HTL INTERNATIONAL HOLDINGS LIMITED

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

Financial Statements Announcement

For the Period Ended

30 September 2015

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1. CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

For the Period Ended 30 September 2015 (“9M FY 2015”)

	Notes	The Group 3 months ended 30 Sep 2015 US$'000	2014 US$'000	Change %	The Group 9 months ended 30 Sep 2015 US$'000	2014 US$'000	Change %
Revenue		**106,907**	**113,847**	(6.1)	**338,565**	**378,899**	(10.6)
Cost of sales		(76,879)	(80,547)	(4.6)	(245,199)	(261,968)	(6.4)
Gross profit		**30,028**	**33,300**	(9.8)	**93,366**	**116,931**	(20.2)
Other operating income		861	1,443	(40.3)	3,147	6,832	(53.9)
Sales, marketing and distribution expenses		(24,106)	(28,662)	(15.9)	(78,536)	(93,218)	(15.8)
Administrative expenses		(7,199)	(8,736)	(17.6)	(23,519)	(25,592)	(8.1)
Other operating expenses		(792)	(2,674)	(70.4)	(1,305)	(2,997)	(56.5)
Operating (loss)/profit before finance income and expense and net foreign exchange gain	5A	**(1,208)**	**(5,329)**	(77.3)	**(6,847)**	**1,956**	NM
Finance income		24	58	(58.6)	90	183	(50.8)
Finance expense		(355)	(574)	(38.2)	(1,071)	(1,869)	(42.7)
Operating (loss)/profit before net foreign exchange gain		**(1,539)**	**(5,845)**	(73.7)	**(7,828)**	**270**	NM
Net foreign exchange gain*		2,835	4,031	(29.7)	7,906	11,588	(31.8)
Profit/(loss) before tax		**1,296**	**(1,814)**	NM	**78**	**11,858**	(99.3)
Income tax expense	5B	(1,213)	(444)	173.2	(2,440)	(3,899)	(37.4)
Net profit/(loss) for the period		**83**	**(2,258)**	NM	**(2,362)**	**7,959**	NM
Attributable to:							
Owners of the Company		73	(2,258)	NM	(2,387)	7,918	NM
Non-controlling interest		10	- **	NM	25	41	(39.0)
		83	**(2,258)**		**(2,362)**	**7,959**	
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME							
Net profit/(loss) for the period		**83**	**(2,258)**	NM	**(2,362)**	**7,959**	NM
Other comprehensive loss:							
Item that may be reclassified subsequently to income statement:							
Foreign currency translation arising from consolidation		(5,551)	(776)	615.3	(5,526)	(1,735)	218.5
Total comprehensive (loss)/income for the period		**(5,468)**	**(3,034)**		**(7,888)**	**6,224**	
Attributable to:							
Owners of the Company		(5,452)	(3,002)	81.6	(7,879)	6,205	NM
Non-controlling interest		(16)	(32)	(50.0)	(9)	19	NM
		(5,468)	**(3,034)**		**(7,888)**	**6,224**	
Gross profit margin (GP%)		**28.1%**	**29.2%**		**27.6%**	**30.9%**	
Net profit/(loss) margin		**0.1%**	**-2.0%**		**-0.7%**	**2.1%**	
EBITDA		**3,177**	**602**		**6,054**	**19,257**	
EBITDA before net foreign exchange gain		**342**	**(3,429)**		**(1,852)**	**7,669**	
EBITDA margin		**3.0%**	**0.5%**		**1.8%**	**5.1%**	
EBITDA margin before net foreign exchange gain		**0.3%**	**-3.0%**		**-0.5%**	**2.0%**	

NM : Not meaningful

*** : Amount less than US$1,000*

	The Group 3 months ended 30 Sep 2015 US$'000	2014 US$'000	The Group 9 months ended 30 Sep 2015 US$'000	2014 US$'000
Net foreign exchange gain comprises:				
Realised foreign exchange gain	634	4,849	7,368	7,916
Unrealised foreign exchange gain/(loss)	1,180	(2,437)	2,701	(2,061)
Net fair value gain/(loss) on derivative financial instruments (1)	1,021	1,619	(2,163)	5,733
Total net foreign exchange gain*	**2,835**	**4,031**	**7,906**	**11,588**

Note:

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

2. BALANCE SHEETS

	Notes	The Group 30 Sep 2015 US$'000	The Group 31 Dec 2014 US$'000	The Company 30 Sep 2015 US$'000	The Company 31 Dec 2014 US$'000
Current assets					
Cash and short-term deposits		56,220	35,815	5	1
Trade and other receivables		42,543	52,844	637	7,533
Derivative financial instruments	(i)	-	282	-	-
Inventories	5C	140,692	147,898	-	-
Tax recoverable		-	38	-	-
Deposits		4,957	4,826	2,534	2,534
Prepayments		5,603	6,565	-	-
		250,015	**248,268**	**3,176**	**10,068**
Non-current assets					
Investments in subsidiaries		-	-	99,088	98,870
Property, plant and equipment		43,305	41,687	-	-
Intangible assets	5D	8,115	8,922	-	-
Deferred tax assets		3,725	5,065	-	-
Other receivables		259	688	-	-
		55,404	**56,362**	**99,088**	**98,870**
Total assets		**305,419**	**304,630**	**102,264**	**108,938**
Current liabilities					
Trade and other payables		73,196	83,181	4,617	3,928
Current income tax liabilities		785	5,012	-	-
Derivative financial instruments	(i)	1,882	-	-	-
Bank loans	5E	6,661	13,094	-	-
Bills payable	5E	53,653	22,857	-	-
Provision for warranty		3,437	5,403	-	-
		139,614	**129,547**	**4,617**	**3,928**
Non-current liabilities					
Bank loans	5E	-	113	-	-
Deferred tax liabilities		834	994	834	923
Advances from a subsidiary		-	-	28,331	37,152
		834	**1,107**	**29,165**	**38,075**
Total liabilities		**140,448**	**130,654**	**33,782**	**42,003**
Net assets		**164,971**	**173,976**	**68,482**	**66,935**
Equity attributable to owners of the Company					
Share capital	5F	67,982	67,982	67,982	67,982
Treasury shares	5F	(5,062)	(3,945)	(5,062)	(3,945)
Non-distributable reserves		24,294	29,786	(1,125)	(1,125)
Retained earnings		76,914	79,301	6,687	4,023
		164,128	173,124	68,482	66,935
Non-controlling interest		843	852	-	-
Total equity		**164,971**	**173,976**	**68,482**	**66,935**
Group net borrowings		**4,094**	**249**	**NA**	**NA**
Group net gearing (%)		**2.49**	**0.14**	**NA**	**NA**
Net tangible assets per share (cents)		**39.04**	**40.43**	**17.14**	**16.48**

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	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
Balance at 1 January 2015	67,982	(3,945)	911	19,141	(2,036)	11,770	79,301	173,124	852	173,976
Net (loss)/profit for the quarter	-	-	-	-	-	-	(582)	(582)	5	(577)
Other comprehensive loss										
Foreign currency translation arising from consolidation	-	-	-	(541)	-	-	-	(541)	(4)	(545)
Total comprehensive (loss)/income	-	-	-	(541)	-	-	(582)	(1,123)	1	(1,122)
Purchase of treasury shares	-	(248)	-	-	-	-	-	(248)	-	(248)
Balance at 31 March 2015	**67,982**	**(4,193)**	**911**	**18,600**	**(2,036)**	**11,770**	**78,719**	**171,753**	**853**	**172,606**
Net (loss)/profit for the quarter	-	-	-	-	-	-	(1,878)	(1,878)	10	(1,868)
Other comprehensive income/(loss)										
Foreign currency translation arising from consolidation	-	-	-	574	-	-	-	574	(4)	570
Total comprehensive income/(loss)	-	-	-	574	-	-	(1,878)	(1,304)	6	(1,298)
Balance at 30 June 2015	**67,982**	**(4,193)**	**911**	**19,174**	**(2,036)**	**11,770**	**76,841**	**170,449**	**859**	**171,308**
Net profit for the quarter	-	-	-	-	-	-	73	73	10	83
Other comprehensive loss										
Foreign currency translation arising from consolidation	-	-	-	(5,525)	-	-	-	(5,525)	(26)	(5,551)
Total comprehensive (loss)/income	-	-	-	(5,525)	-	-	73	(5,452)	(16)	(5,468)
Purchase of treasury shares	-	(869)	-	-	-	-	-	(869)	-	(869)
Balance at 30 September 2015	**67,982**	**(5,062)**	**911**	**13,649**	**(2,036)**	**11,770**	**76,914**	**164,128**	**843**	**164,971**

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

Group

	ATTRIBUTABLE TO OWNERS OF THE COMPANY									
	Share capital	Treasury shares	Share option 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
Balance at 1 January 2014	67,982	(4,078)	911	20,969	(1,921)	11,715	77,366	172,944	856	173,800
Net profit for the quarter	-	-	-	-	-	-	2,625	2,625	31	2,656
Other comprehensive (loss)/income										
Foreign currency translation arising from consolidation	-	-	-	(1,154)	-	-	-	(1,154)	4	(1,150)
Total comprehensive (loss)/income	-	-	-	(1,154)	-	-	2,625	1,471	35	1,506
Treasury shares reissued pursuant to employee share option plan	-	113	-	-	(97)	-	-	16	-	16
Balance at 31 March 2014	**67,982**	**(3,965)**	**911**	**19,815**	**(2,018)**	**11,715**	**79,991**	**174,431**	**891**	**175,322**
Net profit for the quarter	-	-	-	-	-	-	7,551	7,551	10	7,561
Other comprehensive income										
Foreign currency translation arising from consolidation	-	-	-	185	-	-	-	185	6	191
Total comprehensive income	-	-	-	185	-	-	7,551	7,736	16	7,752
Purchase of treasury shares	-	(1)	-	-	-	-	-	(1)	-	(1)
Treasury shares reissued pursuant to employee share option plan	-	1	-	-	(1)	-	-	-	-	-
	-	-	-	-	(1)	-	-	(1)	-	(1)
Balance at 30 June 2014	**67,982**	**(3,965)**	**911**	**20,000**	**(2,019)**	**11,715**	**87,542**	**182,166**	**907**	**183,073**
Net loss for the quarter	-	-	-	-	-	-	(2,258)	(2,258)	-	(2,258)
Other comprehensive loss										
Foreign currency translation arising from consolidation	-	-	-	(744)	-	-	-	(744)	(32)	(776)
Total comprehensive loss	-	-	-	(744)	-	-	(2,258)	(3,002)	(32)	(3,034)
Dividends on ordinary shares	-	-	-	-	-	-	(3,267)	(3,267)	-	(3,267)
Balance at 30 September 2014	**67,982**	**(3,965)**	**911**	**19,256**	**(2,019)**	**11,715**	**82,017**	**175,897**	**875**	**176,772**
Net (loss)/profit for the quarter	-	-	-	-	-	-	(2,661)	(2,661)	8	(2,653)
Other comprehensive loss										
Foreign currency translation arising from consolidation	-	-	-	(115)	-	-	-	(115)	(31)	(146)
Total comprehensive loss	-	-	-	(115)	-	-	(2,661)	(2,776)	(23)	(2,799)
Treasury shares reissued pursuant to employee share option plan	-	20	-	-	(17)	-	-	3	-	3
Transfer from retained earnings to statutory reserve fund	-	-	-	-	-	55	(55)	-	-	-
	-	20	-	-	(17)	55	(55)	3	-	3
Balance at 31 December 2014	**67,982**	**(3,945)**	**911**	**19,141**	**(2,036)**	**11,770**	**79,301**	**173,124**	**852**	**173,976**

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 2015	67,982	(3,945)	911	(2,036)	4,023	66,935
Net profit for the quarter, representing total comprehensive income for the quarter	-	-	-	-	885	885
Purchase of treasury shares	-	(248)	-	-	-	(248)
Balance at 31 March 2015	**67,982**	**(4,193)**	**911**	**(2,036)**	**4,908**	**67,572**
Net loss for the quarter, representing total comprehensive loss for the quarter	-	-	-	-	(245)	(245)
Balance at 30 June 2015	**67,982**	**(4,193)**	**911**	**(2,036)**	**4,663**	**67,327**
Net profit for the quarter, representing total comprehensive income for the quarter	-	-	-	-	2,024	2,024
Purchase of treasury shares	-	(869)	-	-	-	(869)
Balance at 30 September 2015	**67,982**	**(5,062)**	**911**	**(2,036)**	**6,687**	**68,482**
Balance at 1 January 2014	67,982	(4,078)	911	(1,921)	30,990	93,884
Net profit for the quarter, representing total comprehensive income for the quarter	-	-	-	-	7,319	7,319
Treasury shares reissued pursuant to employee share option plan	-	113	-	(97)	-	16
Balance at 31 March 2014	**67,982**	**(3,965)**	**911**	**(2,018)**	**38,309**	**101,219**
Net profit for the quarter, representing total comprehensive income for the quarter	-	-	-	-	889	889
Purchase of treasury shares	-	(1)	-	-	-	(1)
Treasury shares reissued pursuant to employee share option plan	-	1	-	(1)	-	-
	-	-	-	(1)	-	(1)
Balance at 30 June 2014	**67,982**	**(3,965)**	**911**	**(2,019)**	**39,198**	**102,107**
Net loss for the quarter, representing total comprehensive loss for the quarter	-	-	-	-	(1,071)	(1,071)
Dividends on ordinary shares	-	-	-	-	(3,267)	(3,267)
Balance at 30 September 2014	**67,982**	**(3,965)**	**911**	**(2,019)**	**34,860**	**97,769**
Net loss for the quarter, representing total comprehensive loss for the quarter	-	-	-	-	(30,837)	(30,837)
Treasury shares reissued pursuant to employee share option plan	-	20	-	(17)	-	3
Balance at 31 December 2014	**67,982**	**(3,945)**	**911**	**(2,036)**	**4,023**	**66,935**

4. CONSOLIDATED CASH FLOW STATEMENT

	The Group 3 months ended 30 Sep		The Group 9 months ended 30 Sep	
	2015	**2014**	**2015**	**2014**
	US$'000	US$'000	US$'000	US$'000
Operating activities				
Net profit/(loss) for the period	83	(2,258)	(2,362)	7,959
Adjustments for :				
Income tax expense	1,213	444	2,440	3,899
Depreciation of property, plant and equipment	1,241	1,554	4,057	4,667
Amortisation of intangible assets	309	346	938	1,046
Net loss on disposal of property, plant and equipment	206	68	288	111
Interest income	(24)	(58)	(90)	(183)
Interest expense	355	574	1,071	1,869
Property, plant and equipment written off	155	-	167	1
Warranty provision	2,209	2,494	7,374	8,159
Net fair value (loss)/gain on foreign exchange derivative instruments	(1,021)	(1,619)	2,163	(5,733)
Unrealised foreign exchange translation differences	(3,296)	309	(2,830)	(463)
Operating cash flows before changes in working capital	1,430	1,854	13,216	21,332
Inventories	(2,166)	(500)	7,206	7,939
Trade and other receivables, deposits and prepayments	6,174	16,786	11,561	18,718
Provision for warranty	(2,821)	(2,598)	(9,339)	(7,260)
Trade and other payables	(4,489)	(5,138)	(9,985)	(10,991)
Cash flows (used in)/from operations	(1,872)	10,404	12,659	29,738
Income taxes paid	(2,682)	(601)	(5,444)	(1,422)
Net cash flows (used in)/from operating activities	**(4,554)**	**9,803**	**7,215**	**28,316**
Investing activities				
Proceeds from disposal of property, plant and equipment	67	11	589	37
Purchase of property, plant and equipment	(1,970)	(868)	(8,118)	(3,031)
Purchase of intangible assets	(54)	(10)	(184)	(18)
Interest received	24	58	90	183
Net cash flows used in investing activities	**(1,933)**	**(809)**	**(7,623)**	**(2,829)**
Financing activities				
Interest paid	(355)	(574)	(1,071)	(1,869)
Repayment of bank term loans	(76)	(2,251)	(2,479)	(6,864)
Proceeds from/(repayment of) short-term borrowings	22,330	(4,983)	26,729	(38,564)
Purchase of treasury shares	(869)	-	(1,117)	(1)
Proceeds from re-issuance of treasury shares	-	-	-	16
Dividends paid to shareholders of the Company	-	(3,267)	-	(3,267)
Net cash flows from/(used in) financing activities	**21,030**	**(11,075)**	**22,062**	**(50,549)**
Net increase/(decrease) in cash and cash equivalents	**14,543**	**(2,081)**	**21,654**	**(25,062)**
Effect of exchange rate changes on cash and cash equivalents	(1,033)	(422)	(1,249)	(549)
Cash and cash equivalents at the beginning of the financial period	42,710	47,693	35,815	70,801
Cash and cash equivalents at the end of the financial period (1)	**56,220**	**45,190**	**56,220**	**45,190**
Free Cash Flow (2)	**(6,578)**	**8,925**	**(1,087)**	**25,267**

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 from operating activities less capital expenditure.

5. NOTES TO THE FINANCIAL STATEMENTS

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

This is arrived at after charging the following:

	The Group 3 months ended 30 Sep		The Group 9 months ended 30 Sep	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Depreciation of property, plant and equipment	1,241	1,554	4,057	4,667
Amortisation of intangible assets	309	346	938	1,046
Total depreciation and amortisation	1,550	1,900	4,995	5,713
Allowance made for/(reversal of) impairment of trade receivables	468	(215)	323	274
Bad trade debts written off	117	-	374	791
Allowance made for slow moving and obsolete inventories	366	608	988	858
Warranty and claim expenses	2,865	3,384	9,524	10,288
Employee benefits	22,019	21,480	65,849	66,364
Net loss on disposal of property, plant and equipment	206	68	288	111
Property, plant and equipment written off	155	-	167	1

B. Income tax expense

	The Group 3 months ended 30 Sep		The Group 9 months ended 30 Sep	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Tax expense attributable to profit is made up of:				
Current income taxes:				
- Current income tax	671	222	1,355	3,720
- (Over)/under provision in respect of previous years	(52)	(8)	(269)	23
Deferred income taxes:				
- Current deferred tax	416	230	1,169	(250)
- Over provision in respect of previous years	-	-	-	(99)
Withholding taxes [(1)]	178	-	185	505
	1,213	**444**	**2,440**	**3,899**

Note:
(1) These represent withholding tax paid on the dividends declared by overseas subsidiaries.

With lower profitability, income tax expense decreased by US$1.5 million from US$3.9 million in 9M FY 2014 to US$2.4 million in 9M FY 2015.

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

C. Inventories

	The Group	
	30 Sep 2015	**31 Dec 2014**
	US$'000	US$'000
Raw materials	63,622	65,452
Work-in-progress	22,119	23,577
Finished goods	54,951	58,869
	140,692	147,898

D. Intangible assets

	Goodwill on Acquisition	**IP Rights**	**Computer Software Licenses & Development Costs**	**Total**
	US$'000	US$'000	US$'000	US$'000
Group				
Cost				
At 1 January 2014	**704**	**13,140**	**10,912**	**24,756**
Additions	-	-	42	42
Exchange rate adjustments	(84)	-	(160)	(244)
At 31 December 2014 and 1 January 2015	**620**	**13,140**	**10,794**	**24,554**
Additions	-	7	177	184
Write-off	-	-	(27)	(27)
Exchange rate adjustments	(46)	-	(11)	(57)
At 30 September 2015	**574**	**13,147**	**10,933**	**24,654**
Accumulated amortisation				
At 1 January 2014	**-**	**5,412**	**8,908**	**14,320**
Charge for the financial period	-	653	726	1,379
Exchange rate adjustments	-	-	(67)	(67)
At 31 December 2014 and 1 January 2015	**-**	**6,065**	**9,567**	**15,632**
Charge for the financial period	-	490	448	938
Write-off	-	-	(27)	(27)
Exchange rate adjustments	-	-	(4)	(4)
At 30 September 2015	**-**	**6,555**	**9,984**	**16,539**
Net book value				
At 31 December 2014	**620**	**7,075**	**1,227**	**8,922**
At 30 September 2015	**574**	**6,592**	**949**	**8,115**

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

E. Loans and borrowings

	The Group	
	30 Sep 2015	31 Dec 2014
	US$'000	US$'000
Current		
Bank term loans	190	2,559
Short-term bank loans	6,471	10,535
	6,661	13,094
Bills payable	53,653	22,857
	60,314	35,951
Non-current		
Bank term loans	-	113
Total loans and borrowings	60,314	36,064

The Group's total loans and borrowings are unsecured except for the bank term loans of a subsidiary with a carrying amount of US$0.2 million that are secured by the subsidiary's freehold land and building.

F. 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 2015	416,563	(10,441)	67,982	(3,945)
Treasury shares purchased	-	(6,517)	-	(1,117)
At 30 September 2015	416,563	(16,958)	67,982	(5,062)
At 1 January 2014	416,563	(10,791)	67,982	(4,078)
Treasury shares purchased	-	(7)	-	(1)
Reissued pursuant to employee share option plans:				
- For cash on exercise of employee share options	-	305	-	16
- Loss transferred to capital reserve	-	-	-	98
	-	305	-	114
At 30 September 2014	416,563	(10,493)	67,982	(3,965)

Treasury shares

The Company is authorised by the shareholders to buy up to 10% of the ordinary shares of the Company. The Company acquired 6,516,800 (30 September 2014: 7,000) shares in the Company through purchases on the Singapore Exchange during the financial period. The total amount paid to acquire the shares was US$1,117,041 (30 September 2014: US$1,491) and this was presented as a separate component within shareholders' equity.

The Company has not reissued any treasury shares during the financial period pursuant to the HTL International Holdings Limited Share Option Plan 2002. In the corresponding period last year, the Company reissued 305,000 treasury shares pursuant to the HTL International Holdings Limited Share Option Plan 2002 at the weighted average exercise price of US$0.05 each for a cash consideration of US$16,000.

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

F. Share capital (Cont'd)

Share options

HTL International Holdings Limited Share Option Plan 2002

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

Details of the share options to subscribe for ordinary shares of the Company that remains outstanding as at 30 September 2015 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 period	Exercise price	Exercise Period
2009 Options	7,120,000	6,165,000	777,500	177,500	S$0.07	26.2.2010 - 26.2.2019

G. Earnings per share

	3 months ended 30 Sep		9 months ended 30 Sep	
	2015	**2014**	**2015**	**2014**
Earnings per share (US cents)				
- Basic	0.02	(0.56)	(0.59)	1.95
- Diluted	0.02	(0.56)	(0.59)	1.95

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 30 September 2015, 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.

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

G. Earnings per share (Cont'd)

	3 months ended 30 Sep		9 months ended 30 Sep	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Net profit/(loss) attributable to owners of the Company used to determine basic and diluted earnings per share	73	(2,258)	(2,387)	7,918
	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	403,531	406,050	404,326	406,064
Adjustment for assumed conversion of share options	123	189	128	181
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	403,654	406,239	404,454	406,245
Diluted earnings per share (US cents)	0.02	(0.56)	(0.59)	1.95

H. Net asset per share

	The Group		The Company	
	As at 30 Sep 2015	As at 31 Dec 2014	As at 30 Sep 2015	As at 31 Dec 2014
Net asset value per ordinary share based on issued share capital as at the end of the respective period/year (US cents) *	41.07	42.63	17.14	16.48

* Based on issued share capital of 399,605,718 ordinary shares (excluding treasury shares) as at 30 September 2015 and 406,122,518 ordinary shares (excluding treasury shares) as at 31 December 2014.

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 period compared with those of audited financial statements as at 31 December 2014.

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 2015.

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

With effect from 1 January 2015, the Group is reorganised into four business units – Sofa Business Unit ("BU"), Leather BU, Home Furnishing Retail BU and Corporate Office.

Under this new organisational structure, the Group's retail business is consolidated with the existing Home Furnishing BU and renamed "Home Furnishing Retail BU". The retail business, which was previously insignificant to the Group, formed part of the Sofa BU in prior years.

The reorganisation enabled the Group to sharpen its focus in each business unit and better grow the retail business, in line with the objectives set out in the 2014 Annual Report to move up the value chain.

The segmental information in this announcement has been presented based on the new organisational structure with the comparative information restated accordingly.

	(A)	(B)	(C)	(D)=(A)+(B)+(C)		(E)	(F)=(D)-(E)	
				YTD Sep		YTD Sep [1]		
	Q1 2015	Q2 2015	Q3 2015	FY 2015	Q3 2014 [1]	FY 2014	Change	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	%
Sofa Business Unit ("Sofa BU")								
- External	105,012	118,063	101,477	324,552	108,313	365,352	(40,800)	-11.2%
- Internal	915	1,213	1,270	3,398	469	2,109	1,289	
	105,927	**119,276**	**102,747**	**327,950**	**108,782**	**367,461**	**(39,511)**	
Leather Business Unit ("Leather BU")								
- Internal	**32,557**	**34,962**	**34,558**	**102,077**	**31,988**	**100,118**	1,959	2.0%
Home Furnishing Retail Business Unit ("HFRBU")								
- External	4,055	4,528	5,430	14,013	5,534	13,547	466	3.4%
- Internal	1	6	2	9	-	88	(79)	
	4,056	**4,534**	**5,432**	**14,022**	**5,534**	**13,635**	**387**	
Less : Inter-segment sales	(33,473)	(36,181)	(35,830)	(105,484)	(32,457)	(102,315)	(3,169)	
Group Turnover	**109,067**	**122,591**	**106,907**	**338,565**	**113,847**	**378,899**	**(40,334)**	-10.6%

Notes:

(1) The comparatives have been restated due to the aforesaid Group's internal reorganisation.
(2) Core Business comprises the Sofa and Leather Business Units ("BU") and Corporate Office.
(3) Q1, Q2 and Q3 2015/2014 – three months ended 31 March, 30 June, and 30 September 2015/2014, respectively
(4) YTD Sep 2015/2014 – nine months ended 30 September 2015/2014
(5) SG&A – represents the aggregate of total sales, marketing, distribution and administrative expenses

Q3 2015 vs. Q3 2014

Turnover

Revenue fell by 6.1% to US$106.9 million in Q3 2015, mainly due to lower sales in Europe and the weaker Euro, Japanese Yen ("JPY") and Australian Dollar ("AUD") against the United States Dollar ("USD"). This was partially offset by higher sales in North America.

10. REVIEW OF GROUP PERFORMANCE (Cont'd)

Q3 2015 vs. Q3 2014 (Cont'd)

Profitability

The Group's gross profit margin fell from 29.2% in Q3 2014 to 28.1% in Q3 2015, predominantly due to impact of the weaker Euro, JPY and AUD against the USD.

Other operating income reduced by 40.3% to US$0.9 million in Q3 2015, mainly due to lower leather scrap sales to external parties and lower suppliers rebate received by Domicil Home in Germany as a result of lower sales.

SG&A fell by 16.3% to US$31.3 million in Q3 2015, primarily as a result of weaker sales, lower freight rates and tighter cost control particularly in advertising and promotion expenses.

Other operating expenses for Q3 2015 was 70.4% lower at US$0.8 million. The US$2.7 million other operating expenses for Q3 2014 included a one-off expense incurred in connection with the cessation of a sales marketing agency.

Net foreign exchange gain decreased by 29.7% to US$2.8 million in Q3 2015, largely attributable to lower realised gain on delivery of foreign exchange contracts. This was partly mitigated by unrealised gain on payables/receivables compared to a loss in Q3 2014.

Income tax expense increased by US$0.8 million to US$1.2 million, mainly due to higher profitability and losses from certain subsidiaries which could not be utilised to offset against the profits generated by other subsidiaries.

The net result of the above is a turnaround of the Group's bottom line from a net loss of US$2.3 million in Q3 2014 to a small profit of US$0.1 million in Q3 2015.

9M FY 2015 vs 9M FY 2014

Turnover

Turnover declined by 10.6% to US$338.6 million in 9M FY 2015 due to weaker sales in all key markets particularly in Europe and North America coupled with weaker Euro, JPY and AUD against the USD.

Profitability

The Group's gross profit margin declined from 30.9% in 9M FY 2014 to 27.6% in 9M FY 2015, primarily as a result of the weaker Euro, JPY and AUD against the USD, higher raw material and labour costs in China and higher factory fixed overhead costs per unit of production arising from lower sales volume. These were partly negated by lower leather usage.

Other operating income reduced by US$3.7 million to US$3.1 million, mainly due to lower leather scrap sales to external parties and lower suppliers rebate received by Domicil Home in Germany as a result of lower sales.

SG&A fell by 14.1% to US$102.1 million in 9M FY 2015, primarily as a result of weaker sales, lower freight rates and tighter cost control especially in advertising and promotion expenses. These were partially offset by higher operating cost arising from the expansion of retail presence in Asia.

10. REVIEW OF GROUP PERFORMANCE (Cont'd)

9M FY 2015 vs 9M FY 2014 (Cont'd)

Net finance expense dropped by 41.8% to US$1.0 million in 9M FY 2015, in line with lower loans and borrowings.

Other operating expenses reduced by US$1.7 million to US$1.3 million in 9M FY 2015, mainly due to the absence of the one-off expense incurred in connection with the cessation of a sales marketing agency in 9M FY 2014.

Overall, the Group registered an operating loss before net foreign exchange gain and tax of US$7.8 million in 9M FY 2015, compared to an operating profit before net foreign exchange gain and tax of US$0.3 million in 9M FY 2014.

Net foreign exchange gain decreased by 31.8% from US$11.6 million in 9M FY 2014 to US$7.9 million in 9M FY 2015, largely due to unrealised mark-to-market loss on foreign exchange contracts compared to a gain in 9M FY 2014. This was partly mitigated by unrealised gain on payables/receivables compared to a loss in 9M FY 2014.

With lower profitability, income tax expense decreased by US$1.5 million from US$3.9 million in 9M FY 2014 to US$2.4 million in 9M FY 2015.

Consequently, the Group incurred a net loss of US$2.4 million for 9M FY 2015, compared to a net profit of US$8.0 million in 9M FY 2014.

Analysis by Major Business Units

	Core Business (1) 9 months ended 30 Sep		Change	Home Furnishing Retail 9 months ended 30 Sep		Change
	2015 US$'000	2014 (2) US$'000	%	2015 US$'000	2014 (2) US$'000	%
Revenue (exclude inter-segment sales)	324,552	365,352	(11.2)	14,013	13,547	3.4
Operating profit/(loss) before net foreign exchange gain/(loss)	2,473	7,712	(67.9)	(10,301)	(7,442)	38.4
EBITDA before net foreign exchange gain/(loss)	7,520	14,639	(48.6)	(9,372)	(6,970)	34.5
Net profit/(loss) for the period	8,197	15,458	(47.0)	(10,559)	(7,499)	40.8
Net margin	2.5%	4.2%		-75.4%	-55.4%	
Total net foreign exchange gain/(loss)	8,100	11,574		(194)	14	

Notes:

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

(2) The comparatives have been restated due to the Group's internal reorganisation.

10. REVIEW OF GROUP PERFORMANCE (Cont'd)

Analysis by Major Business Units (Cont'd)

Core Business

Sofa BU - Revenue by Regions

	9 months ended 30 Sep			
	2015	**2014** (1)	**Change**	
	US$'000	US$'000	US$'000	**%**
Asia (excluding China)	43,101	51,141	(8,040)	(15.7)
China (including Hong Kong)	3,220	3,146	74	2.4
Europe	146,396	170,597	(24,201)	(14.2)
North America	74,327	79,946	(5,619)	(7.0)
ANZ	56,673	59,269	(2,596)	(4.4)
Others	835	1,253	(418)	(33.4)
Total (2)	324,552	365,352	(40,800)	(11.2)

Notes:

(1) The comparatives have been restated due to the Group's internal reorganisation.

(2) These exclude inter-segment sales.

Sofa BU posted lower revenue of US$324.6 million compared to US$365.4 million in the same period last year due to lower sales in all the key markets particularly Europe, Asia (most notably, Japan) and North America coupled with the weaker Euro, JPY and AUD against the USD. The lower sales in North America was due in part to the extremely harsh winter weather and the US West Coast port strikes earlier this year.

Europe continued to be HTL's largest market which accounted for 45.1% (9M FY 2014: 46.7%) of the Core Business turnover, followed by North America (22.9%), ANZ (17.5%), and Asia (14.3%).

As a consequence of weaker sales, gross profit and other operating income, Core Business' operating profit before net foreign exchange gain and tax decreased by US$5.2 million to US$2.5 million in 9M FY 2015. This was net of the savings from lower SG&A, other operating and net finance expenses.

Home Furnishing Retail BU

HFRBU's revenue increased by 3.4% to US$14.0 million, mainly attributable to the expansion of retail presence in China. Notwithstanding the growth in turnover, HFRBU's operating loss before net foreign exchange gain and tax widen by 38.4% to US$10.3 million. This was primarily a result of higher SG&A costs arising from the development of retail presence in Asia, coupled with lower suppliers rebate received by Domicil Home in Germany.

Liquidity, financial and working capital resources

The Group continued to maintain a healthy balance sheet amidst the challenging business environment.

Trade and other receivables decreased by US$10.3 million to US$42.5 million, in tandem with lower sales in Q3 2015 coupled with higher factoring without recourse. The average day sales outstanding ("DSO") as at 30 September 2015 improved to 1.1 months (31 December 2014: 1.3 months).

10. REVIEW OF GROUP PERFORMANCE (Cont'd)

Liquidity, financial and working capital resources (Cont'd)

Inventory reduced by US$7.2 million to US$140.7 million, in line with lower revenue. Consequently, the outstanding days in inventory ("DIO") as at 30 September 2015 remained fairly constant at 5.2 months (31 December 2014: 5.1 months).

Trade and other payables fell by US$10.0 million to US$73.2 million. This was mainly attributable to lower business activities and higher payment made to suppliers. The average day payables outstanding ("DPO") as at 30 September 2015 reduced to 2.7 months (31 December 2014: 2.9 months).

The Group's net borrowings (loan and borrowings less cash and short term deposits) increased by US$3.8 million to US$4.1 million as at 30 September 2015, mainly due to higher leather procurement activities. Accordingly, the Group's overall net gearing was also higher at 2% (31 December 2014: 0.1%). The Group reported a negative free cash flow of US$1.1 million in 9M FY 2015 compared to a positive US$25.3 million in 9M FY 2014 as a result of lower profitability and higher capital expenditure in 9M FY 2015 compared to 9M FY 2014.

11. VARIANCE FROM PROSPECT STATEMENT

No prospect statement was previously provided.

12. OUTLOOK

Consumer sentiment worldwide remains soft against the backdrop of global economic uncertainty and slowdown in China. Major trading currencies, notably the Euro, JPY, AUD and Chinese Renminbi will remain volatile and may weaken further against the USD given the expected rise in US interest rates.

While external factors will continue to put a strain on our revenue and profitability, input costs, especially raw leather hide prices and freight rates have been moderating. This will help to ease the pressure on our profit margins.

As a result of the Group's restructuring effort, we expect the outlook for the sofa business to remain positive for the rest of the year. However, the expansion into the retail business will continue to affect the Group's overall performance until better economies of scale are achieved.

13. KEY BUSINESS RISKS

Macro Risks

Commodity risks

Raw leather hide is the principal raw material in the Group's upholstered furniture, accounting for almost half 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.

13. KEY BUSINESS RISKS (Cont'd)

Macro Risks (Cont'd)

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 that the increased contribution from the Europe and North America markets now accounts for about two-thirds of the Group's turnover. In general, shipments of goods from July to August (i.e. the summer months) are lower than in the other months of a calendar year. These seasonality variations may cause short term fluctuations in the Group's turnover and 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. With effect from 1 July 2007, export VAT rebates for the Group's product segments had been reduced from 8% to nil for finished leather, and from 13% to 11% for sofa upholstery. 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.

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, these changes being 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. However, any expansion 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.

13. KEY BUSINESS RISKS (Cont'd)

Macro Risks (Cont'd)

Company Risks

Foreign exchange risks

The global financial markets remain volatile. The Group transacts primarily in USD 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 situated outside of Singapore, most notably in China. Consequently, any movement between Renminbi and USD will also affect the Group's currency exposure risks. Any significant adverse movements in the other major trading currencies against USD will also 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 40 countries across 6 continents and relies on shipping companies for the shipment of its products to these countries. As such, the Group bears freight costs when it sells on Cost, Insurance and Freight (CIF), Delivered Duty Unpaid (DDU) or Cost and Freight (CFR) terms, and when it purchases on Free on Board (FOB) term. The freight market can be volatile, and freight rates are affected by fluctuations in oil prices. 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 it is therefore difficult for the Group to manage its freight costs. The Group does 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 - None

(ii) Corresponding period of the immediately preceding financial period – None

(iii) Date payable – Not applicable

(iv) Books closure date – Not applicable

15. SEGMENTAL INFORMATION

	Sofa US$'000	Leather US$'000	Home Furnishing Retail US$'000	Corporate US$'000	Elimination US$'000	Group US$'000
Financial period ended 30 September 2015						
Revenue						
External sales	324,552	-	14,013	-	-	338,565
Inter-segment sales	3,398	102,077	9	-	(105,484)	-
Total revenue	327,950	102,077	14,022	-	(105,484)	338,565
Segment results	3,756	439	(10,214)	(828)	-	(6,847)
Finance income						90
Finance expense						(1,071)
Net foreign exchange gain						7,906
Income tax expense						(2,440)
Net loss for the period						(2,362)
Segment assets	170,763	103,934	23,814	3,183	-	301,694
Tax assets						3,725
Consolidated total assets						305,419
Segment liabilities	(55,468)	(16,122)	(5,276)	(1,649)	-	(78,515)
Loans and borrowings						(60,314)
Tax liabilities						(1,619)
Consolidated total liabilities						(140,448)
Other segment items						
Addition to non-current assets						
- property, plant and equipment	5,314	46	2,758	-	-	8,118
Depreciation	2,343	881	833	-	-	4,057
Amortisation	795	134	9	-	-	938

15. SEGMENTAL INFORMATION (Cont'd)

	Sofa [1] US$'000	Leather US$'000	Home Furnishing Retail [1] US$'000	Corporate US$'000	Elimination [1] US$'000	Group US$'000
Financial period ended 30 September 2014						
Revenue						
External sales	365,352	-	13,547	-	-	378,899
Inter-segment sales	2,109	100,118	88	-	(102,315)	-
Total revenue	367,461	100,118	13,635	-	(102,315)	378,899
Segment results	11,248	(933)	(7,461)	(898)	-	1,956
Finance income						183
Finance expense						(1,869)
Net foreign exchange gain						11,588
Income tax expense						(3,899)
Net profit for the period						7,959
Segment assets	177,067	104,364	21,675	3,385	-	306,491
Tax assets						5,195
Consolidated total assets						311,686
Segment liabilities	(61,596)	(8,973)	(5,839)	(1,566)	-	(77,974)
Loans and borrowings						(52,361)
Tax liabilities						(4,579)
Consolidated total liabilities						(134,914)
Other segment items						
Addition to non-current assets						
- property, plant and equipment	873	103	2,055	-	-	3,031
Depreciation	2,913	1,267	487	-	-	4,667
Amortisation	869	173	4	-	-	1,046

Note:
(1) The comparatives have been restated due to the Group's internal reorganisation.

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:

	9 months ended 30 Sep 2015 US$'000	9 months ended 30 Sep 2014 US$'000	Change US$'000	Change %
Asia (excluding China)	48,509	57,726	(9,217)	(16.0)
China (including Hong Kong)	8,390	5,135	3,255	63.4
Europe	149,831	175,569	(25,738)	(14.7)
North America	74,327	79,947	(5,620)	(7.0)
ANZ	56,673	59,269	(2,596)	(4.4)
Others	835	1,253	(418)	(33.4)
Total	338,565	378,899	(40,334)	(10.6)

15. SEGMENTAL INFORMATION (Cont'd)

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

	Non-current assets (excluding deferred tax assets)	
	30 Sep 2015 US$'000	**31 Dec 2014** US$'000
Asia (excluding China)	16,913	17,056
China (including Hong Kong)	28,455	31,705
Europe	1,496	2,141
United States	3,450	67
Australia	1,365	328
Total	51,679	51,297

16. CONFIRMATION PURSUANT TO RULE 705 (5) OF THE LISTING MANUAL

We, the undersigned, being two directors of HTL International Holdings Limited (the "Company") do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results of the Group comprising the balance sheets (Group and Company), consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity (Group and Company) and consolidated cash flow statement, (together with the accompanying notes) for the period ended 30 September 2015 to be false or misleading in any material respect.

On behalf of the Board of Directors,

Phua Yong Tat
Director

Phua Yong Sin
Director

BY ORDER OF THE BOARD

Jacqueline Loke
Company Secretary
12 November 2015