HTL INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Singapore)
(Registration Number: 198904162H)

Financial Statements Announcement

For the Year Ended

31 December 2012

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1. CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2012 (“FY 2012”)

CONSOLIDATED INCOME STATEMENT

	Notes	The Group 3 months ended 31 Dec 2012 US$'000	2011 US$'000	Change %	The Group 12 months ended 31 Dec 2012 US$'000	2011 US$'000	Change %
Revenue		**137,904**	**149,577**	(7.8)	**583,305**	**529,636**	**10.1**
Cost of sales		(95,253)	(99,933)	(4.7)	(393,926)	(341,406)	15.4
Gross profit		**42,651**	**49,644**	(14.1)	**189,379**	**188,230**	**0.6**
Other operating income		2,227	2,632	(15.4)	9,299	6,035	54.1
Sales, marketing and distribution expenses		(32,466)	(36,393)	(10.8)	(145,087)	(137,821)	5.3
Administrative expenses		(10,118)	(8,663)	16.8	(35,969)	(33,691)	6.8
Other operating expenses		(216)	(2,621)	(91.8)	(692)	(3,068)	(77.4)
Operating profit before net finance cost and net foreign exchange gain/(loss)	A	**2,078**	**4,599**	(54.8)	**16,930**	**19,685**	(14.0)
Finance income		54	149	(63.8)	652	392	66.3
Finance expense		(1,207)	(1,027)	17.5	(4,416)	(4,042)	9.3
Operating profit before net foreign exchange gain/(loss)		**925**	**3,721**	(75.1)	**13,166**	**16,035**	(17.9)
Net foreign exchange gain/(loss)*		296	4,048	(92.7)	1,133	(1,088)	NM
Profit before tax		**1,221**	**7,769**	(84.3)	**14,299**	**14,947**	(4.3)
Income tax expense	C	(447)	(3,742)	(88.1)	(6,494)	(9,115)	(28.8)
Net profit for the period / year		**774**	**4,027**	(80.8)	**7,805**	**5,832**	33.8
Attributable to:							
Owners of the Company		748	3,955	(81.1)	7,660	5,617	36.4
Non-controlling interest		26	72	(63.9)	145	215	(32.6)
		774	**4,027**		**7,805**	**5,832**	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months 2012	3 months 2011	Change %	12 months 2012	12 months 2011	Change %
Net profit for the period / year	**774**	**4,027**	(80.8)	**7,805**	**5,832**	33.8
Other comprehensive income:						
Foreign currency translation arising from consolidation	97	655	(85.2)	(397)	6,680	NM
Total comprehensive income for the period / year	**871**	**4,682**		**7,408**	**12,512**	
Attributable to:						
Owners of the Company	888	4,610	(80.7)	7,330	12,240	(40.1)
Non-controlling interest	(17)	72	NM	78	272	(71.3)
	871	**4,682**		**7,408**	**12,512**	
Gross profit margin (GP%)	**30.9%**	**33.2%**		**32.5%**	**35.5%**	
Net profit margin	**0.6%**	**2.7%**		**1.3%**	**1.1%**	
EBITDA	**4,844**	**11,041**		**27,660**	**27,737**	
EBITDA before net foreign exchange gain/(loss)	**4,548**	**6,993**		**26,527**	**28,825**	
EBITDA margin	**3.5%**	**7.4%**		**4.7%**	**5.2%**	
EBITDA margin before net foreign exchange gain/(loss)	**3.3%**	**4.7%**		**4.5%**	**5.4%**	

NM : Not meaningful

	The Group 3 months ended 31 Dec 2012 US$'000	2011 US$'000	The Group 12 months ended 31 Dec 2012 US$'000	2011 US$'000
Net Foreign Exchange Gain/(Loss) comprises:				
Realised foreign exchange (loss)/gain	(1,222)	(1,856)	3,649	(6,548)
Unrealised foreign exchange gain/(loss)	988	1,375	1,486	(3,076)
Net fair value gain/(loss) on derivative financial instruments [1]	530	4,529	(4,002)	8,536
Total net foreign exchange gain/(loss)*	**296**	**4,048**	**1,133**	**(1,088)**

Note:

1. *These fair value adjustments are unrealised and non-cash in nature.*

2. BALANCE SHEETS

	Notes	The Group 31 Dec 2012 US$'000	The Group 31 Dec 2011 US$'000	The Company 31 Dec 2012 US$'000	The Company 31 Dec 2011 US$'000
Current assets					
Cash and short-term deposits		76,679	88,111	7	506
Trade and other receivables		62,778	61,822	8,673	8,598
Derivative financial instruments	(i)	-	2,222	-	-
Inventories	D	206,167	169,442	-	-
Tax recoverable		392	366	-	-
Deposits		4,946	4,834	2,534	2,534
Prepayments		7,425	6,265	-	-
		358,387	**333,062**	**11,214**	**11,638**
Non-current assets					
Investment in subsidiaries		-	-	134,154	127,579
Amount due from subsidiaries		-	-	10,396	1,499
Property, plant and equipment		48,999	53,369	-	-
Intangible assets	E	10,703	11,612	-	-
Deferred tax assets		5,789	5,360	-	-
Other receivables		2,194	-	-	-
		67,685	**70,341**	**144,550**	**129,078**
Total assets		**426,072**	**403,403**	**155,764**	**140,716**
Current liabilities					
Trade and other payables		86,364	85,429	4,100	10,600
Current income tax liabilities		1,705	3,369	-	-
Derivative financial instruments	(i)	1,747	-	-	-
Loans and borrowings	F	138,313	111,523	-	-
Provision for warranty		4,249	4,146	-	-
		232,378	**204,467**	**4,100**	**10,600**
Non-current liabilities					
Loans and borrowings	F	20,348	29,758	-	-
Deferred tax liabilities		1,272	1,366	1,272	1,272
Amount due to a subsidiary		-	-	23,512	-
		21,620	**31,124**	**24,784**	**1,272**
Total liabilities		**253,998**	**235,591**	**28,884**	**11,872**
Net assets		**172,074**	**167,812**	**126,880**	**128,844**
Equity attributable to owners of the Company					
Share capital	G	67,982	67,982	67,982	67,982
Treasury shares	G	(4,670)	(5,107)	(4,670)	(5,107)
Retained earnings		78,528	74,645	64,074	66,103
Non-distributable reserves		29,385	29,521	(506)	(134)
		171,225	167,041	126,880	128,844
Non-controlling interest		849	771	-	-
Total equity		**172,074**	**167,812**	**126,880**	**128,844**
Group net borrowings		**81,982**	**53,170**	**NA**	**NA**
Group net gearing (%)		**47.88**	**31.83**	**NA**	**NA**
Net tangible assets per share (cents)		**39.71**	**38.56**	**31.39**	**31.97**

NA : Not applicable

Note :

(i) This represents fair value arising from the mark to market (MTM) on all outstanding foreign exchange forward contracts/ options which are entered into to hedge currency exchange exposure as at the end of each financial period.

3. STATEMENTS OF CHANGES IN EQUITY

Group

	ATTRIBUTABLE TO OWNERS OF THE COMPANY										
	Share capital	Treasury shares	Share option reserve	Asset revaluation reserve	Foreign currency translation reserve	Capital reserve	Statutory reserve fund	Retained earnings	Equity attributable to owners of the company, total	Non-controlling interest	Equity, total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2012	67,982	(5,107)	911	186	18,716	(1,045)	10,753	74,645	167,041	771	167,812
Net profit for the quarter	-	-	-	-	-	-	-	1,458	1,458	66	1,524
Other comprehensive income											
Foreign currency translation arising from consolidation	-	-	-	-	(463)	-	-	-	(463)	(22)	(485)
Total comprehensive income	-	-	-	-	(463)	-	-	1,458	995	44	1,039
Treasury shares reissued pursuant to employee share option plan	-	253	-	-	-	(216)	-	-	37	-	37
Transfer from retained earnings to statutory reserve fund	-	-	-	-	-	-	13	(13)	-	-	-
	-	253	-	-	-	(216)	13	(13)	37	-	37
Balance at 31 March 2012	**67,982**	**(4,854)**	**911**	**186**	**18,253**	**(1,261)**	**10,766**	**76,090**	**168,073**	**815**	**168,888**
Net profit for the quarter	-	-	-	-	-	-	-	4,072	4,072	14	4,086
Other comprehensive income											
Foreign currency translation arising from consolidation	-	-	-	-	27	-	-	-	27	(11)	16
Total comprehensive income	-	-	-	-	27	-	-	4,072	4,099	3	4,102
Treasury shares reissued pursuant to employee share option plan	-	184	-	-	-	(156)	-	-	28	-	28
Dividends on ordinary shares	-	-	-	-	-	-	-	(3,211)	(3,211)	-	(3,211)
	-	184	-	-	-	(156)	-	(3,211)	(3,183)	-	(3,183)
Balance at 30 June 2012	**67,982**	**(4,670)**	**911**	**186**	**18,280**	**(1,417)**	**10,766**	**76,951**	**168,989**	**818**	**169,807**
Net profit for the quarter	-	-	-	-	-	-	-	1,382	1,382	39	1,421
Other comprehensive income											
Foreign currency translation arising from consolidation	-	-	-	-	(34)	-	-	-	(34)	9	(25)
Total comprehensive income	-	-	-	-	(34)	-	-	1,382	1,348	48	1,396
Balance at 30 September 2012	**67,982**	**(4,670)**	**911**	**186**	**18,246**	**(1,417)**	**10,766**	**78,333**	**170,337**	**866**	**171,203**
Net profit for the quarter	-	-	-	-	-	-	-	748	748	26	774
Other comprehensive income											
Foreign currency translation arising from consolidation	-	-	-	-	140	-	-	-	140	(43)	97
Total comprehensive income	-	-	-	-	140	-	-	748	888	(17)	871
Transfer from retained earnings to statutory reserve fund	-	-	-	-	-	-	553	(553)	-	-	-
	-	-	-	-	-	-	553	(553)	-	-	-
Balance at 31 December 2012	**67,982**	**(4,670)**	**911**	**186**	**18,386**	**(1,417)**	**11,319**	**78,528**	**171,225**	**849**	**172,074**

3. STATEMENTS OF CHANGES IN EQUITY (Cont'd)

Group (Cont'd)

	ATTRIBUTABLE TO OWNERS OF THE COMPANY										
	Share capital	Treasury shares	Share option reserve	Asset revaluation reserve	Foreign currency translation reserve	Capital reserve	Statutory reserve fund	Retained earnings	Equity attributable to owners of the company, total	Non-controlling interest	Equity, total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2011	67,982	(5,777)	911	186	12,093	(492)	9,911	87,467	172,281	-	172,281
Net loss for the quarter	-	-	-	-	-	-	-	(440)	(440)	-	(440)
<u>Other comprehensive income</u>											
Foreign currency translation arising from consolidation	-	-	-	-	827	-	-	-	827	-	827
Total comprehensive income	-	-	-	-	827	-	-	(440)	387	-	387
Treasury shares reissued pursuant to employee share option plan	-	465	-	-	-	(397)	-	-	68	-	68
	-	465	-	-	-	(397)	-	-	68	-	68
Balance at 31 March 2011	**67,982**	**(5,312)**	**911**	**186**	**12,920**	**(889)**	**9,911**	**87,027**	**172,736**	**-**	**172,736**
Net profit for the quarter	-	-	-	-	-	-	-	596	596	109	705
<u>Other comprehensive income</u>											
Foreign currency translation arising from consolidation	-	-	-	-	1,355	-	-	-	1,355	36	1,391
Total comprehensive income	-	-	-	-	1,355	-	-	596	1,951	145	2,096
Treasury shares reissued pursuant to employee share option plan	-	188	-	-	-	(142)	-	-	46	-	46
Dividends on ordinary shares	-	-	-	-	-	-	-	(12,710)	(12,710)	-	(12,710)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	499	499
	-	188	-	-	-	(142)	-	(12,710)	(12,664)	499	(12,165)
Balance at 30 June 2011	**67,982**	**(5,124)**	**911**	**186**	**14,275**	**(1,031)**	**9,911**	**74,913**	**162,023**	**644**	**162,667**
Net profit for the quarter	-	-	-	-	-	-	-	1,506	1,506	34	1,540
<u>Other comprehensive income</u>											
Foreign currency translation arising from consolidation	-	-	-	-	3,786	-	-	-	3,786	21	3,807
Total comprehensive income	-	-	-	-	3,786	-	-	1,506	5,292	55	5,347
Treasury shares reissued pursuant to employee share option plan	-	17	-	-	-	(14)	-	-	3	-	3
Dividends on ordinary shares	-	-	-	-	-	-	-	(3,310)	(3,310)	-	(3,310)
	-	17	-	-	-	(14)	-	(3,310)	(3,307)	-	(3,307)
Balance at 30 September 2011	**67,982**	**(5,107)**	**911**	**186**	**18,061**	**(1,045)**	**9,911**	**73,109**	**164,008**	**699**	**164,707**
Net profit for the quarter	-	-	-	-	-	-	-	3,955	3,955	72	4,027
<u>Other comprehensive income</u>											
Foreign currency translation arising from consolidation	-	-	-	-	655	-	-	-	655	-	655
Total comprehensive income	-	-	-	-	655	-	-	3,955	4,610	72	4,682
Dividends on ordinary shares	-	-	-	-	-	-	-	(1,577)	(1,577)	-	(1,577)
Transfer from retained earnings to statutory reserve fund	-	-	-	-	-	-	842	(842)	-	-	-
	-	-	-	-	-	-	842	(2,419)	(1,577)	-	(1,577)
Balance at 31 December 2011	**67,982**	**(5,107)**	**911**	**186**	**18,716**	**(1,045)**	**10,753**	**74,645**	**167,041**	**771**	**167,812**

3. STATEMENTS OF CHANGES IN EQUITY (Cont'd)

Company

	Share capital	Treasury shares	Share option reserve	Capital reserve	Retained earnings	Equity, total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2012	67,982	(5,107)	911	(1,045)	66,103	128,844
Net loss for the quarter, representing total comprehensive income for the quarter	-	-	-	-	(551)	(551)
Treasury shares reissued pursuant to employee share option plan	-	253	-	(216)	-	37
	-	253	-	(216)	-	37
Balance at 31 March 2012	**67,982**	**(4,854)**	**911**	**(1,261)**	**65,552**	**128,330**
Net profit for the quarter, representing total comprehensive income for the quarter	-	-	-	-	147	147
Treasury shares reissued pursuant to employee share option plan	-	184	-	(156)	-	28
Dividends on ordinary shares	-	-	-	-	(3,211)	(3,211)
	-	184	-	(156)	(3,211)	(3,183)
Balance at 30 June 2012	**67,982**	**(4,670)**	**911**	**(1,417)**	**62,488**	**125,294**
Net profit for the quarter, representing total comprehensive income for the quarter	-	-	-	-	104	104
Balance at 30 September 2012	**67,982**	**(4,670)**	**911**	**(1,417)**	**62,592**	**125,398**
Net profit for the quarter, representing total comprehensive income for the quarter	-	-	-	-	1,482	1,482
Balance at 31 December 2012	**67,982**	**(4,670)**	**911**	**(1,417)**	**64,074**	**126,880**
Balance at 1 January 2011	67,982	(5,777)	911	(492)	72,907	135,531
Net loss for the quarter, representing total comprehensive income for the quarter	-	-	-	-	(134)	(134)
Treasury shares reissued pursuant to employee share option plan	-	465	-	(397)	-	68
	-	465	-	(397)	-	68
Balance at 31 March 2011	**67,982**	**(5,312)**	**911**	**(889)**	**72,773**	**135,465**
Net loss for the quarter, representing total comprehensive income for the quarter	-	-	-	-	(722)	(722)
Treasury shares reissued pursuant to employee share option plan	-	188	-	(142)	-	46
Dividends on ordinary shares	-	-		-	(12,710)	(12,710)
	-	188	-	(142)	(12,710)	(12,664)
Balance at 30 June 2011	**67,982**	**(5,124)**	**911**	**(1,031)**	**59,341**	**122,079**
Net profit for the quarter, representing total comprehensive income for the quarter	-	-	-	-	11,406	11,406
Treasury shares reissued pursuant to employee share option plan	-	17	-	(14)	-	3
Dividends on ordinary shares	-	-	-	-	(3,310)	(3,310)
	-	17	-	(14)	(3,310)	(3,307)
Balance at 30 September 2011	**67,982**	**(5,107)**	**911**	**(1,045)**	**67,437**	**130,178**
Net profit for the quarter, representing total comprehensive income for the quarter	-	-	-	-	243	243
Dividends on ordinary shares	-	-	-	-	(1,577)	(1,577)
Balance at 31 December 2011	**67,982**	**(5,107)**	**911**	**(1,045)**	**66,103**	**128,844**

4. CONSOLIDATED CASH FLOW STATEMENT

	The Group 3 months ended 31 Dec		The Group 12 months ended 31 Dec	
	2012	2011	2012	2011
	US$'000	US$'000	US$'000	US$'000
Operating activities				
Net profit for the period / year	774	4,027	7,805	5,832
Adjustments for :				
Income tax expense	447	3,742	6,494	9,115
Depreciation on property, plant and quipment	1,954	1,914	7,613	7,227
Amortisation of intangible assets	516	480	1,984	1,913
Net loss on disposal of property, plant and equipment	57	58	122	132
Goodwill written off	-	-	9	220
Interest income	(54)	(149)	(652)	(392)
Interest expense	1,207	1,027	4,416	4,042
Gain on disposal of subsidiary	-	-	(21)	-
Net fair value (gain)/loss on foreign exchange derivative instruments	(530)	(4,529)	4,002	(8,536)
Unrealised foreign exchange translation loss/(gain)	360	462	(19)	4,534
Operating cash flows before changes in working capital:	4,731	7,032	31,753	24,087
Inventories	(8,708)	(1,977)	(36,894)	(5,491)
Trade and other receivables, deposits and prepayments	5,405	(1,888)	(3,769)	(5,937)
Provision for warranty	(1,015)	183	103	1,924
Trade and other payables	(9,361)	(244)	588	13,806
Cash flows (used in)/generated from operations	(8,948)	3,106	(8,219)	28,389
Income taxes paid	(1,119)	(1,670)	(8,582)	(7,793)
Net cash flows (used in)/generated from operating activities	**(10,067)**	**1,436**	**(16,801)**	**20,596**
Investing activities				
Net cash inflow/(outflow) on acquisition of subsidiaries	-	-	189	(1,149)
Net cash inflow on disposal of a subsidiary	-	-	42	-
Proceeds from disposal of property, plant and equipment	21	-	154	146
Purchase of property, plant and equipment	(1,284)	(1,744)	(4,430)	(5,328)
Purchase of intangible assets	(557)	(8)	(1,056)	(13)
Interest received	54	149	652	392
Net cash flows used in investing activities	**(1,766)**	**(1,603)**	**(4,449)**	**(5,952)**
Financing activities				
Interest paid	(1,207)	(1,027)	(4,416)	(4,042)
(Repayment of)/Proceeds from hire purchase liabilities	(2)	37	(49)	31
Proceeds from bank term loans	-	-	-	42,618
Repayment of bank term loans	(2,341)	(2,416)	(24,421)	(27,375)
(Repayment of)/Proceeds from short term borrowings	(2,674)	18,899	41,850	22,501
Proceeds from re-issuance of treasury shares	-	-	65	117
Dividends paid to shareholders of the Company	-	(1,577)	(3,211)	(17,597)
Net cash flows (used in)/generated from financing activities	**(6,224)**	**13,916**	**9,818**	**16,253**
Net (decrease)/increase in cash and cash equivalents	**(18,057)**	**13,749**	**(11,432)**	**30,897**
Cash and cash equivalents at the beginning of the financial period / year	94,736	74,362	88,111	57,214
Cash and cash equivalents at the end of the financial period / year[(1)]	**76,679**	**88,111**	**76,679**	**88,111**
Free Cash Flow[(2)]	**(11,908)**	**(316)**	**(22,287)**	**15,255**

Notes:

(1) Cash and cash equivalents comprise cash on hand, deposits with banks, net of bank overdrafts.

(2) Free cash flow is defined as net cash generated from operating activities less capital expenditure.

4. CONSOLIDATED CASH FLOW STATEMENT (Cont'd)

On 12 January 2012 (the "acquisition date"), the Company acquired 100% of the quota capital of Corium Italia S.R.L. ("Corium"). Corium is a company incorporated in Italy engaged in product development, design, manufacturing and sales.

On 4 April 2011 (the "acquisition date"), the Company acquired 89.55% of the total issued and paid up share capital of Terasoh Co., Ltd ("TCL"). TCL is incorporated in Japan and is the holding company of two wholly-owned subsidiaries, namely TBC Furniture (Shanghai) Co., Ltd. and TBC Trading (Shanghai) Co., Ltd., both of which are established in the People's Republic of China (together with the TCL, the "Terasoh Group"). The principal activities of the Terasoh Group consist of the manufacturing and distribution of fabric upholstered furniture.

The fair value of the identifiable assets and liabilities as at the respective acquisition date were:

	Note	Corium 2012 US$'000	Terasoh Group 2011 US$'000
Current assets			
Cash and short-term deposits *		189	2,672
Trade and other receivables		739	1,236
Inventories		237	1,863
Deposits		-	1
Prepayments		-	463
		1,165	**6,235**
Non-current assets			
Property, plant and equipment		14	5,669
Intangible assets	E	4	9
		18	**5,678**
Total assets		**1,183**	**11,913**
Current liabilities			
Trade and other payables		952	1,031
Current income tax liabilities		42	3
Derivative financial instruments		-	2,269
Loans and borrowings		-	1,141
		994	**4,444**
Non-current liabilities			
Loans and borrowings		**-**	**2,692**
Total liabilities		**994**	**7,136**
Total identifiable net assets at fair value		189	4,777
Non-controlling interest measured at the non-controlling interest's proportionate share of Terasoh group's net identifiable assets		-	(499)
Goodwill arising from acquisition		9	220
		198	**4,498**
<u>Consideration transferred for the acquisition</u>			
Cash paid		-	3,821
Deferred cash settlement recorded as other payables		198	677
Total consideration transferred		**198**	**4,498**
<u>Effect of the acquisition on cash flows</u>			
Total consideration for 100% equity interest acquired		198	4,498
Less: Deferred cash settlement		(198)	(677)
Consideration settled in cash		-	3,821
Less : Cash and short-term deposits of subsidiary acquired *		(189)	(2,672)
Net cash inflow/(outflow) on acquisition		**189**	**(1,149)**

4. CONSOLIDATED CASH FLOW STATEMENT (Cont'd)

In June 2012, the Company's subsidiary, Domicil Möbel GmbH ("DMG") disposed of its entire interest in the capital of its wholly-owned subsidiary, Domicil Furnishing Wien GmbH ("DFG") (the "Disposal") to its franchisee in Vienna. The Disposal was made pursuant to and in line with the Group's change of business model for the Domicil Home business to focus on building a franchise retail concept with strong brand management and product development.

The carrying amounts of the identifiable assets and liabilities of DFG as at the date of disposal were:

	US$'000
Current assets	
Cash and short-term deposits **	3
Trade and other receivables	86
Inventories	406
	495
Non-current assets	
Property, plant and equipment	**92**
Total assets	**587**
Current liabilities	
Trade and other payables	**563**
Total liabilities	**563**
Net assets disposed of	**24**

<u>Effect of the disposal of DFG on cash flows</u>	
Net assets disposed of	24
Add: Gain on disposal of subsidiary	21
Cash proceeds from disposal	45
Less : Cash and short-term deposits of subsidiary disposed of **	(3)
Net cash inflow on disposal	**42**

5. NOTES TO THE FINANCIAL STATEMENTS

A. Operating profit before net finance cost and net foreign exchange gain/(loss)

This is arrived at after charging the following:

	The Group 3 months ended 31 Dec		The Group 12 months ended 31 Dec	
	2012	2011	2012	2011
	US$'000	US$'000	US$'000	US$'000
Depreciation on property, plant and equipment	1,954	1,914	7,613	7,227
Amortisation of intangible assets	516	480	1,984	1,913
Total depreciation and amortisation	2,470	2,394	9,597	9,140
Allowance made for impairment of trade receivables	383	304	1,403	844
Bad trade debts written off	3	590	5	639
Allowance/(Write back) made for slow moving and obsolete inventories	258	(8)	1,170	1,159
Warranty expenses	2,916	3,021	12,178	11,105
Employee benefits	23,192	20,936	90,891	79,543
Goodwill written off	-	-	9	220
Net loss on disposal of property, plant and equipment	57	58	122	132
Restructuring costs [1]	-	2,436	-	2,436

Note:

1. This relates to the restructuring of Home Furnishing business unit's operations in Germany to reposition the former business model and direction to focus only on brand management and product development.

B. Half yearly analysis

	The Group Latest Financial Year 31/12/2012	Previous Financial Year 31/12/2011	Change %
	US$'000	US$'000	
Sales reported for first half year	297,173	242,069	22.8
Profit after tax before deducting non-controlling interest reported for first half year	5,610	265	2,017.0
Sales reported for second half year	286,132	287,567	(0.5)
Profit after tax before deducting non-controlling interest reported for second half year	2,195	5,567	(60.6)

5. NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

C. Income tax expense

	The Group 3 months ended 31 Dec 2012 US$'000	The Group 3 months ended 31 Dec 2011 US$'000	The Group 12 months ended 31 Dec 2012 US$'000	The Group 12 months ended 31 Dec 2011 US$'000
Tax expense attributable to profit is made up of:				
Current income taxes:				
- Current income tax	812	2,344	6,750	7,716
- Under/(over) provision in respect of previous years	97	(42)	251	(54)
Deferred income taxes:				
- Current deferred tax	(458)	619	(503)	(128)
- (Over)/under provision in respect of previous years	(4)	821	(4)	1,581
	447	**3,742**	**6,494**	**9,115**

Note:

The high income tax expense in 2012 was due to profits generated from certain profit making overseas subsidiaries which could not be used to offset against other loss making subsidiaries. The income tax expense for 2011 was higher for the same reason.

D. Inventories

	The Group 31 Dec 2012 US$'000	The Group 31 Dec 2011 US$'000
Raw materials	102,263	80,342
Work-in-progress	25,717	27,503
Finished goods	78,187	61,597
	206,167	169,442

5. NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

E. Intangible assets

	Goodwill on Acquisition US$'000	IP Rights US$'000	Computer Software Licenses & Development Costs US$'000	Total US$'000
Group				
Cost				
At 1 January 2011	**678**	**13,140**	**8,428**	**22,246**
Additions	-	-	13	13
Acquisition of subsidiaries	-	-	9	9
Exchange rate adjustments	(17)	-	-	(17)
At 31 December 2011 and 1 January 2012	**661**	**13,140**	**8,450**	**22,251**
Additions	-	-	1,056	1,056
Acquisition of a subsidiary	-	-	4	4
Exchange rate adjustments	14	-	1	15
At 31 December 2012	**675**	**13,140**	**9,511**	**23,326**
Accumulated amortisation				
At 1 January 2011	**-**	**3,449**	**5,277**	**8,726**
Charge for the financial year	-	657	1,256	1,913
At 31 December 2011 and 1 January 2012	**-**	**4,106**	**6,533**	**10,639**
Charge for the financial year	-	653	1,331	1,984
At 31 December 2012	**-**	**4,759**	**7,864**	**12,623**
Net book value				
At 31 December 2011	**661**	**9,034**	**1,917**	**11,612**
At 31 December 2012	**675**	**8,381**	**1,647**	**10,703**

F. Borrowings

	The Group 31 Dec 2012 US$'000	The Group 31 Dec 2011 US$'000
Current		
Trust receipts and bank bill payables	76,258	47,298
Obligation under finance leases	-	20
Bank term loans	9,178	24,485
Short-term bank loans	52,877	39,720
	138,313	111,523
Non-current		
Obligation under finance leases	-	29
Bank term loans	20,348	29,729
	20,348	29,758
Total loans and borrowings	158,661	141,281

The Group's total loans and borrowings are unsecured except for the bank term loans of a subsidiary with a carrying amount of US$1.5 million that are secured by the subsidiary's freehold land and building.

5. NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

G. Share capital

	No of ordinary shares		Amount	
	Issued share capital	Treasury shares	Share capital	Treasury shares
	'000	'000	US$'000	US$'000
At 1 January 2012	416,563	(13,513)	67,982	(5,107)
Reissued pursuant to employee share option plans:				
- For cash on exercise of employee share options	-	1,155	-	65
- Loss transferred to capital reserve	-	-	-	372
	-	1,155	-	437
At 31 December 2012	416,563	(12,358)	67,982	(4,670)
At 1 January 2011	416,563	(15,286)	67,982	(5,777)
Reissued pursuant to employee share option plans:				
- For cash on exercise of employee share options	-	1,773	-	117
- Loss transferred to capital reserve	-	-	-	553
	-	1,773	-	670
At 31 December 2011	416,563	(13,513)	67,982	(5,107)

Treasury shares

The Company is authorised by the shareholders to buy up to 10% of the ordinary shares of the Company. Acquired shares are held as treasury shares and presented as a separate component within shareholders' equity. The Company did not purchase treasury shares during the financial year.

The Company reissued 1,154,950 (31 December 2011: 1,773,050) treasury shares during the financial year pursuant to the HTL International Holdings Limited Share Option Plan 2002 ("The Plan") at the weighted average exercise price of US$0.06 (31 December 2011: US$0.07) each for a cash consideration of US$65,000 (31 December 2011: US$117,000).

Share options

HTL International Holdings Limited Share Option Plan 2002 ("The Plan")

During the financial year, the Company has not issued any new share options.

Details of the share options to subscribe for ordinary shares of the Company that remain outstanding as at 31 December 2012 are as follows:

	Aggregate options granted since commencement of scheme	Aggregate options exercised since commencement of scheme	Aggregate options lapsed since commencement of scheme	Aggregate options outstanding at end of financial year	Exercise price	Exercise Period
2004 Options	4,502,250	1,538,250	1,454,000	1,510,000	S$0.82	19.6.2005 - 18.6.2014
2009 Options	7,120,000	4,241,200	722,500	2,156,300	S$0.07	26.2.2010 - 26.2.2019
	11,622,250	5,779,450	2,176,500	3,666,300		

5. NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

H. Earnings per share

	3 months ended 31 Dec 2012	3 months ended 31 Dec 2011	12 months ended 31 Dec 2012	12 months ended 31 Dec 2011
Earnings per share (US cents)				
- Basic	0.19	0.98	1.90	1.40
- Diluted	0.18	0.98	1.89	1.38

Basic earnings per share is calculated by dividing the net profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective financial period.

For the purpose of calculating the diluted earnings per share, the net profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. As at 31 December 2012, the Company has only one category of dilutive potential ordinary shares which is share options. In the computation of diluted net earnings per share, if the effect of outstanding share options is anti-dilutive, this is disregarded.

For the share options, the weighted average number of shares is adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price during the financial period) for the same total proceeds is added to the denominator as the number of shares issued for no consideration with no adjustment made to the net profit – numerator.

	3 months ended 31 Dec 2012	3 months ended 31 Dec 2011	12 months ended 31 Dec 2012	12 months ended 31 Dec 2011
	US$'000	US$'000	US$'000	US$'000
Net profit attributable to owners of the Company used to determine basic and diluted earnings per share	748	3,955	7,660	5,617
	No. of shares '000	**No. of shares** '000	**No. of shares** '000	**No. of shares** '000
Weighted average number of ordinary shares used in the calculation of basic earnings per share	403,493	401,911	403,908	402,624
Adjustment for assumed conversion of share options	2,305	3,643	2,001	3,326
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	405,798	405,554	405,909	405,950
Diluted earnings per share	0.18	0.98	1.89	1.38

5. NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

I. Net asset per share

	The Group		The Company	
	As at 31 Dec 2012	As at 31 Dec 2011	As at 31 Dec 2012	As at 31 Dec 2011
Net asset value per ordinary share based on issued share capital as at the end of the respective period (US cents) *	42.36	41.44	31.39	31.97

* Based on issued share capital of 404,205,718 ordinary shares (excluding treasury shares) as at 31 December 2012 and 403,050,768 ordinary shares (excluding treasury shares) as at 31 December 2011.

6. AUDIT

The figures have not been audited or reviewed by our auditors.

7. AUDITOR'S REPORT

Not applicable.

8. ACCOUNTING POLICIES

Except as disclosed in paragraph 9 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year compared with those of the audited financial statements for the financial year ended 31 December 2011.

9. CHANGES IN THE ACCOUNTING POLICIES

The Group adopted the new/revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2012.

The adoption of these new/revised FRS did not have any material impact on the financial statements of the Group.

10. REVIEW OF GROUP PERFORMANCE

Overview

	Q1 2012 US$'000	Q2 2012 US$'000	Q3 2012 US$'000	Q4 2012 US$'000	(A) YTD Dec FY 2012 US$'000	Q4 2011 US$'000	(B) YTD Dec FY 2011 US$'000	(C) = (A) - (B) Changes US$'000	%
Sofa Business Unit ("Sofa BU")									
- External	123,275	156,458	140,924	131,674	552,331	139,324	488,762	63,569	13.0%
- Internal	2,365	3,374	2,968	2,397	11,104	2,575	11,122	(18)	
	125,640	**159,832**	**143,892**	**134,071**	**563,435**	**141,899**	**499,884**	**63,551**	
Leather Business Unit ("Leather BU")									
- Internal	**42,611**	**53,974**	**47,351**	**48,537**	**192,473**	**49,983**	**177,326**	**15,147**	8.5%
Home Furnishing Business Unit ("HFBU")									
- External	7,213	10,227	7,304	6,230	30,974	10,253	40,874	(9,900)	-24.2%
- Internal	69	174	159	50	452	170	602	(150)	
	7,282	**10,401**	**7,463**	**6,280**	**31,426**	**10,423**	**41,476**	**(10,050)**	
Less : Inter-segment sales	(45,045)	(57,522)	(50,478)	(50,984)	(204,029)	(52,728)	(189,050)	(14,979)	
Group Turnover	**130,488**	**166,685**	**148,228**	**137,904**	**583,305**	**149,577**	**529,636**	**53,669**	10.1%

Notes:

(i) Core Business comprises the Sofa, Leather Business Units ("BU") and Corporate Office
(ii) Q1, Q2, Q3 and Q4 2012/2011 – three months ended 31 March, 30 June, 30 September and 31 December 2012/2011, respectively
(iii) SG&A – represents the aggregate of total sales, marketing, distribution and administrative expenses

Q4 2012 vs Q4 2011

Turnover

Prolonged uncertainty in the US and European economic recovery continued to dampen consumer spending on high value and discretionary goods, including furniture. Consequently, the Group experienced a weaker Q4 2012.

Revenue fell by 7.8% to US$137.9 million compared to Q4 2011. The drop was mainly led by lower sales to Europe partially offset by higher sales to the US.

Profitability

Rising input costs, especially leather, reduced the Group's GP margin by 2.3% from 33.2% to 30.9%. Our selling price adjustments to customers still lagged behind these input costs increases.

SG&A fell by 5.5% from US$45.1 million to US$42.6 million, in tandem with the fall in turnover.

Other operating expenses reduced substantially by 91.8% to US$0.2 million in Q4 2012 mainly due to the absence of a restructuring cost of US$2.4 million in Q4 2011 arising from the change in business model in Domicil Home, Germany.

10. REVIEW OF GROUP PERFORMANCE (Cont'd)

Profitability (Cont'd)

The lower turnover and GP margin resulted in a 75.1% decline in operating profit before net foreign exchange gain and tax, from US$3.7 million in Q4 2011 to US$0.9 million in Q4 2012.

Due to the volatility in foreign exchange market, the Group reported a lower net foreign exchange gain of US$0.3 million in Q4 2012 as compared to US$4.0 million in Q4 2011.

With lower profitability, income tax expense declined by US$3.3 million from US$3.7 million in Q4 2011 to US$0.4 million in Q4 2012.

Consequently, Q4 2012 net profit fell to US$0.8 million.

FY 2012 vs FY 2011

Turnover

Amidst the volatile and challenging business environment, we have expanded our market share in regions that present good opportunities.

The Group's revenue grew by 10.1% from US$529.6 million in 2011 to US$583.3 million in 2012. The growth was mainly contributed by higher sales to North America, Japan, ANZ and Europe.

Profitability

The Group's GP margin fell by 3.0% from 35.5% to 32.5%, mainly a result of rising input costs, particularly leather.

Other operating income improved by 54.1% from US$6.0 million in 2011 to US$9.3 million in 2012, mainly from the change in business model in Domicil Home, Germany.

SG&A increased by 5.6% from US$171.5 million in 2011 to US$181.1 million in 2012, which was in line with the higher turnover.

Other operating expenses declined by 77.4% to US$0.7 million in 2012 in the absence of the aforementioned restructuring cost of US$2.4 million in 2011.

The above factors resulted in a 17.9% drop in operating profit before net foreign exchange gain and tax from US$16.0m in 2011 to US$13.2 million in 2012.

Despite the volatile foreign exchange market, the Group managed to register a net foreign exchange gain of US$1.1 million in 2012 as compared to a loss of US$1.1 million in 2011.

Income tax expense declined by US$2.6m from US$9.1 million in 2011 to US$6.5 million in 2012. The high income tax expense in 2012 was due to profits generated from certain profit making overseas subsidiaries which could not be used to offset against other loss making subsidiaries. The income tax expense for 2011 was higher for the same reason.

Overall, the Group's net profit increased by 33.8% from US$5.8 million in 2011 to US$7.8 million in 2012.

10. REVIEW OF GROUP PERFORMANCE (Cont'd)

Analysis by Major Business Units ("BU")

	Core Business [1]			Home Furnishing		
	12 months ended 31 Dec		Change	12 months ended 31 Dec		Change
	2012	2011	%	2012	2011	%
	US$'000	US$'000		US$'000	US$'000	
Revenue (exclude inter-segment sales)	552,331	488,762	13.0	30,974	40,874	(24.2)
Operating profit/(loss) before net foreign exchange gain/(loss)	16,587	21,634	(23.3)	(3,421)	(5,599)	(38.9)
EBITDA before net foreign exchange gain/(loss)	28,470	32,717	(13.0)	(1,943)	(3,892)	(50.1)
Net profit/(loss) for the year	11,118	13,086	(15.0)	(3,313)	(7,254)	(54.3)
Net margin	2.0%	2.7%		-10.7%	-17.7%	
Total net foreign exchange gain/(loss)	1,178	(1,060)		(45)	(28)	

Note:

1. Core Business comprises the Sofa, Leather Business Units ("BU") and Corporate Office.

Core Business

Sofa BU - Revenue by Regions

	12 months ended 31 Dec			
	2012	2011	Change	
	US$'000	US$'000	US$'000	%
Asia (excluding Greater China)	70,190	63,692	6,498	10.2
Greater China	5,372	6,299	(927)	(14.7)
Europe	262,732	248,803	13,929	5.6
North America	136,277	98,399	37,878	38.5
ANZ	76,082	69,015	7,067	10.2
Others	1,678	2,554	(876)	(34.3)
Total *	552,331	488,762	63,569	13.0

* Exclude inter-segment sales

In spite of the subdued economic outlook, our key markets in the Sofa BU reported a strong growth as we strived to expand market share in new and existing markets. It was led by North America, followed by ANZ, Asia (notably Japan) and Europe.

Europe remains our largest market, accounting for 47.6% (2011: 50.9%) of the Core Business's turnover. Despite the sovereign debt crisis in some European countries, we posted a 5.6% growth from US$248.8 million in 2011 to US$262.7 million in 2012.

Nevertheless, our Core Business's operating profit before net foreign exchange gain (loss) and tax fell by 23.3% from US$21.6 million in 2011 to US$16.6 million in 2012, as the rising input costs had negated the gains from sales growth.

10. REVIEW OF GROUP PERFORMANCE (Cont'd)

Analysis by Major Business Units ("BU") (Cont'd)

Home Furnishing BU ("HFBU")

The HFBU's revenue decreased by 24.2% from US$40.9 million in 2011 to US$31.0 million in 2012. This was mainly underpinned by the change in business model in Domicil Home in Germany and weak Euro against US$ (presentation currency). Instead of invoicing for the sale, Domicil Home invoiced the net gross margin relating to the sale and this has been accounted for as other operating income together with the fees from franchisees.

If there was no change in the business model and weak Euro was disregarded, the HFBU's revenue for 2012 would have been higher at US$37.9 million, but still 7.3% lower than the revenue of US$40.9 million posted in 2011 as its revenue had been affected by weaker consumer spending.

Operating loss before net foreign exchange loss and tax reduced by US$2.2 million to US$3.4 million in 2012 (2011: US$5.6 million representing US$3.2 million operating loss and US$2.4 million restructuring cost).

Liquidity, financial and working capital resources

Trade and other receivables increased by US$1.0 million from US$61.8 million to US$62.8 million, which was mainly driven by the lower factoring without recourse. The average day sales outstanding ("DSO") as at 31 December 2012 remained fairly stable at 1.3 months (31 December 2011: 1.4 months).

The Group's inventory increased by US$36.7 million to US$206.2 million due mainly to the higher procurement activities. Accordingly, the outstanding days in inventory ("DIO") as at 31 December 2012 increased slightly to 6.3 months (31 December 2011: 6.0 months).

The Group's trade and other payables increased marginally by US$0.9 million as compared to last year. This was in tandem with the higher procurement activities, partially offset by higher payment made to suppliers. The Group's average day payables outstanding ("DPO") as at 31 December 2012 reduced slightly to 2.6 months (31 December 2011: 3.0 months).

The Group's net borrowings (loans and borrowings less cash and short term deposits) increased by US$28.8 million from US$53.2 million to US$82.0 million as at 31 December 2012, mainly to finance the higher procurement activities. On the back of the higher working capital required to cater for higher demand from turnover growth, a negative free cash flow ("FCF") of US$22.3 million was reported in 2012 as compared to a positive FCF of US$15.3 million in 2011. Consequently, Group's net gearing also increased to 47.9% (31 December 2011: 31.8%).

11. VARIANCE FROM PROSPECT STATEMENT

No variance from previous statement.

12. PROSPECTS

The challenging operating conditions in 2012 are expected to continue in 2013. Notwithstanding this, the Group will continue to focus on increasing global market share in 2013, especially to North America and Asia Pacific markets while adapting to and managing escalating input costs, focusing on greater cost controls, improving margins and mitigating volatile forex. As in past years, Q1 operating performance has always been the weakest and will remain very challenging.

13. KEY BUSINESS RISKS

Macro Risks

Commodity risks

Raw leather hide is the principal raw material in the Group's upholstered furniture accounting for more than 50% of the sofa upholstery cost. As such, the cost of upholstered furniture is exposed to fluctuations in the price of cattle raw hide. The supply of cattle raw hide is principally dependent on the consumption of beef. The cattle industry is also exposed to veterinary health issues like foot-and-mouth and mad cow disease, which will have an impact on the slaughter rate of cattle. Fluctuations in the price of raw leather hides will significantly affect operating margins.

Cyclical demand for furniture

Historically, the furniture industry has been cyclical, fluctuating with economic cycles and is sensitive to general economic conditions, housing starts, interest rate levels, credit availability and other factors that affect consumer spending habits. As most furniture purchases are discretionary in nature and may represent a significant expenditure to the average consumer, such purchases may be deferred during times of economic uncertainty. Any prolonged global economic slowdown may have an adverse effect on the Group's operating results.

Seasonal operations

The Group's sale of leather upholstered furniture is subject to seasonal variations given the increased contribution from the Europe and US markets which now account for more than 70% of the Group's turnover. In general, shipment of goods will be lower from July to August (i.e. the summer months) relative to shipments for other months in a calendar year. Hence, the Group's turnover will experience seasonality effect which may cause short term fluctuations on the Group's performance.

Changes in the regulations of The People's Republic of China ("PRC") relating to export Value Added Tax ("VAT") rebates and import duties

In order to reduce its massive trade surplus, the PRC government has gradually reduced its export VAT rebates for many business sectors. Effective from 1 July 2007, export VAT rebates for the Group's product segments had been reduced for finished leather, 8% to nil and for sofa upholstery from 13% to 11%. With effect from 1 June 2009, the export VAT rebate for the sofa upholstery was temporarily reinstated to 15%. Should the PRC government revises the effective export VAT rebates downwards, this would adversely impact the Group's operating margins.

13. KEY BUSINESS RISKS (Cont'd)

Macro Risks (Cont'd)

Changes in the PRC processing trade policy

Since 2006, the PRC government has been introducing changes to the processing trade policy, such as moving certain widely used materials to the prohibited category, aimed at restricting the production and export of high pollution, high energy consumption and resource consuming products. In its latest policy switch in July 2007, the government requested that enterprises engaged in the processing trade industry in the prohibited category pay a mandatory duty deposit for imported raw materials. At this juncture, the Group's products have been exempted from this prohibited category. Any changes to expand the classification of the prohibited category to include the Group's products may impact the Group's cash flow and incur increased financial costs.

Environmental risk

The production of leather is generally pollutive. As the PRC government is tightening its environmental protection policy, the Group's production activities may be put under close scrutiny. The Group has always observed a high standard of social and environmental responsibility, and welcomes the PRC government's new initiatives. However, it is possible that further investments may be needed to upgrade the Group's waste treatment facilities and this will in turn increase production costs.

Company Risks

Foreign exchange risks

The global financial markets remain volatile. The Group primarily transacts in US Dollar which is also its primary functional currency. The Group also transacts in other major foreign currencies like Japanese Yen, Sterling Pound, Euro and Australian Dollar. Majority of the Group's operations are also sited outside of Singapore notably China. Consequently, any movement between Renminbi (RMB) and US Dollar will also affect the Group's currency exposure risks. Therefore, any significant adverse movements in the major trading currencies against US Dollar will have an impact on the Group's performance. The Group actively monitors and hedges its foreign currency exchange exposure by using relevant foreign exchange forward contracts and options to hedge its cash flow and margins. Where appropriate, the Group will borrow in the same currency to provide a natural hedge for balance sheet items.

Vulnerable to freight rate increases

The Group exports its upholstery products to more than 50 countries across 6 continents and relies on shipping companies for the shipment of its products to these countries. As such, one of the costs that the Group will bear when it sells on Cost, Insurance and Freight (CIF), Delivered Duty Unpaid (DDU) or Cost and Freight (CFR) terms or where it purchases on Free on Board (FOB) term, is freight costs. The freight market has been extremely volatile and changes in oil prices will also have an effect on freight rates. If freight rates are high, the Group's distribution costs will increase and operating margins can be affected. The Group has no control over the supply and demand of freight services and therefore, it is difficult for the Group to manage its freight costs. The Group will endeavour to factor in an appropriate amount of the expected freight rate increases in the quotation of sales price to customers.

14. DIVIDEND

(i) Current financial period reported on - The Directors are pleased to propose that a final one-tier tax exempt dividend of 0.5 Singapore cent per share be paid for the year ended 31 December 2012.

Name of Dividend	Final
Dividend Type	Cash
Dividend Rate per Ordinary Share (Singapore cent)	0.5
Tax Rate	Exempt (1 tier)

(ii) Corresponding period of the immediately preceding financial year – Final cash of one Singapore cent per ordinary share (tax-exempt – Tier 1)

(iii) Date payable - The proposed final dividend, if approved at the Annual General Meeting to be held on 29 April 2013, will be paid on 30 May 2013.

(iv) Books closure date – Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed on 15 May 2013 (“Book Closure Date”) for the purpose of determining shareholders’ entitlement to the final dividend.

Duly completed registrable transfers of ordinary shares received by the Company’s Share Registrar, Tricor Barbinder Share Registration Services of, 80 Robinson Road, #02-00, Singapore 068898 up to 5.00 pm on 14 May 2013 (“Entitlement Date”), will be registered to determine shareholders’ entitlement to the interim dividend.

15. SEGMENTAL INFORMATION

	Sofa US$'000	Leather US$'000	Home Furnishing US$'000	Corporate US$'000	Elimination US$'000	Group US$'000
Financial period ended 31 December 2012						
Revenue						
External sales	552,331	-	30,974	-	-	583,305
Inter-segment sales	11,104	192,473	452	-	(204,029)	-
Total revenue	563,435	192,473	31,426	-	(204,029)	583,305
Segment results	8,852	11,979	(3,359)	(542)	-	16,930
Finance income						652
Finance expense						(4,416)
Net foreign exchange gain						1,133
Income tax expense						(6,494)
Net profit						7,805
Segment assets	230,318	159,672	26,648	3,253	-	419,891
Tax assets						6,181
Consolidated total assets						426,072
Segment liabilities	(71,460)	(13,331)	(6,103)	(1,466)	-	(92,360)
Loans and borrowings						(158,661)
Tax liabilities						(2,977)
Consolidated total liabilities						(253,998)
Other segment items						
Addition to non-current assets						
- property, plant and equipment	3,349	867	214	-	-	4,430
- intangible assets	1,055	-	1	-	-	1,056
Depreciation	4,706	2,648	259	-	-	7,613
Amortisation	418	409	1,157	-	-	1,984
Goodwill written off	9	-	-	-	-	9

15. SEGMENTAL INFORMATION (Cont'd)

	Sofa US$'000	Leather US$'000	Home Furnishing US$'000	Corporate US$'000	Elimination US$'000	Group US$'000
Financial period ended 31 December 2011						
Revenue						
External sales	488,762	-	40,874	-	-	529,636
Inter-segment sales	11,122	177,326	602	-	(189,050)	-
Total revenue	499,884	177,326	41,476	-	(189,050)	529,636
Segment results	4,278	22,329	(5,325)	(1,597)	-	19,685
Finance income						392
Finance expense						(4,042)
Net foreign exchange loss						(1,088)
Income tax expense						(9,115)
Net profit						5,832
Segment assets	230,177	131,893	31,878	3,729	-	397,677
Tax assets						5,726
Consolidated total assets						403,403
Segment liabilities	(65,259)	(13,522)	(8,918)	(1,876)	-	(89,575)
Loans and borrowings						(141,281)
Tax liabilities						(4,735)
Consolidated total liabilities						(235,591)
Other segment items						
Addition to non-current assets						
- property, plant and equipment	4,311	977	40	-	-	5,328
- intangible assets	13	-	-	-	-	13
Depreciation	4,352	2,603	272	-	-	7,227
Amortisation	379	373	1,161	-	-	1,913
Goodwill written off	220	-	-	-	-	220

Secondary reporting format – geographical segments

The following table shows the distribution of the Group's consolidated sales by geographical market regardless of where the products were manufactured:

	12 months ended 31 Dec 2012	2011	Change	
	US$'000	US$'000	US$'000	%
Asia (excluding Greater China)	74,234	68,135	6,099	9.0
Greater China	6,052	7,563	(1,511)	(20.0)
Europe	284,413	280,295	4,118	1.5
North America	139,485	100,484	39,001	38.8
ANZ	77,003	70,084	6,919	9.9
Others	2,118	3,075	(957)	(31.1)
Total	583,305	529,636	53,669	10.1

15. SEGMENTAL INFORMATION (Cont'd)

The following table shows the distribution of the Group's non-current assets based on the geographical location of where the Company and its subsidiaries are located:

	Non-current assets	
	31 Dec 2012 US$'000	**31 Dec 2011** US$'000
Asia (excluding Greater China)	24,620	25,199
Europe	3,862	2,146
Greater China	38,289	42,334
Others	914	662
Total	67,685	70,341

16. REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDER

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Phua Yong Pin	65	Brother of Phua Yong Sin and Phua Yong Tat.	Group Chairman since 1989. Responsible for the Group's China operations, production process improvement and special plant projects.	N.A.
Phua Yong Sin	63	Brother of Phua Yong Pin and Phua Yong Tat.	Deputy Group Chairman since 1989. Responsible for the Group's quality assurance and technical skills training programme.	N.A.
Phua Yong Tat	61	Brother of Phua Yong Pin and Phua Yong Sin.	Group Managing Director since 1989. Responsible for the overall management of the Group.	N.A.
Phua Mei Ming	35	Daughter of Phua Yong Tat.	General Manager, Domicil Pte Ltd since 2007 and Director of Human Resources since 1 September 2011. Responsible for overseeing sales and marketing functions.	N.A.
Toh Chye Seng	53	Nephew-in-law of Phua Yong Pin.	Director, Design, with HTL Manufacturing Pte Ltd since 1981. Responsible for product design and development.	N.A.
Ho Sian Hua, Gabriel	36	Son-in-law of Phua Yong Tat.	Area Sales Manager, with HTL Manufacturing Pte Ltd since 2007. Responsible for providing sales and service support to HTL Furniture Inc.	N.A.
Phua Boon Huat	32	Son of Phua Yong Sin.	Merchandising & Direct Sales Manager since 2010. Responsible for providing merchandising support and sales and service support to customers in the UK market.	N.A.

BY ORDER OF THE BOARD

Jacqueline Loke
Company Secretary
26 February 2013