HTL INTERNATIONAL HOLDINGS LIMITED

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

Half Year Financial Statements Announcement

For the Period Ended

30 June 2015

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1. CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

For the Period Ended 30 June 2015 ("1H 2015")

	Notes	The Group 3 months ended 30 Jun 2015 US$'000	2014 US$'000	Change %	The Group 6 months ended 30 Jun 2015 US$'000	2014 US$'000	Change %
Revenue		**122,591**	**145,107**	(15.5)	**231,658**	**265,052**	(12.6)
Cost of sales		(90,400)	(98,151)	(7.9)	(168,320)	(181,421)	(7.2)
Gross profit		**32,191**	**46,956**	(31.4)	**63,338**	**83,631**	(24.3)
Other operating income		1,300	2,800	(53.6)	2,286	5,389	(57.6)
Sales, marketing and distribution expenses		(27,656)	(35,287)	(21.6)	(54,430)	(64,556)	(15.7)
Administrative expenses		(8,482)	(8,395)	1.0	(16,320)	(16,856)	(3.2)
Other operating expenses		(280)	(255)	9.8	(513)	(323)	58.8
Operating (loss)/profit before finance income and expense and net foreign exchange gain	5A	**(2,927)**	**5,819**	NM	**(5,639)**	**7,285**	NM
Finance income		43	56	(23.2)	66	125	(47.2)
Finance expense		(354)	(649)	(45.5)	(716)	(1,295)	(44.7)
Operating (loss)/profit before net foreign exchange gain		**(3,238)**	**5,226**	NM	**(6,289)**	**6,115**	NM
Net foreign exchange gain*		1,950	5,020	(61.2)	5,071	7,557	(32.9)
(Loss)/profit before tax		**(1,288)**	**10,246**	NM	**(1,218)**	**13,672**	(108.9)
Income tax expense	5B	(580)	(2,685)	(78.4)	(1,227)	(3,455)	(64.5)
Net (loss)/profit for the period		**(1,868)**	**7,561**	NM	**(2,445)**	**10,217**	NM
Attributable to:							
Owners of the Company		(1,878)	7,551	NM	(2,460)	10,176	NM
Non-controlling interest		10	10	-	15	41	(63.4)
		(1,868)	**7,561**		**(2,445)**	**10,217**	
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME							
Net (loss)/profit for the period		**(1,868)**	**7,561**	NM	**(2,445)**	**10,217**	NM
Other comprehensive income/(loss):							
Item that may be reclassified subsequently to income statement:							
Foreign currency translation arising from consolidation		570	191	198.4	25	(959)	NM
Total comprehensive (loss)/income for the period		**(1,298)**	**7,752**		**(2,420)**	**9,258**	
Attributable to:							
Owners of the Company		(1,304)	7,736	NM	(2,427)	9,207	NM
Non-controlling interest		6	16	(62.5)	7	51	(86.3)
		(1,298)	**7,752**		**(2,420)**	**9,258**	
Gross profit margin (GP%)		**26.3%**	**32.4%**		**27.3%**	**31.6%**	
Net (loss)/profit margin		**-1.5%**	**5.2%**		**-1.1%**	**3.9%**	
EBITDA		**708**	**12,736**		**2,877**	**18,655**	
EBITDA before net foreign exchange gain		**(1,242)**	**7,716**		**(2,194)**	**11,098**	
EBITDA margin		**0.6%**	**8.8%**		**1.2%**	**7.0%**	
EBITDA margin before net foreign exchange gain		**-1.0%**	**5.3%**		**-0.9%**	**4.2%**	

NM : Not meaningful

	The Group 3 months ended 30 Jun 2015 US$'000	2014 US$'000	The Group 6 months ended 30 Jun 2015 US$'000	2014 US$'000
Net foreign exchange gain comprises:				
Realised foreign exchange gain	587	1,853	6,734	3,067
Unrealised foreign exchange gain	2,381	511	1,521	376
Net fair value (loss)/gain on derivative financial instruments [(1)]	(1,018)	2,656	(3,184)	4,114
Total net foreign exchange gain*	**1,950**	**5,020**	**5,071**	**7,557**

Note:

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

2. BALANCE SHEETS

	Notes	The Group 30 Jun 2015 US$'000	The Group 31 Dec 2014 US$'000	The Company 30 Jun 2015 US$'000	The Company 31 Dec 2014 US$'000
Current assets					
Cash and short-term deposits		42,758	35,815	4	1
Trade and other receivables		48,102	52,844	645	7,533
Derivative financial instruments	(i)	-	282	-	-
Inventories	5C	138,526	147,898	-	-
Tax recoverable		-	38	-	-
Deposits		5,027	4,826	2,534	2,534
Prepayments		5,988	6,565	-	-
		240,401	**248,268**	**3,183**	**10,068**
Non-current assets					
Investments in subsidiaries		-	-	99,032	98,870
Property, plant and equipment		44,242	41,687	-	-
Intangible assets	5D	8,359	8,922	-	-
Deferred tax assets		4,231	5,065	-	-
Other receivables		419	688	-	-
		57,251	**56,362**	**99,032**	**98,870**
Total assets		**297,652**	**304,630**	**102,215**	**108,938**
Current liabilities					
Trade and other payables		77,685	83,181	4,493	3,928
Current income tax liabilities		2,677	5,012	-	-
Derivative financial instruments	(i)	2,902	-	-	-
Bank loans	5E	7,820	13,094	-	-
Bills payable	5E	30,288	22,857	-	-
Provision for warranty		4,049	5,403	-	-
		125,421	**129,547**	**4,493**	**3,928**
Non-current liabilities					
Bank loans	5E	-	113	-	-
Deferred tax liabilities		923	994	923	923
Advances from a subsidiary		-	-	29,472	37,152
		923	**1,107**	**30,395**	**38,075**
Total liabilities		**126,344**	**130,654**	**34,888**	**42,003**
Net assets		**171,308**	**173,976**	**67,327**	**66,935**
Equity attributable to owners of the Company					
Share capital	5F	67,982	67,982	67,982	67,982
Treasury shares	5F	(4,193)	(3,945)	(4,193)	(3,945)
Non-distributable reserves		29,819	29,786	(1,125)	(1,125)
Retained earnings		76,841	79,301	4,663	4,023
		170,449	173,124	67,327	66,935
Non-controlling interest		859	852	-	-
Total equity		**171,308**	**173,976**	**67,327**	**66,935**
Group net borrowings		**-**	**249**	**NA**	**NA**
Group net gearing (%)		**-**	**0.14**	**NA**	**NA**
Net tangible assets per share (cents)		**40.05**	**40.43**	**16.63**	**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)/income										
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**
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)/income										
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**
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 Jun		The Group 6 months ended 30 Jun	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Operating activities				
Net (loss)/profit for the period	(1,868)	7,561	(2,445)	10,217
Adjustments for :				
Income tax expense	580	2,685	1,227	3,455
Depreciation of property, plant and equipment	1,368	1,555	2,816	3,113
Amortisation of intangible assets	317	342	629	700
Net loss on disposal of property, plant and equipment	66	29	82	43
Interest income	(43)	(56)	(66)	(125)
Interest expense	354	649	716	1,295
Property, plant and equipment written off	-	1	12	1
Warranty provision	2,725	3,170	5,165	5,665
Net fair value loss/(gain) on foreign exchange derivative instruments	1,018	(2,656)	3,184	(4,114)
Unrealised foreign exchange translation differences	374	(8)	466	(772)
Operating cash flows before changes in working capital	4,891	13,272	11,786	19,478
Inventories	8,087	10,274	9,372	8,439
Trade and other receivables, deposits and prepayments	(1,604)	(6,694)	5,387	1,932
Provision for warranty	(3,166)	(2,894)	(6,518)	(4,662)
Trade and other payables	12,105	714	(5,496)	(5,853)
Cash flows from operations	20,313	14,672	14,531	19,334
Income taxes paid	(2,150)	(40)	(2,762)	(821)
Net cash flows from operating activities	**18,163**	**14,632**	**11,769**	**18,513**
Investing activities				
Proceeds from disposal of property, plant and equipment	520	19	522	26
Purchase of property, plant and equipment	(4,471)	(1,226)	(6,148)	(2,163)
Purchase of intangible assets	(83)	(8)	(130)	(8)
Interest received	43	56	66	125
Net cash flows used in investing activities	**(3,991)**	**(1,159)**	**(5,690)**	**(2,020)**
Financing activities				
Interest paid	(354)	(649)	(716)	(1,295)
Repayment of bank term loans	(77)	(2,252)	(2,403)	(4,613)
(Repayment of)/Proceeds from short-term borrowings	(7,636)	(23,187)	4,399	(33,581)
Purchase of treasury shares	-	(1)	(248)	(1)
Proceeds from re-issuance of treasury shares	-	-	-	16
Net cash flows (used in)/from financing activities	**(8,067)**	**(26,089)**	**1,032**	**(39,474)**
Net increase/(decrease) in cash and cash equivalents	**6,105**	**(12,616)**	**7,111**	**(22,981)**
Effect of exchange rate changes on cash and cash equivalents	95	90	(216)	(127)
Cash and cash equivalents at the beginning of the financial period	36,510	60,219	35,815	70,801
Cash and cash equivalents at the end of the financial period [1]	**42,710**	**47,693**	**42,710**	**47,693**
Free Cash Flow [2]	**13,609**	**13,398**	**5,491**	**16,342**

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 Jun		The Group 6 months ended 30 Jun	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Depreciation of property, plant and equipment	1,368	1,555	2,816	3,113
Amortisation of intangible assets	317	342	629	700
Total depreciation and amortisation	1,685	1,897	3,445	3,813
Allowance made for/(reversal of) impairment of trade receivables	93	226	(145)	489
Bad trade debts written off	11	769	257	791
Allowance made for slow moving and obsolete inventories	243	(42)	622	250
Warranty and claim expenses	3,418	3,756	6,659	6,904
Employee benefits	22,269	23,621	43,830	44,884
Net loss on disposal of property, plant and equipment	66	29	82	43
Property, plant and equipment written off	-	1	12	1

B. Income tax expense

	The Group 3 months ended 30 Jun		The Group 6 months ended 30 Jun	
	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	502	1,848	684	3,498
- (Over)/under provision in respect of previous years	(225)	33	(217)	31
Deferred income taxes:				
- Current deferred tax	296	662	753	(480)
- Over provision in respect of previous years	-	-	-	(99)
Withholding taxes [(1)]	7	142	7	505
	580	**2,685**	**1,227**	**3,455**

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

Despite the Group reported loss before tax of US$1.2 million, the income tax expense of US$1.2 million was recorded in 1H 2015 compared to US$3.5 million in 1H 2014. This was mainly due to losses from certain subsidiaries could not be utilised to offset against the profits generated by other subsidiaries.

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

C. Inventories

	The Group	
	30 Jun 2015	**31 Dec 2014**
	US$'000	US$'000
Raw materials	57,159	65,452
Work-in-progress	21,200	23,577
Finished goods	60,167	58,869
	138,526	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				
<u>Cost</u>				
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	-	3	127	130
Write-off	-	-	(27)	(27)
Exchange rate adjustments	(48)	-	(30)	(78)
At 30 June 2015	**572**	**13,143**	**10,864**	**24,579**
<u>Accumulated amortisation</u>				
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	-	327	302	629
Write-off	-	-	(27)	(27)
Exchange rate adjustments	-	-	(14)	(14)
At 30 June 2015	**-**	**6,392**	**9,828**	**16,220**
<u>Net book value</u>				
At 31 December 2014	**620**	**7,075**	**1,227**	**8,922**
At 30 June 2015	**572**	**6,751**	**1,036**	**8,359**

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

E. Loans and borrowings

	The Group	
	30 Jun 2015	31 Dec 2014
	US$'000	US$'000
Current		
Bank overdrafts	48	-
Bank term loans	262	2,559
Short-term bank loans	7,510	10,535
	7,820	13,094
Bills payable	30,288	22,857
	38,108	35,951
Non-current		
Bank term loans	-	113
Total loans and borrowings	38,108	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$0.3 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	-	(1,380)	-	(248)
At 30 June 2015	416,563	(11,821)	67,982	(4,193)
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 June 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 1,379,600 (30 June 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$248,860 (30 June 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 June 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 Jun		6 months ended 30 Jun	
	2015	2014	2015	2014
Earnings per share (US cents)				
- Basic	(0.46)	1.86	(0.61)	2.51
- Diluted	(0.46)	1.86	(0.61)	2.50

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 June 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 Jun		6 months ended 30 Jun	
	2015	**2014**	**2015**	**2014**
	US$'000	US$'000	US$'000	US$'000
Net (loss)/profit attributable to owners of the Company used to determine basic and diluted earnings per share	(1,878)	7,551	(2,460)	10,176
	No. of shares	**No. of shares**	**No. of shares**	**No. of shares**
	'000	'000	'000	'000
Weighted average number of ordinary shares used in the calculation of basic earnings per share	405,870	406,050	405,303	406,061
Adjustment for assumed conversion of share options	129	191	130	184
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	405,999	406,241	405,433	406,245
Diluted earnings per share (US cents)	(0.46)	1.86	(0.61)	2.50

H. Net asset per share

	The Group		The Company	
	As at 30 Jun 2015	**As at 31 Dec 2014**	**As at 30 Jun 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) *	42.11	42.63	16.63	16.48

* Based on issued share capital of 404,742,918 ordinary shares (excluding treasury shares) as at 30 June 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) = (A) + (B)	(D)	(E)	(F) = (D) + (E)	(G) = (C) - (F)	
	Q1 2015 US$'000	**Q2 2015 US$'000**	**1H 2015 US$'000**	**Q1 2014 [(1)] US$'000**	**Q2 2014 [(1)] US$'000**	**1H 2014 [(1)] US$'000**	**Change US$'000**	%
Sofa Business Unit ("Sofa BU")								
- External	105,012	118,063	223,075	116,359	140,680	257,039	(33,964)	-13.2%
- Internal	915	1,213	2,128	396	1,244	1,640	488	
	105,927	**119,276**	**225,203**	**116,755**	**141,924**	**258,679**	**(33,476)**	
Leather Business Unit ("Leather BU")								
- Internal	**32,557**	**34,962**	**67,519**	**33,404**	**34,726**	**68,130**	(611)	-0.9%
Home Furnishing Retail Business Unit ("HFRBU")								
- External	4,055	4,528	8,583	3,586	4,427	8,013	570	7.1%
- Internal	1	6	7	71	17	88	(81)	
	4,056	**4,534**	**8,590**	**3,657**	**4,444**	**8,101**	**489**	
Less : Inter-segment sales	(33,473)	(36,181)	(69,654)	(33,871)	(35,987)	(69,858)	204	
Group Turnover	**109,067**	**122,591**	**231,658**	**119,945**	**145,107**	**265,052**	**(33,394)**	-12.6%

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 and Q2 2015/2014 – three months ended 31 March and 30 June 2015/2014, respectively
(4) 1H 2015/2014 – six months ended 30 June 2015/2014
(5) SG&A – represents the aggregate of total sales, marketing, distribution and administrative expenses

Q2 2015 vs. Q2 2014

Turnover

Revenue fell by 15.5% to US$122.6 million in Q2 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 China.

10. REVIEW OF GROUP PERFORMANCE (Cont'd)

Q2 2015 vs. Q2 2014 (Cont'd)

Profitability

The Group's gross profit margin fell from 32.4% in Q2 2014 to 26.3% in Q2 2015, predominantly due to the impact of 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 mitigated by lower leather usage.

Other operating income reduced by 53.6% to US$1.3 million in Q2 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 17.3% to US$36.1 million in Q2 2015, primarily as a result of lower revenue and lower freight rates. These were partly offset by higher operating costs arising from the expansion of retail presence in Asia.

With lower revenue, gross profit and other operating income, the Group posted operating loss before net foreign exchange gain and tax of US$3.2 million for Q2 2015, compared to an operating profit before net foreign exchange gain and tax of US$5.2 million in Q2 2014.

Net foreign exchange gain decreased by 61.2% to US$2.0 million in Q2 2015, largely attributable to unrealised mark-to-market loss on foreign exchange contracts compared to a gain in Q2 2014. This was partly mitigated by higher realised gain on delivery of foreign exchange contracts and higher unrealised gain on payables/receivables.

The Group recorded income tax expense of US$0.6 million despite registering loss before tax of US$1.3 million as the losses from certain subsidiaries could not be utilised to offset against the profits generated by other subsidiaries.

Consequently, the Group reported a net loss of US$1.9 million for Q2 2015, compared to a net profit of US$7.6 million for Q2 2014.

1H 2015 vs 1H 2014

Turnover

Turnover declined by 12.6% to US$231.7 million in 1H 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 31.6% in 1H 2014 to 27.3% in 1H 2015, primarily as a result of 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$3.1 million to US$2.3 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 13.1% to US$70.8 million in 1H 2015, primarily as a result of lower revenue and lower freight rates. These were partially offset by higher operating cost arising from the expansion of retail presence in Asia.

Net finance expense dropped by 44.4% to US$0.7 million in 1H 2015, in line with lower loans and borrowings.

10. REVIEW OF GROUP PERFORMANCE (Cont'd)

1H 2015 vs 1H 2014 (Cont'd)

With lower revenue, gross profit and other operating income, the Group registered operating loss before net foreign exchange gain and tax of US$6.3 million in 1H 2015, a reversal from operating profit before net foreign exchange gain and tax of US$6.1 million in 1H 2014.

Net foreign exchange gain decreased by 32.9% from US$7.6 million in 1H 2014 to US$5.1 million in 1H 2015, mainly due to unrealised mark-to-market loss on foreign exchange contracts compared to a gain in 1H 2014. This was partly mitigated by higher realised gain on delivery of foreign exchange contracts and higher unrealised gain on payables/receivables.

Despite the Group reported loss before tax of US$1.2 million in 1H 2015, income tax expense of US$1.2 million was recorded as the losses from certain subsidiaries could not be utilised to offset the profits generated by other subsidiaries.

Overall, the Group incurred a net loss of US$2.4 million for 1H 2015, compared to a net profit of US$10.2 million in 1H 2014.

Analysis by Major Business Units

	Core Business [1]			Home Furnishing Retail		
	6 months ended 30 Jun		Change	6 months ended 30 Jun		Change
	2015	2014 [2]	%	2015	2014 [2]	%
	US$'000	US$'000		US$'000	US$'000	
Revenue (exclude inter-segment sales)	223,075	257,039	(13.2)	8,583	8,013	7.1
Operating (loss)/profit before net foreign exchange gain	(117)	10,233	NM	(6,172)	(4,118)	49.9
EBITDA before net foreign exchange gain	3,402	14,943	(77.2)	(5,596)	(3,845)	45.5
Net profit/(loss) for the period	3,744	14,363	(73.9)	(6,189)	(4,146)	49.3
Net margin	1.7%	5.6%		-72.1%	-51.7%	
Total net foreign exchange gain	5,035	7,548		36	9	

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.

NM : Not meaningful

10. REVIEW OF GROUP PERFORMANCE (Cont'd)

Analysis by Major Business Units (Cont'd)

Core Business

Sofa BU - Revenue by Regions

	6 months ended 30 Jun			
	2015	**2014 (1)**	**Change**	
	US$'000	US$'000	US$'000	**%**
Asia (excluding China)	30,048	36,133	(6,085)	(16.8)
China (including Hong Kong)	2,057	2,198	(141)	(6.4)
Europe	103,800	119,435	(15,635)	(13.1)
North America	48,564	59,006	(10,442)	(17.7)
ANZ	38,063	39,301	(1,238)	(3.2)
Others	543	966	(423)	(43.8)
Total (2)	223,075	257,039	(33,964)	(13.2)

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$223.1 million in 1H 2015 compared to US$257.0 million in 1H 2014, due to lower sales in all the key markets particularly Europe 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.

Europe remained HTL's largest market which accounted for 46.5% (1H 2014: 46.5%) of the Core Business turnover, followed by North America (21.8%), ANZ (17.1%), and Asia (14.4%).

As a consequence of lower revenue, gross profit and other operating income, Core Business's operating result before net foreign exchange gain and tax swung from a profit of US$10.2 million in 1H 2014 to a marginal loss of US$0.1 million in 1H 2015.

Home Furnishing Retail BU

HFRBU's revenue improved by 7.1% to US$8.6 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 increased by 49.9% to US$6.2 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$4.7 million to US$48.1 million, in tandem with lower sales. The average day sales outstanding ("DSO") as at 30 June 2015 remained stable at 1.3 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$9.4 million to US$138.5 million, in line with lower revenue. Consequently, the outstanding days in inventory ("DIO") as at 30 June 2015 improved further to 4.9 months (31 December 2014: 5.1 months).

Trade and other payables reduced by US$5.5 million to US$77.7 million. This was mainly attributable to lower business activities and higher payment made to suppliers. Accordingly, the average day payables outstanding ("DPO") as at 30 June 2015 reduced to 2.8 months (31 December 2014: 2.9 months).

The Group achieved a net cash position of US$4.7 million as at 30 June 2015, compared to a net borrowing position of US$0.2 million as at 31 December 2014. This was largely due to improvement in working capital management. Accordingly, the Group has no gearing as at 30 June 2015 compared to 0.1% as at 31 December 2014. The Group reported a lower free cash flow of US$5.5 million in 1H 2015 (1H 2014: US$16.3 million) mainly due to lower profitability and higher capital expenditure in 1H 2015 compared to 1H 2014.

11. VARIANCE FROM PROSPECT STATEMENT

No prospect statement was previously provided.

12. OUTLOOK

The recent threat of "Grexit" and the stock market turmoil and economic slowdown in China have further spooked consumer confidence globally. 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 later this year.

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

Nevertheless, HTL will further improve on its operational efficiency and cost effectiveness. The restructuring efforts that the Group had started will continue to the end of the year. Under-performing trading offices globally are being reorganised to better manage costs and capacity at our factories are being recalibrated to be more in line with expected demand going forward.

The Group will continue to move up the value chain and expand its retail presence in China and Singapore to achieve better economies of scale. These initiatives will take time to bear fruit and are expected to increase the Group's operating costs and would affect profitability in the second half of 2015.

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)

<u>Cyclical demand for furniture</u>

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.

<u>Seasonal operations</u>

The Group's sale of leather upholstered furniture is subject to seasonal variations given that the increased contribution from the Europe and US markets now accounts for over 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.

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

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.

<u>Changes in the PRC processing trade policy</u>

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.

<u>Environmental risk</u>

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 – Interim cash of S$0.01 per ordinary share (tax-exempt – Tier 1)

(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 June 2015						
Revenue						
External sales	223,075	-	8,583	-	-	231,658
Inter-segment sales	2,128	67,519	7	-	(69,654)	-
Total revenue	225,203	67,519	8,590	-	(69,654)	231,658
Segment results	1,559	(483)	(6,137)	(578)	-	(5,639)
Finance income						66
Finance expense						(716)
Net foreign exchange gain						5,071
Income tax expense						(1,227)
Net loss for the period						(2,445)
Segment assets	165,353	98,095	26,796	3,177	-	293,421
Tax assets						4,231
Consolidated total assets						297,652
Segment liabilities	(61,124)	(15,003)	(7,018)	(1,491)	-	(84,636)
Loans and borrowings						(38,108)
Tax liabilities						(3,600)
Consolidated total liabilities						(126,344)
Other segment items						
Addition to non-current assets						
- property, plant and equipment	3,604	38	2,506	-	-	6,148
Depreciation	1,656	622	538	-	-	2,816
Amortisation	534	92	3	-	-	629

15. SEGMENTAL INFORMATION (Cont'd)

Financial period ended 30 June 2014	Sofa [1] US$'000	Leather US$'000	Home Furnishing Retail [1] US$'000	Corporate US$'000	Elimination [1] US$'000	Group US$'000
Revenue						
External sales	257,039	-	8,013	-	-	265,052
Inter-segment sales	1,640	68,130	88	-	(69,858)	-
Total revenue	258,679	68,130	8,101	-	(69,858)	265,052
Segment results	11,285	680	(4,133)	(547)	-	7,285
Finance income						125
Finance expense						(1,295)
Net foreign exchange gain						7,557
Income tax expense						(3,455)
Net profit for the period						10,217
Segment assets	191,712	108,980	21,464	3,258	-	325,414
Tax assets						5,456
Consolidated total assets						330,870
Segment liabilities	(64,270)	(11,570)	(5,953)	(1,424)	-	(83,217)
Loans and borrowings						(59,595)
Tax liabilities						(4,985)
Consolidated total liabilities						(147,797)
Other segment items						
Addition to non-current assets						
- property, plant and equipment	690	17	1,456	-	-	2,163
Depreciation	1,961	867	285	-	-	3,113
Amortisation	581	116	3	-	-	700

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:

	6 months ended 30 Jun 2015	2014	Change	
	US$'000	US$'000	US$'000	%
Asia (excluding China)	33,611	40,478	(6,867)	(17.0)
China (including Hong Kong)	5,034	2,638	2,396	90.8
Europe	105,843	122,663	(16,820)	(13.7)
North America	48,564	59,006	(10,442)	(17.7)
ANZ	38,063	39,301	(1,238)	(3.2)
Others	543	966	(423)	(43.8)
Total	231,658	265,052	(33,394)	(12.6)

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 Jun 2015 US$'000	**31 Dec 2014** US$'000
Asia (excluding China)	17,093	17,056
China (including Hong Kong)	30,678	31,705
Europe	1,599	2,141
Others	3,650	395
Total	53,020	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 June 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
13 August 2015