**	(5,100)
Other	**2,121**	(931)
Over provided in prior periods	**1,142**	2,167
	2,160	(74,043)

18. Income Taxes *(continued)*

(b) Reconciliation Between Tax Benefit (Expense) and Profit Before Taxation at Applicable Tax Rates (continued)

The provision for taxation for the years ended December 31, 2016 and December 31, 2015 was calculated using the Group's applicable tax rate of 27.6% and 28.4%, respectively. The applicable rate was based on the Group's weighted average worldwide tax rate.

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

	Year ended December 31, 2016			Year ended December 31, 2015		
(Expressed in thousands of US Dollars)	**Before tax**	**Income tax benefit (expense)**	**Net of tax**	Before tax	Income tax benefit (expense)	Net of tax
Remeasurements on benefit plans	**(8,442)**	**88**	**(8,354)**	(795)	265	(530)
Deferred tax impact of SERIP Plan Liquidation	**—**	**(53,899)**	**(53,899)**	—	—	—
Foreign exchange forward contracts	**(992)**	**335**	**(657)**	(2,599)	909	(1,690)
Interest rate swaps	**16,150**	**(4,719)**	**11,431**	—	—	—
Foreign currency translation differences for foreign operations	**(23,118)**	**—**	**(23,118)**	(35,272)	—	(35,272)
	(16,402)	**(58,195)**	**(74,597)**	(38,666)	1,174	(37,492)

(d) Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities were attributable to the following:

	December 31,	
(Expressed in thousands of US Dollars)	**2016**	2015
Deferred tax assets:		
Allowance for doubtful accounts	**2,542**	2,177
Inventory	**11,617**	8,790
Plant and equipment	**8,015**	5,488
Pension and post-retirement benefits	**10,703**	14,324
Share-based compensation	**1,287**	1,754
Tax losses	**3,106**	3,447
Reserves	**43,454**	19,544
Other	**4,440**	2,376
Set off of tax	**(29,157)**	(7,148)
Total gross deferred tax assets	**56,007**	50,752
Deferred tax liabilities:		
Plant and equipment	**(21,330)**	(7,164)
Intangible assets	**(451,359)**	(97,986)
Other	**(13,008)**	(8,238)
Set off of tax	**29,157**	7,148
Total gross deferred tax liabilities	**(456,540)**	(106,240)
Net deferred tax liability	**(400,533)**	(55,488)

18. Income Taxes *(continued)*

(d) Deferred Tax Assets and Liabilities *(continued)*

The movement in temporary differences for the years ended December 31, 2016 and December 31, 2015 was:

(Expressed in thousands of US Dollars)	Balance, December 31, 2015	**Recognized in profit or loss**	**Purchase accounting**	**Recognized in other comprehensive income**	**Other[(1)]**	**Balance, December 31, 2016**
Allowance for doubtful accounts	2,177	**36**	**350**	**—**	**(21)**	**2,542**
Inventory	8,790	**2,230**	**702**	**—**	**(105)**	**11,617**
Property, plant and equipment	(1,676)	**1,512**	**(13,140)**	**—**	**(11)**	**(13,315)**
Intangible assets	(97,986)	**11,935**	**(365,470)**	**—**	**162**	**(451,359)**
Pension and post-retirement benefits	14,324	**50,460**	**—**	**(53,811)**	**(270)**	**10,703**
Share-based compensation	1,754	**(378)**	**—**	**—**	**(89)**	**1,287**
Tax losses	3,447	**128**	**(48)**	**—**	**(421)**	**3,106**
Reserves	19,544	**11,837**	**12,073**	**—**	**—**	**43,454**
Other	(5,862)	**6,477**	**(4,650)**	**(4,384)**	**(149)**	**(8,568)**
Net deferred tax asset (liability)	(55,488)	**84,237**	**(370,183)**	**(58,195)**	**(904)**	**(400,533)**

Note
(1) Other comprises primarily foreign exchange rate effects.

(Expressed in thousands of US Dollars)	Balance, December 31, 2014	Recognized in profit or loss	Recognized in other comprehensive income	Other[(1)]	Balance, December 31, 2015
Allowance for doubtful accounts	2,390	(41)	—	(172)	2,177
Inventory	8,397	716	—	(323)	8,790
Property, plant and equipment	(4,752)	3,096	—	(20)	(1,676)
Intangible assets	(99,217)	473	—	758	(97,986)
Pension and post-retirement benefits	18,713	(4,132)	265	(522)	14,324
Share-based compensation	1,568	212	—	(26)	1,754
Tax losses	4,755	234	—	(1,542)	3,447
Reserves	23,271	(2,943)	—	(784)	19,544
Other	(4,998)	(2,268)	909	495	(5,862)
Net deferred tax asset (liability)	(49,873)	(4,653)	1,174	(2,136)	(55,488)

Note
(1) Other comprises primarily foreign exchange rate effects.

Unrecognized Deferred Tax Assets

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

	December 31,	
(Expressed in thousands of US Dollars)	**2016**	2015
Deductible temporary differences	**4,239**	1,213
Tax losses	**63,494**	48,680
Balance at end of year	**67,733**	49,893

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.

18. Income Taxes *(continued)*

Unrecognized Deferred Tax Assets *(continued)*

Available tax losses (recognized and unrecognized):

(Expressed in thousands of US Dollars)	December 31, 2016	2015
Europe	**40,985**	36,021
Asia	**2,192**	—
Latin America	**31,075**	24,337
Total	**74,252**	60,358

Tax losses expire in accordance with local country tax regulations. European losses will expire beginning in 2020. Asia losses expire starting in 2021. Latin American losses will expire beginning in 2019.

Unrecognized Deferred Tax Liabilities

As of December 31, 2016 and December 31, 2015, a deferred tax liability of US$31.0 million and US$24.7 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 the temporary difference will not be reversed in the foreseeable future.

19. 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, 2016	2015
Recognized in income or loss:		
Interest income on bank deposits	**1,253**	868
Total finance income	**1,253**	868
Interest expense on financial liabilities measured at amortized cost	**(43,691)**	(3,160)
Change in fair value of put options	**(9,119)**	(5,772)
Net foreign exchange loss	**(3,660)**	(6,681)
Other finance costs	**(3,319)**	(3,066)
Total finance costs	**(59,789)**	(18,679)
Net finance costs recognized in profit or loss	**(58,536)**	(17,811)
Recognized in other comprehensive income (loss):		
Foreign currency translation differences for foreign operations	**(23,118)**	(35,272)
Changes in fair value of foreign exchange forward contracts	**(992)**	(2,599)
Changes in fair value of interest rate swaps	**16,150**	—
Income tax on finance income and finance costs recognized in other comprehensive income	**(4,384)**	909
Net finance costs recognized in total other comprehensive income, net of tax	**(12,344)**	(36,962)
Attributable to:		
Equity holders of the Company	**(12,032)**	(33,355)
Non-controlling interests	**(312)**	(3,607)

20. Expenses

Profit before income tax was arrived at after charging the following for the years ended December 31, 2016 and December 31, 2015:

(Expressed in thousands of US Dollars)	Year ended December 31, 2016	2015
Depreciation of fixed assets	**66,785**	48,985
Amortization of intangible assets	**22,456**	10,590
Auditors' remuneration	**7,666**	5,600
Research and development	**25,395**	22,345
Operating lease charges in respect of properties	**156,939**	121,996
Restructuring charges	**—**	—

The fees in relation to the audit and related services for the year ended December 31, 2016 provided by KPMG LLP and its foreign member firms, the external auditors of the Group, were as follows:

(Expressed in thousands of US Dollars)	
Annual audit and interim review services[(1)]	**5,355**
Due diligence and other acquisition-related non-audit services[(2)]	**1,493**
Permitted tax services	**690**
Other non-audit related services	**128**
Total	**7,666**

Notes

(1) Includes non-recurring services provided in conjunction with the June 27, 2016 circular filing, as well as opening balance sheet and purchase price allocation procedures, associated with the acquisition of Tumi Holdings, Inc. totaling US$1.1 million.

(2) Primarily comprised of fees associated with financial due diligence and integration planning performed in conjunction with the acquisition of Tumi Holdings, Inc.

21. Financial Risk Management and Financial Instruments

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

- credit risk;
- liquidity risk; and
- market risk.

(a) Risk Management

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

(b) Exposure to 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.

21. Financial Risk Management and Financial Instruments *(continued)*

(b) Exposure to Credit Risk *(continued)*

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 trade and other receivables 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 credit worthiness 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.

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

	December 31,	
(Expressed in thousands of US Dollars)	**2016**	2015
Trade and other receivables	**357,790**	283,495
Cash and cash equivalents	**368,540**	180,803
Total	**726,330**	464,298

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

	December 31,	
(Expressed in thousands of US Dollars)	**2016**	2015
Asia	**131,257**	100,121
North America	**130,755**	99,024
Europe	**54,045**	46,402
Latin America	**22,329**	23,572
Total trade receivables	**338,386**	269,119

21. Financial Risk Management and Financial Instruments *(continued)*

(c) Exposure to 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 13(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.

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

	December 31, 2016					
(Expressed in thousands of US Dollars)	**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	**533,772**	**533,772**	**533,772**	**—**	**—**	**—**
Term Loan Facilities	**1,915,500**	**1,915,500**	**45,813**	**69,250**	**1,160,875**	**639,562**
Revolving Facility	**10,516**	**10,516**	**10,516**	**—**	**—**	**—**
Other lines of credit	**13,410**	**13,410**	**13,410**	**—**	**—**	**—**
Finance lease obligations	**283**	**283**	**68**	**70**	**145**	**—**
Minimum operating lease payments	**—**	**602,328**	**139,664**	**111,490**	**211,979**	**139,195**
Derivative financial instruments:						
Interest rate swap agreements	**16,149**	**60,449**	**15,750**	**14,508**	**30,191**	**—**
Foreign exchange forward contracts	**3,137**	**95,360**	**95,360**	**—**	**—**	**—**

As disclosed in note 13, the Group has entered into the Senior Credit Facilities, which consists of the Revolving Facility of US$500.0 million and the Term Loan Facilities of US$1,915.5 million as of December 31, 2016. The future cash flows on derivative instruments may be different from the amount in the table above as interest rates change.

	December 31, 2015					
(Expressed in thousands of US Dollars)	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	442,141	442,141	442,141	—	—	—
Prior Revolving Facility	48,174	48,174	48,174	—	—	—
Other lines of credit	15,921	15,921	15,921	—	—	—
Finance lease obligations	87	87	30	18	39	—
Minimum operating lease payments	—	351,117	94,453	89,374	102,717	64,573
Derivative financial instruments:						
Foreign exchange forward contracts	1,785	88,463	88,463	—	—	—

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, 2016:						
Assets	**3,137**	**95,360**	**95,360**	**—**	**—**	**—**
Interest rate swap agreements	**16,149**	**60,449**	**15,750**	**14,508**	**30,191**	**—**
December 31, 2015:						
Assets	1,785	88,463	88,463	—	—	—

21. Financial Risk Management and Financial Instruments *(continued)*

(d) Exposure to 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.

The Group's exposure to 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, 2016		
	Euro	**Renminbi**	**Indian Rupee**
	(Euro '000)	**(RMB '000)**	**(INR '000)**
Cash	**21,891**	**231,186**	**859,427**
Trade and other receivables, net	**42,593**	**206,736**	**1,241,422**
Intercompany receivables (payables)	**(8,666)**	**(10,034)**	**60,367**
Trade and other payables	**(53,228)**	**(194,042)**	**(814,630)**
Statement of financial position exposure	**2,590**	**233,846**	**1,346,586**

	December 31, 2015		
	Euro	Renminbi	Indian Rupee
	(Euro '000)	(RMB '000)	(INR '000)
Cash	25,711	157,347	571,543
Trade and other receivables, net	40,606	128,254	1,428,309
Intercompany receivables (payables)	(8,152)	(9,216)	87,691
Trade and other payables	(65,253)	(131,306)	(856,954)
Statement of financial position exposure	(7,088)	145,079	1,230,589

21. Financial Risk Management and Financial Instruments *(continued)*

(d) Exposure to Market Risk *(continued)*

(i) Currency Risk *(continued)*

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2016	2015	**2016**	2015
Euro	**1.1023**	1.1113	**1.0516**	1.0861
Renminbi	**0.1506**	0.1592	**0.1440**	0.1540
Indian Rupee	**0.0149**	0.0156	**0.0147**	0.0151

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, 2016 and December 31, 2015 by US$5.2 million and US$3.6 million, respectively, and increased equity as of December 31, 2016 and December 31, 2015 by US$26.6 million and US$22.0 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, 2016 and December 31, 2015 by US$2.5 million and US$2.5 million, respectively, and equity as of December 31, 2016 and December 31, 2015 would have increased by US$5.0 million and US$4.8 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, 2016 and December 31, 2015 by US$1.3 million and US$1.6 million, respectively, and equity as of December 31, 2016 and December 31, 2015 would have increased by US$4.6 million and US$4.1 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.

(ii) Interest Rate Risk

The Group monitors its exposure to changes in interest rates on borrowings on variable rate debt instruments. From time to time, the Group enters into interest rate swap agreements to manage interest rate risk.

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

	December 31,	
(Expressed in thousands of US Dollars)	**2016**	2015
Variable rate instruments:		
Financial assets	**5,804**	10,809
Financial liabilities	**(1,939,426)**	(64,095)
Total variable rate instruments	**(1,933,622)**	(53,286)
Fixed rate instruments:		
Interest rate swap agreements	**16,149**	—
Total fixed rate instruments	**16,149**	—

21. Financial Risk Management and Financial Instruments *(continued)*

(d) Exposure to Market Risk *(continued)*

(ii) Interest Rate Risk *(continued)*

Sensitivity Analysis for Variable Rate Instruments

If the benchmark interest rates on each of the Term Loan A Facility and Term Loan B Facility increased by 100 basis points, with all other variables held constant, profit for the year would have decreased by US$5.9 million for the year ended December 31, 2016 and equity would have decreased by US$5.9 million as of December 31, 2016. A 100 basis point decrease in interest rates under each of the Term Loan A Facility and Term Loan B Facility would have an equal, but opposite impact to profit for the year and equity as of these reporting dates.

Fair Value Sensitivity Analysis for Fixed Rate Instruments

The Group does not designate interest rate swap agreements as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the end of the reporting period would not affect profit or loss.

(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, to fund capital expenditures, normal operating expenses and working capital needs, and to pay 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 11), trade and other receivables (note 10), inventories (note 9), property plant and equipment (note 6), trade and other payables (note 17) and loans and borrowings (note 13).

(f) Fair Value Versus Carrying Amounts

At December 31, 2016, management estimated that the Term Loan Facilities had a fair value of approximately US$1,802.8 million compared to a book value of US$1,915.5 million. All other financial assets and liabilities have fair values that approximate carrying amounts.

(g) Fair Value of Financial Instruments

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.

21. Financial Risk Management and Financial Instruments *(continued)*

(g) Fair Value of Financial Instruments *(continued)*

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.

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. The fair value of interest rate swap agreements is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair value estimates reflect the credit risk of the Group and counterparty.

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(c)) above does not include amounts for the repurchase of non-controlling interests as they do not represent contractual maturities.

21. Financial Risk Management and Financial Instruments *(continued)*

(g) Fair Value of Financial Instruments *(continued)*

Non-derivative Financial Liabilities *(continued)*

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, 2016 and December 31, 2015:

(Expressed in thousands of US Dollars)	**December 31, 2016**	**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	**368,540**	**368,540**	**—**	**—**
Interest rate swap agreements	**16,149**	**—**	**16,149**	**—**
Foreign currency forward contracts	**3,137**	**3,137**	**—**	**—**
Total assets	**387,826**	**371,677**	**16,149**	**—**
Liabilities:				
Non-controlling interest put options	**64,746**	**—**	**—**	**64,746**
Total liabilities	**64,746**	**—**	**—**	**64,746**

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

The Group entered into interest rate swap transactions in conjunction with the Senior Credit Facilities. See note 13(a) for further discussion. Since the interest rate swap fair values are based predominantly on observable inputs, such as the interest yield curve, that are corroborated by market data, they are categorized as Level 2 in the fair value hierarchy.

21. Financial Risk Management and Financial Instruments *(continued)*

(g) Fair Value of Financial Instruments *(continued)*

Non-derivative Financial Liabilities *(continued)*

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$3.1 million and an asset of US$1.8 million as of December 31, 2016 and December 31, 2015, 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 (2016: 3%) — Risk adjusted discount rate (2016: 10.5%)	The estimated value would increase (decrease) if: — The EBITDA multiple was higher (lower); — The growth rate was higher (lower); or — The risk adjusted discount rate was lower (higher).

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

(Expressed in thousands of US Dollars)	
Balance at January 1, 2015	58,288
Change in fair value included in equity	(1,775)
Change in fair value included in finance costs	5,772
Acquisition of non-controlling interest	(6,456)
Balance at December 31, 2015 and January 1, 2016	**55,829**
Change in fair value included in equity	**(202)**
Change in fair value included in finance costs	**9,119**
Balance at December 31, 2016	**64,746**

21. Financial Risk Management and Financial Instruments *(continued)*

(g) Fair Value of Financial Instruments *(continued)*

Non-derivative Financial Liabilities *(continued)*

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, 2016:

	Profit or Loss		Shareholders' Equity	
(Expressed in thousands of US Dollars)	Increase	Decrease	Increase	Decrease
EBITDA multiple (movement of 0.1x)	**1,663**	**(1,663)**	**362**	**(362)**
Growth rate (50 basis points)	**14**	**(14)**	**—**	**—**
Risk adjusted discount rate (100 basis points)	**(10)**	**10**	**—**	**—**

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

22. Related Party Transactions

(a) Transactions with Key Management Personnel

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

Key management is comprised of the Group's directors and senior management. Compensation paid to key management personnel during the year ended December 31, 2016 and December 31, 2015 comprised:

	Year ended December 31,	
(Expressed in thousands of US Dollars)	**2016**	2015
Director's fees	**1,290**	1,290
Salaries, allowances and other benefits in kind	**6,726**	5,700
Bonus[1]	**4,779**	3,951
Share-based compensation	**9,348**	8,599
Contributions to post-employment plans	**196**	96
Total compensation	**22,339**	19,636

Note

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

22. Related Party Transactions *(continued)*

(b) Directors' Remuneration

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation:

	Year ended December 31, 2016					
(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	—	1,726	1,000	1,469	—	4,195
Kyle Gendreau	—	624	1,128	1,414	28	3,194
Non-Executive Directors						
Timothy Parker	500	—	—	481	—	981
Tom Korbas	125	223	320	345	39	1,052
Jerome Griffith[2]	31	—	—	—	—	31
Independent Non-Executive Directors						
Paul Etchells	165	—	—	—	—	165
Keith Hamill	125	—	—	—	—	125
Miguel Ko[3]	94	—	—	—	—	94
Bruce Hardy McLain	125	—	—	—	—	125
Ying Yeh	125	—	—	—	—	125
Total	1,290	2,573	2,448	3,709	67	10,087

Notes

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

(2) Appointed as Non-Executive Director on September 22, 2016.

(3) Resigned as Independent Non-Executive Director on September 22, 2016.

	Year ended December 31, 2015					
(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	—	1,672	664	1,371	—	3,707
Kyle Gendreau	—	631	510	1,399	29	2,569
Tom Korbas	—	548	304	638	39	1,529
Non-Executive Director						
Timothy Parker[2]	625	—	729	938	—	2,292
Independent Non-Executive Directors						
Paul Etchells	165	—	—	—	—	165
Keith Hamill	125	—	—	—	—	125
Miguel Ko	125	—	—	—	—	125
Bruce Hardy McLain	125	—	—	—	—	125
Ying Yeh	125	—	—	—	—	125
Total	1,290	2,851	2,207	4,346	68	10,762

Notes

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

(2) Mr. Parker's remuneration includes the bonus paid in 2015 related to his role as CEO during 2014, share-based compensation expense recognized for share options awarded during his tenure as CEO and US$125 thousand of Director's fees paid in 2015 related to his role as Chairman from the fourth quarter of 2014.

22. Related Party Transactions *(continued)*

(b) Directors' Remuneration *(continued)*

No director received any emoluments from the Group as an inducement to join or upon joining the Group during the years ended December 31, 2016 and December 31, 2015. No director waived or agreed to waive any emoluments during the periods presented. No director received any compensation during the years ended December 31, 2016 or December 31, 2015 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 two directors during the year ended December 31, 2016 and three directors during the year ended December 31, 2015, whose emoluments are disclosed above. Details of remuneration paid to the remaining highest paid individuals of the Group are as follows:

	Year ended December 31,	
(Expressed in thousands of US Dollars)	**2016**	2015
Salaries, allowances and other benefits in kind	**1,500**	1,113
Bonus[1]	**1,184**	966
Share-based compensation expense	**2,729**	1,902
Contributions to post-employment plans	**53**	—
Total	**5,466**	3,981

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

The emoluments of each individual for 2016 and 2015 fall within these ranges:

	2016	2015
HK$11,500,000–HK$11,999,999 (US$1,482,000–US$1,545,500):	**1**	—
HK$15,000,000–HK$15,499,999 (US$1,933,000–US$1,997,000):	**1**	1
HK$15,500,000–HK$15,999,999 (US$1,997,001–US$2,062,000):	**1**	1

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, 2016 and December 31, 2015.

22. Related Party Transactions *(continued)*

(d) Other Related Party Transactions

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

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

	Year ended December 31,	
(Expressed in thousands of US Dollars)	**2016**	2015
Purchases	**6,944**	5,560
Sales	**165**	224

	Year ended December 31,	
(Expressed in thousands of US Dollars)	**2016**	2015
Payables	**1,634**	735
Receivables	**6**	39

II. The Group's Indian subsidiary, Samsonite South Asia Private Limited, sells finished goods to Bagzone Lifestyle Private Limited. The Group's Chinese subsidiary, Samsonite China, provides sourcing support and quality inspection services in respect of the Lavie women's handbag brand which is owned by Bagzone Lifestyle Private Limited. Bagzone Lifestyle Private Limited is managed and controlled by the family of Mr. Tainwala. Mr. Tainwala and his family also own non-controlling interests in Samsonite South Asia Private Limited and in the Group's United Arab Emirates subsidiary, Samsonite Middle East FZCO.

	Year ended December 31,	
(Expressed in thousands of US Dollars)	**2016**	2015
Sales	**10,337**	10,606
Support and Services	**143**	163
Rent	**59**	69

	Year ended December 31,	
(Expressed in thousands of US Dollars)	**2016**	2015
Receivables	**11,741**	8,919

Approximately US$0.7 million and US$0.6 million was paid to entities owned by Mr. Tainwala and his family, for office space rent for the years ended December 31, 2016 and December 31, 2015, respectively. As of December 31, 2016 and December 31, 2015, no amounts were payable to or receivable from Mr. Tainwala and his family.

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

23. Share Capital and Reserves and Particulars of Group Entities

(a) Share Capital and Reserves

(i) Ordinary Shares

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

As of December 31, 2016 and December 31, 2015, the Company had 2,088,711,099 and 99,870,203,474, respectively, shares authorized but unissued and 1,411,288,901 and 1,409,833,525, 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.

During the years ended December 31, 2016 and December 31, 2015, the Company issued 1,455,376 and 1,807,069 ordinary shares, respectively, in connection with the exercise of share options that were granted under the Company's Share Award Scheme.

(ii) Treasury Shares

There are no treasury shares held by the Group.

(iii) Distributable Reserves

As of December 31, 2016, reserves available for distribution to shareholders amounted to approximately US$2.0 billion as shown in the statutory financial statements of Samsonite International S.A. and calculated in accordance with the Company's Articles of Incorporation.

(iv) 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.

(v) Other Reserves

Other reserves comprise amounts related to defined benefit pension plans, the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions pending subsequent recognition of the hedged cash flows and the share option reserve for share-based payments made by the Company.

23. Share Capital and Reserves and Particulars of Group Entities *(continued)*

(b) Non-controlling Interests and Acquisition of 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 is 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 interest at amounts intended to represent current fair value. As of December 31, 2016 and December 31, 2015, the financial liabilities recognized related to these put options were US$64.7 million and US$55.8 million, respectively.

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

On June 26, 2015, a wholly-owned subsidiary of the Company acquired the 40% non-controlling interest in its Russian subsidiary for US$15.7 million in cash, with a final working capital adjustment of US$0.3 million settled in July 2015, increasing its ownership from 60% to 100%. The carrying amount of the Russian subsidiary's net assets in the consolidated financial statements on the date of acquisition was US$5.1 million. The Group recognized a decrease in the non-controlling interest of US$2.1 million and a decrease in retained earnings of US$6.2 million.

The following tables summarize 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, 2016:

(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	**3,328**	**32,881**	**10,741**
Current assets	**27,166**	**34,208**	**99,838**
Non-current liabilities	**169**	**(11,796)**	**2,729**
Current liabilities	**14,664**	**22,828**	**61,623**
Net assets	**15,661**	**56,057**	**46,227**
Carrying amount of NCI	**4,698**	**8,409**	**18,491**
Net outside revenue	**67,959**	**59,518**	**128,056**
Profit	**9,044**	**1,964**	**12,597**
Other Comprehensive Income ("OCI")	**(146)**	**3,539**	**(1,005)**
Total comprehensive income	**8,898**	**5,503**	**11,592**
Profit allocated to NCI	**2,713**	**295**	**5,039**
OCI allocated to NCI	**(44)**	**531**	**(402)**
Dividends paid to NCI	**2,677**	**1,339**	**2,559**
Net increase (decrease) in cash and cash equivalents	**(471)**	**2,324**	**4,020**

23. Share Capital and Reserves and Particulars of Group Entities *(continued)*

(b) Non-controlling Interests and Acquisition of Non-controlling Interests *(continued)*

For the year ended December 31, 2015:

(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	2,927	32,182	9,744
Current assets	24,431	28,159	93,875
Non-current liabilities	—	(18,570)	2,458
Current liabilities	11,673	19,428	60,127
Net assets	15,685	59,483	41,034
Carrying amount of NCI	4,706	8,922	16,414
Net outside revenue	56,203	57,867	135,066
Profit	6,322	7,419	16,122
OCI	(1,503)	(9,400)	(1,903)
Total comprehensive income	4,819	(1,981)	14,219
Profit allocated to NCI	1,896	1,113	6,449
OCI allocated to NCI	(451)	(1,410)	(761)
Dividends paid to NCI	441	183	1,472
Net increase (decrease) in cash and cash equivalents	(1,058)	804	6,079

(c) Particulars of Group Entities

Entity name	Country	Ownership % 2016	Ownership % 2015
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"	Russia	**100**	100
Lipault UK Limited	United Kingdom	**100**	100
McGregor II, LLC	United States	**100**	100
PT Samsonite Indonesia	Indonesia	**60**	60
PTL Acquisition Inc.	United States	**100**	100
PTL Holdings Inc.	United States	**100**	100
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

23. Share Capital and Reserves and Particulars of Group Entities *(continued)*

(c) Particulars of Group Entities *(continued)*

Entity name	Country	Ownership %	
		2016	2015
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**	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	**100**	100
Samsonite Chile S.A.	Chile	**85**	85
Samsonite China Holdings Limited	Hong Kong	**100**	100
Samsonite (China) Co., Ltd.	China	**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 NV	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
Samsonite IP Holdings S.à.r.l.	Luxembourg	**100**	100
Samsonite Japan Co. Ltd.	Japan	**100**	100
Samsonite Korea Limited	Korea, Republic of	**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.zo.o	Poland	**100**	100

Notes to the Consolidated Financial Statements *(continued)*

23. Share Capital and Reserves and Particulars of Group Entities *(continued)*

(c) Particulars of Group Entities (continued)

Entity name	Country	Ownership % 2016	Ownership % 2015
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.	China	**100**	100
Speculative Product Design, LLC	United States	**100**	100
The Tumi Haft Company, LLC	United States	**100**	—
Tumi Asia Limited	Hong Kong	**100**	—
Tumi Asia Limited (Shenzhen Subsidiary)	China	**100**	—
Tumi Asia (Macau) Co., Ltd.	Macau	**100**	—
Tumi Asia Sourcing	China	**100**	—
Tumi Austria GmbH	Austria	**100**	—
Tumi Canada Holdings, LLC	United States	**100**	—
Tumi Canada ULC	Canada	**100**	—
Tumi Europe Ecommerce GmbH	Germany	**100**	—
Tumi France SARL	France	**100**	—
Tumi Hong Kong I B.V.	Netherlands	**100**	—
Tumi Hong Kong II B.V.	Netherlands	**100**	—
Tumi Hong Kong Holding Company B.V.	Netherlands	**100**	—
Tumi Houston Airport LLC	United States	**70**	—
Tumi Inc.	United States	**100**	—
Tumi International LLC	United States	**100**	—
Tumi Ireland Limited	Ireland	**100**	—
Tumi Japan	Japan	**100**	—
Tumi Luggage S.L.	Spain	**100**	—
Tumi Netherlands B.V.	Netherlands	**100**	—
Tumi Stores, Inc.	United States	**100**	—
Tumi (UK) Limited	United Kingdom	**100**	—

24. Subsequent Events

The Group has evaluated events occurring subsequent to December 31, 2016, the reporting date, through March 15, 2017, the date this financial information was authorized for issue by the Board.

From December 31, 2016 to the Latest Practicable Date, the Company issued 134,566 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, 2016.

Debt Repricing

Subsequent to December 31, 2016, the Group refinanced the Senior Credit Facilities on February 2, 2017 (the "Repricing"). Under the terms of the Repricing, the interest rate payable on the Term Loan A Facility and the Revolving Facility was reduced with effect from February 2, 2017 until the delivery of the financial statements for the period ending June 30, 2017 to LIBOR plus 2.00% per annum (or a base rate plus 1.00% per annum) from LIBOR plus 2.75% per annum (or a base rate plus 1.75% per annum) and thereafter shall be based on the total net leverage ratio of the Group at the end of each fiscal quarter. The interest rate payable on the Term Loan B Facility was reduced with effect from February 2, 2017 to LIBOR plus 2.25% per annum with a LIBOR floor of 0.00% (or a base rate plus 1.25% per annum) from LIBOR plus 3.25% with a LIBOR floor of 0.75% (or a base rate plus 2.25% per annum). In addition, the commitment fee payable in respect of the unutilized commitments under the Revolving Facility was reduced from 0.5% per annum to 0.375% per annum through June 30, 2017 and thereafter shall be based on the total net leverage ratio of the Group at the end of each fiscal quarter. In conjunction with the Repricing, the Group incurred approximately US$5.2 million in fees and expenses that will be deferred and amortized over the term of the borrowings.

Business Combinations

TKI

On January 4, 2017, the Company's wholly-owned subsidiary in South Korea completed the acquisition of the wholesale and retail distribution of Tumi products in South Korea with effect from January 1, 2017. This follows the acquisition of certain assets, including inventory, store fixtures and furniture, as well as rights under retail store leases, from TKI, Inc. ("TKI"), Tumi's distributor in South Korea since March 2006. The consideration was settled in cash upon completion of the acquisition. The Group has not yet completed a formal valuation of the assets that were acquired in the acquisition.

The acquisition from TKI provides the Group with 34 points-of-sale in South Korea as of January 1, 2017, including 17 Tumi retail stores as well as shop-in-shops in duty-free operators and department stores.