*The following discussion and analysis of our financial condition and results of operations is based on the financial information set forth in the Accountants' Report. Accordingly, you should read this section in conjunction with our combined financial information as of and for the years ended December 31, 2008, 2009 and 2010, including the notes thereto, set forth in the Accountants' Report. Our combined financial information has been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**").*

In addition to historical information, the following discussion and other parts of this Prospectus contain forward-looking statements that involve risks and uncertainties. Our future financial condition may differ materially from those discussed in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this Prospectus.

OVERVIEW

Samsonite International S.A. is the world's largest travel luggage company, with a 100-year heritage. Our core brand, *Samsonite*, is one of the most well-known travel luggage brands in the world. We are engaged in the design, marketing and sale of travel, business and casual luggage as well as travel accessories. In 2010, our products were sold in more than 37,000 points of sale in over 100 countries through a variety of wholesale and retail distribution channels.

Our market-leading position results from our strong international brand presence, our significant scale, our robust investment on advertising and product innovation, our scalable distribution and sourcing ability, and our market-leading, high-quality products.

The following table sets forth our net sales and profit/(loss) for the year for 2008, 2009 and 2010.

	Year ended December 31,				
	2008	2009	2010	2009 vs 2008	2010 vs 2009
	US$'000	*US$'000*	*US$'000*	*% increase (decrease)*	*% increase (decrease)*
Net sales	1,249,565	1,029,374	1,215,307	(17.6)	18.1
Profit/(loss) for the year	(1,424,016)	1,209,335	366,814	184.9	(69.7)

The following table sets forth our Adjusted EBITDA and Adjusted Net Income for 2008, 2009 and 2010.

	Year ended December 31,				
	2008	2009	2010	2009 vs 2008	2010 vs 2009
	US$'000	*US$'000*	*US$'000*	*% increase (decrease)*	*% increase (decrease)*
Adjusted EBITDA(1)	121,826	56,222	191,941	(53.9)	241.4
Adjusted EBITDA margin	9.7%	5.5%	15.8%		
Adjusted Net Income(2)	129,879	61,654	105,566	(52.5)	71.2

Notes:

(1) For a description of Adjusted EBITDA, see "*—Other Financial Data—Adjusted EBITDA*". For a reconciliation from profit/(loss) for the year to Adjusted EBITDA, see "*—Results of Operations*".

(2) For a description of Adjusted Net Income, see "*—Other Financial Data—Adjusted Net Income*". For a reconciliation from profit/(loss) for the year to Adjusted Net Income, see "*—Results of Operations*".

Net sales decreased by 17.6 percent from 2008 to 2009 as a result of the global economic downturn and recovered in 2010, increasing by 18.1 percent and returning to near 2008 levels. Net sales growth in 2010 was broad based, with all our regions experiencing growth. Our Asian region accounted for approximately two-thirds of the total increase in net sales, reflecting increased spending on travel products by a growing middle class. Adjusted for the closure of underperforming stores in 2009 and the beginning of 2010 (by excluding net sales attributable to such stores from our total net sales in 2009 and 2010) (see "—*Significant Factors Affecting Our Results of Operations—Initiatives to Reduce Our Cost Base*"), our net sales increased by approximately 23 percent between 2009 and 2010. Adjusted Net Income was higher than Adjusted EBITDA in 2008 and 2009, reflecting significant tax adjustments in those years, which were not repeated in 2010. Adjusted Net Income, which decreased by 52.5 percent from 2008 to 2009, increased by 71.2 percent from 2009 to 2010, and Adjusted EBITDA, which decreased by 53.9 percent from 2008 to 2009, more than tripled from 2009 to 2010, as Adjusted EBITDA margin grew from 5.5 percent in 2009 to 15.8 percent in 2010 (well above the 9.7 percent margin achieved in 2008). The growth in Adjusted EBITDA margin between 2009 and 2010 primarily reflects increased net sales, coupled with the full-year effects of our restructuring and cost-saving initiatives (see "—S*ignificant Factors Affecting Our Results of Operations—Initiatives to Reduce Our Cost Base*"). Asia was our most profitable region in 2010, accounting for 41.7 percent of our Adjusted EBITDA.

As the world's largest travel luggage company in a fragmented global market, with annual retail sales value approximately six times larger than our nearest direct competitor, we are well-positioned to expand our share of the growing US$24.7 billion global luggage market:

- in the emerging high-growth Asian market, where our net sales grew at a CAGR of approximately 23 percent between 2001 and 2010, and which included three of our top five markets by net sales (China, India and South Korea) in 2010, in each of which we were the luggage market leader;

- in the large and developed European and North American markets, where we expect our strong brands, significant scale and well-established distribution networks will enable us to capitalize on the continuing economic recovery in each of these markets, to increase net sales faster than the market and expand in the business and casual luggage product categories; and

- in the Latin American market, which includes a mix of our more established markets such as Chile, Mexico and Argentina, and higher growth markets such as Brazil.

We sell our products under the brand names *Samsonite* and *American Tourister*. These venerable and respected brands are recognized for their heritage and have been characterized by quality, durability, functionality and innovation for decades. *Samsonite* is our premium brand, which, given its high brand recognition and popularity with consumers, is eagerly sought by department stores and luggage retailers around the world. *American Tourister*, by targeting more value-conscious consumers, is positioned to complement *Samsonite* and allows us to cover both the premium and mid-market segments in the travel luggage market globally.

Geographically, we operate across four regions, each of which is led by its own regional management team with local expertise and is considered an operating segment under IFRS. The following table sets forth a breakdown of net sales by region (i.e., operating segment), for 2008, 2009 and 2010.

	Year ended December 31,				
	2008	2009	2010	2009 vs 2008	2010 vs 2009
	US$'000	*US$'000*	*US$'000*	*% increase (decrease)*	*% increase (decrease)*
Region:					
Asia	282,183	279,242	405,143	(1.0)	45.1
Europe	513,051	384,932	406,696	(25.0)	5.7
North America	345,623	281,272	302,968	(18.6)	7.7
Latin America	95,669	72,869	88,960	(23.8)	22.1
Corporate	13,039	11,059	11,540	(15.2)	4.3
Net sales	**1,249,565**	**1,029,374**	**1,215,307**	**(17.6)**	**18.1**

The following table sets forth a breakdown of Adjusted EBITDA and Adjusted EBITDA margin by region for 2008, 2009 and 2010. For a reconciliation from profit/(loss) for the year to Adjusted EBITDA on a regional basis, see "*—Results of Operations—Adjusted EBITDA*".

	Year ended December 31,					
	2008		2009		2010	
	US$'000	*% of region's net sales*	*US$'000*	*% of region's net sales*	*US$'000*	*% of region's net sales*
Region:						
Asia	58,119	20.6	50,095	17.9	80,064	19.8
Europe	70,897	13.8	40,180	10.4	72,862	17.9
North America	3,083	0.9	4,121	1.5	39,834	13.1
Latin America	13,803	14.4	2,351	3.2	12,107	13.6
Corporate	(24,076)	—	(40,525)	—	(12,926)	—
Adjusted EBITDA	**121,826**	**9.7**	**56,222**	**5.5**	**191,941**	**15.8**

- *Asia.* Our Asian region, which covers the vast majority of Asia, including China and India, the Middle East, and Australia, generated net sales of US$405.1 million, or 33.3 percent of our total net sales, in 2010; US$279.2 million, or 27.1 percent of our total net sales, in 2009; and US$282.2 million, or 22.6 percent of our total net sales, in 2008. Net sales for our Asian region grew by 45.1 percent in 2010, which accounted for approximately two-thirds of our net sales growth between 2009 and 2010. We are the market leader in Asia, as defined by Frost & Sullivan, and had retail sales in Asia more than four times the size of the number two player in Asia. Asia included three of our five largest markets in 2010: China, India and South Korea. We expect that the Asian region will be an increasingly important driver in the growth of our top line sales and profitability as a rapidly expanding middle class spends an increasing amount on travel and travel-related products. Frost & Sullivan expects the Asian travel market (excluding Japan) to grow at an 11.5 percent CAGR from 2010 to 2015 powered by the Chinese and Indian luggage markets which are forecast to grow at CAGRs of 19.2 percent and 15.4 percent, respectively, over the same period. Frost & Sullivan expects the Asian travel market, including Japan, to grow at an 8.0 percent CAGR from 2010 to 2015, reflecting the effect of the large size and relative maturity of the Japanese luggage market.

- *Europe.* We are the market leader in Europe, as defined by Frost & Sullivan. Our European region generated net sales of US$406.7 million, or 33.5 percent of our total net sales, in 2010; US$384.9 million, or 37.4 percent of our total net sales, in 2009; and US$513.1 million, or 41.1 percent of our total net sales in 2008. Europe is the second largest market for luggage globally, and the European luggage market is forecast to grow at a 4.0 percent CAGR between 2010 and 2015. As the European economy continues to recover, we believe we are well-positioned to increase our market share through sales of business and casual bags, as well as through a continued focus on our popular travel product lines. Our primary markets in this region are Italy, France, Germany, Spain and the Benelux countries.

- *North America.* We are the market leader in North America, as defined by Frost & Sullivan. Our North American region, which covers the United States, our single largest market, and Canada, generated net sales of US$303.0 million, or 24.9 percent of our total net sales, in 2010; US$281.3 million, or 27.3 percent of our total net sales, in 2009; and US$345.6 million, or 27.7 percent of our total net sales, in 2008. The North American luggage market is forecast to grow at a 3.7 percent CAGR between 2010 and 2015. As the North American economy continues to recover, we believe that we are well-positioned as a result of our innovative product range and distribution network to increase our market share and to continue to increase net sales and profitability in North America through sales of our core travel product lines, as well as through sales of business and casual bags.

- *Latin America.* Our Latin American region generated net sales of US$89.0 million, or 7.3 percent of our total net sales, in 2010; US$72.9 million, or 7.1 percent of our total net sales, in 2009; and US$95.7 million, or 7.7 percent of our total net sales, in 2008. The Latin American luggage market is forecast to grow at a 5.9 percent CAGR between 2010 and 2015. Our primary markets in the region are Chile, Mexico, Argentina, with Brazil as a key market for future potential growth.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Propensity to Travel

We derive a significant portion of our net sales from sales of travel luggage, which accounted for 72.9 percent of total net sales in 2010. There is a strong correlation between sales of travel luggage and levels of passenger traffic (i.e., the number of people traveling, whether for business or leisure). Between 2002 and 2007, our net sales grew at a CAGR of approximately 10 percent, reflecting significant increases in the levels of passenger traffic world-wide during that period. Consequently, increases or decreases in levels of passenger traffic may have an impact on sales of travel luggage, which in turn may affect our net sales.

Generally, levels of passenger traffic in a particular region correlate to that region’s economic climate. As a result of the recent global economic downturn in 2008 and 2009, businesses and households in our European and North American regions in particular cut back on travel expenditure, which resulted in the 17.6 percent decrease in total net sales between 2008 and

2009. Although levels of passenger traffic have also been adversely affected by specific crises, our global presence and geographic diversification help to mitigate their impact on our net sales since these crises tend to affect levels of passenger traffic in specific regions. For instance, levels of air traffic in Asia decreased in the late 1990s as a result of the Asian financial crisis, while levels of air traffic in the United States and Europe during the same period experienced no discernible impact. Levels of air traffic in the United States and, to a lesser extent, in Europe were adversely affected as a result of the attacks in the United States on the World Trade Center and the Pentagon in September 2001, and net sales for our North American region decreased in the immediate aftermath of those attacks. Although these attacks had no discernible impact on levels of air traffic in Asia, levels of air traffic in parts of Asia decreased significantly as a result of the outbreak of SARS in the first half of 2003. In addition to being regionally specific, these crises are generally short-lived, with levels of passenger traffic and net sales typically beginning to recover in the year after the specific crisis occurred.

Going forward we believe that the local markets in Asia (for example, in China and India), with their rapidly expanding middle classes, which are beginning to travel more frequently and buy travel-related products, will be an increasingly important driver of the growth of our net sales.

Global Economic Environment

Samsonite's net sales and profitability are highly correlated with the global economic environment. During the global economic downturn in late 2008 and 2009, consumers reduced their discretionary spending, and, consequently, the number of people traveling and sales of travel-related products decreased, with a resulting adverse impact on our net sales and profitability. Frost & Sullivan estimates that, in 2009, world-wide real GDP contracted by 2.1 percent, world-wide expenditure on travel and tourism per capita decreased by 7.7 percent, and the number of air passengers globally decreased by 2.1 percent. Reflecting the correlation between sales of travel luggage and levels of air passenger traffic and between levels of air passenger traffic and the general economic environment, the global luggage market decreased by 6.7 percent in terms of retail sales in 2009.

Our net sales for the eight-month period ended August 31, 2009, which represents the last eight-month period reflecting the effects of the global economic downturn before we began to realize the benefits of the restructuring and cost-saving initiatives discussed below (see "*—Initiatives to Reduce Our Cost Base*"), decreased by approximately 25 percent, as compared to the corresponding eight-month period in 2008. In addition, Adjusted EBITDA for the same period decreased by approximately 80 percent, as compared to the corresponding eight-month period in 2008. The significant decrease in Adjusted EBITDA was partially a result of our relatively high fixed cost structure, which was the result of our strategy at that time and which we were not able to scale back quickly enough in response to a rapid decrease in net sales. On a regional basis, the economic downturn significantly impacted our European, North American and Latin American regions, where net sales decreased by approximately 31 percent, 26 percent and 32 percent, respectively, for the eight-month period ended August 31, 2009, as compared to the corresponding eight-month period in 2008. Net sales in our Asian region were less affected, decreasing by approximately 9 percent for the same period, as compared to the corresponding eight-month period in 2008.

To lessen the effects of the economic downturn, we significantly reduced our cost base (see "*—Initiatives to Reduce Our Cost Base*") and restructured our outstanding indebtedness (see "*—Gain on Debt and Equity Restructuring*" and "*History and Reorganization—Our 2009 Reorganization*"). In conjunction with these efforts, we also took steps to position ourselves for the global economic recovery. We refocused our management strategy to leverage our global brand awareness and streamlined our management structure by giving more autonomy to the management teams overseeing our four regions, thereby allowing these teams to capitalize on their regional expertise by driving product and marketing initiatives tailored to their respective markets.

As a result of these measures and a general improvement in economic conditions, our net sales increased by 18.1 percent between 2009 and 2010. Adjusted for the closure of underperforming stores in 2009 and the beginning of 2010 (see "*—Initiatives to Reduce Our Cost Base*"), our net sales increased by approximately 23 percent between 2009 and 2010. Although net sales increased in all of our regions, approximately two-thirds of our net sales growth was attributable to our Asian region, where net sales increased by 45.1 percent. Going forward, we expect net sales and profitability for all of our regions to increase as the global economy continues to recover.

Initiatives to Reduce Our Cost Base

In response to the significant decrease in net sales and profitability following the global economic downturn in 2008, we made certain changes to our senior management team, including, among other things, appointing Tim Parker as our Chairman and CEO in January 2009. We refocused our management strategy and implemented a number of restructuring and cost-saving initiatives over the next twelve months, which enabled us to reduce our cost base and improve our gross profit margin and overall profitability, including Adjusted EBITDA, in 2010. These initiatives improved our financial and operational structure, thereby significantly reducing our break-even point, better positioning our business for economic cycles and improving the resilience of our business model, as follows:

- eliminating unnecessary global management team positions that duplicated functions being performed within our regional operations (as part of our strategy to give regional management teams greater autonomy and responsibility), and closing our global executive headquarters in London, England;

- reducing headcount at our North American regional headquarters by 115 and at our European regional headquarters and certain country-specific sales offices by 505 (for a breakdown of employees as of December 31, 2010 by region, see "*Business—Employees*");

- closing 84 underperforming retail stores in the United States (out of 193 total retail stores) and 31 in Europe (out of 92 total retail stores) and reducing retail headcount accordingly;

- terminating non-core businesses such as a luxury handbag joint venture and our Italian-based shoe product line;

- rationalizing our manufacturing and distribution operations in Oudenaarde, Belgium, which enabled us to reduce headcount by 142, or approximately 28 percent;

- rationalizing our sales organization in certain markets in Europe and Latin America by closing local sales offices and shifting toward third-party distributors;

- improving the terms of trade and business relationships with certain key third-party suppliers to achieve a reduction in the price of products sourced from them; and

- negotiating lower freight prices.

The Company estimates that these initiatives delivered approximately US$100 million in annual savings, for a one-time cost of approximately US$77 million. As we began to realize the benefits of our restructuring and cost-saving initiatives in the second half of 2009, our Adjusted EBITDA, which decreased by 80 percent from approximately US$94 million for the eight-month period ended August 31, 2008 to approximately US$19 million for the eight-month period ended August 31, 2009, more than tripled between 2009 and 2010 to US$191.9 million for the twelve-month period ended December 31, 2010.

There were no labor disputes as a result of the above restructuring initiatives and, so far as we are aware and having been advised by counsel in relation to the above restructurings, the 2009 Reorganization and associated restructuring initiatives were, in all material respects, in compliance with all relevant laws and regulations.

For more information on the Group's restructuring, see "*History and Reorganization—Our 2009 Reorganization*". For more information on restructuring charges, see "*—Results of Operations—Restructuring Charges*".

As our business recovered in 2010, we were able to reinvest a large portion of the cost savings into advertising and marketing, which we believe helped to drive net sales growth.

Managing Our Outsourcing Costs

We outsource a significant majority of our production (approximately 94 percent of units produced in 2010) to third-party suppliers, which enables us to reduce our fixed manufacturing costs and to scale our production in response to market demand. A significant percentage of our outsourced production is satisfied by suppliers located in China. In 2010, Chinese suppliers were responsible for manufacturing approximately 84 percent of our products (measured in terms of US dollar value). In recent years our Chinese suppliers have increased their prices in response to the rising costs of raw materials and labor. As we expect to continue to outsource a large proportion of our production to Chinese suppliers, we have negotiated with our third-party suppliers to reduce the magnitude of their price increases (see "*—Initiatives to Reduce Our Cost Base*"). We have partially mitigated the effects of our Chinese suppliers' price increases through a combination of raising our own prices; utilizing our value-engineering capabilities (i.e., our ability to reduce sourcing costs by amending existing product designs such that these products are more cost-effective); and outsourcing production to suppliers in Vietnam, Thailand, India and Bangladesh, where production costs are currently lower than in China.

Product, Distribution and Region Mix

We offer four categories of products through wholesale and retail distribution channels across our four regions. The mix of product categories, distribution channels and/or regions changes over time, and, depending on the magnitude of such changes, can impact our profitability. Our overall margin varies based on the relative proportion of wholesale or retail distribution channels (since margins for retail distribution channels are generally higher), the regions where goods are sold (since margins for goods sold in Asia are generally higher than margins for goods sold in other regions) and product categories. Going forward, we expect Asia, which accounted for approximately two-thirds of our net sales growth in 2010, to continue to be one of the primary drivers of our future net sales growth and profitability. In addition, we expect goods in our business and casual product categories to account for an increased percentage of our future net sales, as we continue to diversify into these adjacent product categories.

Lacoste and Timberland

During the three years ended December 31, 2010, a portion of our net sales was attributable to sales of Lacoste and Timberland branded products. Our ability to use these brand names derived from licensing agreements we entered into in 2000 (with Lacoste) and 2005 (with Timberland). In 2009 and 2010 sales of Lacoste and Timberland products represented US$69.7 million and US$53.9 million of net sales, respectively, and US$37.3 million and US$31.1 million of gross profit, respectively. Net sales and gross profit attributable to Lacoste and Timberland in 2008 are not available on account of the financial reporting system in place at the time. Our Lacoste license expired at the end of 2010. We also elected to exit our Timberland license at the same time to focus our efforts on strengthening our core *Samsonite* and *American Tourister* product offerings, and products in the business and casual categories.

Fluctuations in Foreign Exchange Rates

Translation Risk

Our combined financial statements are prepared in US dollars. In connection with the preparation of our combined financial statements, the results of operations of our wholly-owned and majority-owned subsidiaries, which are initially prepared in their respective local functional currencies, are translated into US dollars, using average monthly exchange rates. Fluctuations in the value of these exchange rates from one year to the next impact our combined results of operations and, depending on the magnitude of these fluctuations, could obscure underlying trends that would have been apparent if combined financial statements had been prepared on a constant currency basis. In our combined statements of comprehensive income for 2008, 2009 and 2010, we recognized foreign currency translation gains/(losses) for foreign operations of US$(18.5) million, US$19.9 million and US$1.4 million, respectively.

Transaction Risk

We generate sales in over 100 countries, and each of our subsidiaries uses its local functional currency when preparing its stand-alone financial accounts. While each subsidiary's net sales are generated in its local functional currency, a large proportion of each subsidiary's cost of sales is initially incurred in US dollars and then translated into such subsidiary's local functional currency, since most of the inventory purchased by our subsidiaries is purchased in US dollars. In 2010, approximately 78 percent of inventory purchases were purchased in US dollars. In addition, one of our European subsidiaries, whose local functional currency is the Euro, holds a portion of our US dollar-denominated long-term debt (nominal value of US$154.6 million and carrying value of US$131.0 million as at December 31, 2010). Consequently, although we enter into hedging transactions to mitigate the impact of exchange rate movements on a portion of our inventory purchases, fluctuations in the values of our subsidiaries' local functional currencies (which include, among others, the Euro, the Chinese RMB, the Indian rupee, the Korean won, the Hong Kong dollar, and the Japanese yen) against the US dollar (or other foreign currencies in which income, expenses, assets or liabilities may be denominated) give rise to foreign exchange gains and losses on a subsidiary level. These foreign currency gains and losses are recorded in our combined income statements under "net foreign exchange loss/(gain)" within finance costs. In 2008, 2009 and 2010 we recognized a net foreign exchange gain of US$19.0 million, a net foreign exchange loss of US$21.0 million and net foreign exchange loss of US$5.9 million, respectively. As of December 31, 2010 and March 31, 2011, certain of our subsidiaries maintained foreign currency forward contracts for US dollar denominated inventory purchases with a notional amount of US$78.9 million and US$73.5 million, respectively, the majority of which will be settled within one year. These contracts were in a net asset position of US$0.9 million and a net liability position of US$0.6 million as of December 31, 2010 and March 31, 2011, respectively.

Seasonality

Although our net sales are subject to moderate seasonal fluctuations, they are largely consistent throughout a given year. Towards the end of spring and the beginning of summer, our net sales tend to increase, reflecting the purchase of travel-related products for the summer holidays. The period from September to November typically represents a period of increased activity from wholesale buyers, as they increase inventories ahead of the Christmas holiday season. While wholesale activity slows down in December, retail sales increase as a result of holiday-related travel and gift purchases.

Goodwill, Other Intangible Assets and Fixed Assets

Impairments recognized with respect to goodwill, other intangible assets (including customer relationships, leasehold rights and tradenames) and certain fixed assets in 2008 significantly impacted our operating costs and our profitability. As a result of the acquisition of the Group by the CVC Funds for approximately US$1.7 billion in October 2007, goodwill in the amount of US$1,123.0 million, tradenames in the amount of US$538.5 million and customer relationships in the amount of US$110.2 million were recorded in our statement of financial position as of January 1, 2008. In accordance with purchase accounting principles, the goodwill recognized in our statement of financial position represented the amount by which the purchase price paid by the CVC Funds exceeded the fair value of our net tangible and identified intangible assets and liabilities on the date of acquisition (see Note 3(e) to the Accountants' Report set out in Appendix I for further details). The tradenames and customer relationships recognized in our statement of financial position represented the fair value of such identified intangible assets on the date of acquisition. In line with our accounting policies, we test the recoverability of goodwill and tradenames at the end of each reporting period. In addition, we review the carrying amounts of our other non-financial assets at each statement of financial position reporting date for indicators of impairment, and, if indicators of impairment exist, we estimate the relevant asset's recoverable amount. To the extent the carrying amounts of such assets exceed their respective recoverable amounts we recognize a loss in our combined income statement. As a result of the global economic downturn, we determined that the carrying amounts of our goodwill, certain other intangible assets and certain fixed assets exceeded their respective recoverable amounts and recognized an aggregate loss of US$1,428.8 million in our combined income statement in 2008. The impairment of goodwill accounted for US$969.8 million of such loss, while the impairment of certain other intangible assets and certain fixed assets together accounted for US$459.0 million of such loss, of which US$293.6 million and US$44.8 million were attributable to the impairment of tradenames and customer relationships, respectively. In 2009, as a result of the retail store closures associated with the above-described restructuring initiatives, we recognized a loss of US$7.2 million in our combined income statement, but we also recognized a gain of US$19.8 million, reflecting a partial reversal of the impairment of our tradenames (see "*—Results of Operations—Impairment/(Reversal of Impairment) of Intangible Assets and Fixed Assets*"). In 2010, as a result of the general improvement in economic conditions, we recognized a gain of US$379.9 million in our combined income statement, reflecting the reversal of impairments of certain other intangible assets and certain fixed assets. The reversal of the impairment of tradenames accounted for US$273.8 million of the aggregate gain, while the reversal of the impairments of certain fixed assets, the reversal of the impairments of customer relationships and the reversal of the impairments of leasehold rights accounted for US$66.4 million, US$38.0 million, and US$1.8 million of such gain, respectively. Impairments of goodwill, however, cannot be reversed under IFRS. If these impairments of certain intangible assets and certain fixed assets had not occurred in 2008, we would have incurred additional depreciation charges of US$18.5 million and US$13.1 million in 2009 and 2010, respectively, and additional amortization charges of US$4.1 million in each of 2009 and 2010. As a result of these reversals of impairments, the depreciation and amortization charges associated with such assets, which are reflected in our distribution expenses and general and administrative expenses, will increase from 2010 levels.

Gain on Debt and Equity Restructuring

Included in our results of operations for 2009 was a significant gain from the restructuring of a significant portion of our outstanding indebtedness in September 2009. Pursuant to this restructuring, the lenders holding most of our outstanding debt agreed:

- to convert the US$1,188.0 million outstanding under our senior credit facility (representing principal and accrued interest) into (i) a five-year US$240.0 million non-interest bearing term loan (which had a fair value, based on the present value of expected future cash outflows, of US$193.6 million) and (ii) a US$25.0 million letter of credit facility;
- to forgive the US$347.8 million outstanding under our payment-in-kind ("**PIK**") facilities;
- to terminate interest rate swap agreements and forgive the related US$51.8 million termination payment (representing the fair market value of the swaps on the date of termination); and

- to receive a beneficial interest in shares with a fair value of US$7.0 million, representing 351,351 of our class B preference shares and 699,638,649 of our class C ordinary shares.

As a result of this restructuring, we recognized a gain of US$1,289.9 million in 2009, representing the difference between (i) the carrying amount of the extinguished debt and (ii) the sum of the fair value of the newly issued debt and the fair value of the newly issued shares, less the related transaction costs. For more information, see "*—Results of Operations—Gain on Debt and Equity Restructuring*" and "*History and Reorganization—Our 2009 Reorganization*".

DESCRIPTION OF SELECTED INCOME STATEMENT LINE ITEMS

Net Sales

Our net sales represent sales of travel bags, business bags, casual bags and travel-related accessories to wholesale and retail customers (excluding collected sales taxes), as well as external licensing revenue. At the time product sales are recognized, provisions are made for estimates of mark-down allowances, warranties, returns and discounts (for more information, see "*Business—Research and Development—Quality Control—Warranties*" and "*—Critical Accounting Policies—Provisions and Contingent Liabilities*").

Cost of Sales

Our cost of sales consists of direct product purchase and manufacturing costs, duties, freight-in, freight-out, receiving, inspection, internal transfer costs, depreciation and procurement and manufacturing overhead. The impairment (or reversal of impairment, as applicable) of inventories is included in cost of sales during the period in which it occurs.

Distribution Expenses

Our distribution expenses largely consist of expenses associated with our distribution centers and retail stores.

Marketing Expenses

Our marketing expenses largely consist of advertising and promotional expenses (including the cost of producing media advertising).

General and Administrative Expenses

Our general and administrative expenses largely consist of management's salaries and benefits, IT costs, professional fees and other costs related to administrative functions.

Impairment of Goodwill

Impairment of goodwill represents a loss recognized when the carrying amount of goodwill exceeds its recoverable amount. Impairments of goodwill cannot be reversed under IFRS. For more information, see "*—Significant Factors Affecting Our Results of Operations—Goodwill, Other Intangible Assets and Fixed Assets*" and "*—Critical Accounting Policies—Impairment—Nonfinancial Assets*".

Impairment/(Reversal of Impairment) of Intangible Assets and Fixed Assets

Impairment of intangible assets and fixed assets represents a loss recognized when the carrying amounts of certain intangible assets (including customer relationships, leasehold rights and tradenames) and certain fixed assets exceed their respective recoverable amounts. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that such losses have decreased or no longer exist. A reversal of impairment is recognized when there is a change in the estimates used to determine the relevant asset's recoverable amount. For more information, see "*—Significant Factors Affecting Our Results of Operations—Goodwill, Other Intangible Assets and Fixed Assets*" and "*—Critical Accounting Policies—Impairment—Nonfinancial Assets*".

Restructuring Charges

Restructuring charges consist of costs incurred in connection with our efforts to optimize our cost structure (including the restructuring and cost-saving initiatives implemented in 2009). A provision for restructuring is recognized when we have approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. We do not provide for future operating losses. For more information, see "*—Critical Accounting Policies—Provisions and Contingent Liabilities*".

Finance Income and Costs

Finance income consists of interest income on funds that have been invested and gains on hedging instruments that are recognized in the combined income statements.

Finance costs consist of the interest expense on financial liabilities measured at amortized cost, the unwinding of the discount on provisions, losses on hedging instruments that are recognized in the combined income statements (including, but not limited to, the ineffective portion of changes in the fair value of cash flow hedges), and net foreign exchange gains or losses. Interest expense on financial liabilities measured at amortized cost represents (i) interest paid and (ii) interest accrued but unpaid, on our outstanding loans and borrowings and is incurred in accordance with the terms of the agreements relating to such loans and borrowings. Interest expense on financial liabilities measured at amortized cost also includes the amortization of the discount recorded for our amended Senior Facilities Agreement, which represents the difference between the fair value of such facility at the time of initial recognition and its redemption value. We remeasure the fair value of derivative financial instruments at each reporting date. The effective portion of any gains or losses on remeasurement is recognized in other comprehensive income/(loss) in our combined statements of comprehensive income and is accumulated separately in equity in our combined statements of financial position. The ineffective portion of any gains or losses is recognized immediately in our combined income statements for a given financial reporting period.

Gain on Debt and Equity Restructuring

Our gain on debt and equity restructuring represents the difference between the carrying amount of financial liabilities extinguished, including deferred financing costs, and the fair value of consideration paid. Gains on debt extinguishments that are made between us and a creditor who is also a principal shareholder are not reported in our combined income statements but are reported directly in equity in our combined statements of financial position. For more information, see "*—Significant Factors Affecting Our Results of Operations—Gain on Debt and Equity Restructuring*".

OTHER FINANCIAL DATA

Adjusted Net Income

We have presented Adjusted Net Income in the Prospectus because we believe that Adjusted Net Income is useful to securities analysts, investors and other interested parties in the evaluation of companies in our industry and is helpful in giving them an understanding of our underlying financial performance during the Track Record Period. By presenting Adjusted Net Income for each year of the Track Record Period, we eliminate the effect of a number of non-recurring costs and charges and certain other non-cash charges that impact our reported net income. Among these are the gain we included from the restructuring in 2009 of a significant portion of our outstanding indebtedness, associated restructuring charges, and the impairment of goodwill, other intangible assets and certain fixed assets in 2008, as well as the reversal of such impairment of those intangible and fixed assets in 2010 as a result of the general improvement in economic conditions. We also eliminated the effect of changes in fair value of put options related to our majority-owned subsidiaries; amortization that we would have recognized but for the impairment of intangibles other than goodwill; interest expenses related to our current capital structure; and certain tax effects related to the preceding adjustments.

Adjusted Net Income is a non-IFRS financial measure and as calculated herein, may not be comparable to similarly named measures used by other companies and should not be considered as a measure comparable to profit/(loss) for the year in our combined income statements. Adjusted Net Income has limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, an analysis of our results of operations, as reported under IFRS.

For a reconciliation from profit/(loss) for the year to Adjusted Net Income for 2008, 2009 and 2010, see "*—Results of Operations*".

Adjusted EBITDA

We have presented Adjusted EBITDA in the Prospectus because we believe that, when viewed with our results of operations as prepared in accordance with IFRS and with the reconciliation to profit/(loss) for the year, Adjusted EBITDA provides additional information that is useful in gaining a more complete understanding of our operational performance and of the trends impacting our business. Adjusted EBITDA is relevant to certain covenant calculations under our existing credit agreements and is also an important metric we use to evaluate our operating performance and cash generation.

Adjusted EBITDA is a non-IFRS financial measure. We calculate Adjusted EBITDA by calculating EBITDA and then excluding certain items. Adjusted EBITDA represents profit/(loss) for the year before income tax (expense)/benefit; finance costs; finance income; depreciation on property, plant and equipment; and amortization of intangible assets. In addition, we also exclude gain on debt and equity restructuring, impairment of goodwill, restructuring charges, impairment/(reversal of impairment) of intangible assets and fixed assets, the share-based compensation expense reflected in general and administrative expenses, the charge for inventory acquired in business combination and other adjustments.

Adjusted EBITDA, as calculated herein, may not be comparable to similarly named measures used by other companies and should not be considered as a measure comparable to profit/(loss) for the year in our combined income statements, since Adjusted EBITDA excludes payments of principal and interest made by us or to us, tax (expenses)/benefits, depreciation and amortization charges, non-cash share-based compensation expenses and other (expenses)/benefits associated with items unrelated to our ongoing operations. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, an analysis of our results of operations, as reported under IFRS.

For a reconciliation from profit/(loss) for the year to Adjusted EBITDA on a combined basis for 2008, 2009 and 2010, see "*—Results of Operations*". For a reconciliation from profit/(loss) for the year to Adjusted EBITDA for each region for 2008, 2009 and 2010, see "*—Results of Operations—Adjusted EBITDA*".

RESULTS OF OPERATIONS

The discussion of our combined income statements for the three years ended December 31, 2010 has been structured such that, for each selected combined income statement line item, we discuss the movements in such line item between 2008 and 2009 and between 2009 and 2010 together. We believe this structure allows for a clearer discussion of our results of operations for the three years ended December 31, 2010, enabling investors to better understand the year-on-year changes in the combined income statement line items discussed below.

The following table presents our combined income statements for 2008, 2009 and 2010, both in actual terms and as a percentage of net sales. The figures are extracted from or calculated based on figures extracted from the Accountants' Report set out in Appendix I.

	Year ended December 31,					
	2008		2009		2010	
	US$'000	*% of net sales*	*US$'000*	*% of net sales*	*US$'000*	*% of net sales*
Net sales	1,249,565	100.0	1,029,374	100.0	1,215,307	100.0
Cost of sales	625,379	50.0	513,824	49.9	525,628	43.3
Gross profit	**624,186**	**50.0**	**515,550**	**50.1**	**689,679**	**56.7**
Distribution expenses	396,142	31.7	318,240	30.9	319,621	26.3
Marketing expenses	67,642	5.4	44,045	4.3	102,453	8.4
General and administrative expenses	116,112	9.3	121,341	11.8	97,096	8.0
Impairment of goodwill	969,787	77.6	—	—	—	—
Impairment of other intangible assets and fixed assets	458,999	36.7	7,216	0.7	115	—
Reversal of impairment of intangible assets and fixed assets	—	—	(19,800)	(1.9)	(379,941)	(31.3)
Restructuring charges	12,390	1.0	65,102	6.3	4,348	0.4
Other expenses	578	—	14,097	1.4	2,385	0.2
Operating profit/(loss)	**(1,397,464)**	**(111.8)**	**(34,691)**	**(3.4)**	**543,602**	**44.7**
Finance income	3,671	0.3	943	0.1	1,647	0.1
Finance costs	(177,894)	(14.2)	(118,977)	(11.6)	(30,660)	(2.5)
Gain on debt and equity restructuring	—	—	1,289,897	125.3	—	—
Profit/(loss) before income tax	**(1,571,687)**	**(125.8)**	**1,137,172**	**110.5**	**514,589**	**42.3**
Income tax (expense)/benefit	147,671	11.8	72,163	7.0	(147,775)	(12.2)
Profit/(loss) for the year	**(1,424,016)**	**(114.0)**	**1,209,335**	**117.5**	**366,814**	**30.2**

The following table presents the reconciliation from our profit/(loss) for the year to Adjusted Net Income for 2008, 2009 and 2010.

	Year ended December 31,		
	2008	2009	2010
	US$'000	*US$'000*	*US$'000*
Profit/(loss) for the year	**(1,424,016)**	**1,209,335**	**366,814**
Profit/(loss) attributable to non-controlling interests	9,717	6,902	11,792
Profit/(loss) attributable to the equity holders	**(1,433,733)**	**1,202,433**	**355,022**
(Plus) / Minus			
Gain on debt and equity restructuring	*—*	*1,289,897*	*—*
Impairment of goodwill	*(969,787)*	*—*	*—*
(Impairment) / reversal of impairment of intangible assets and fixed assets	*(458,999)*	*12,584*	*379,826*
Restructuring charges	*(12,390)*	*(65,102)*	*(4,348)*
Change in fair value of put options	*(712)*	*316*	*(8,788)*
Depreciation not recognized on impaired assets(1)	*—*	*18,467*	*13,064*
Amortization not recognized on impaired assets(2)	*—*	*4,107*	*4,080*
Amortization of intangible assets(3)	*(8,447)*	*(8,661)*	*(8,489)*
Expenses related to current debt structure(4)	*(157,627)*	*(107,888)*	*(22,255)*
Tax adjustments	*44,350*	*(2,941)*	*(103,634)*
Adjusted Net Income(5)	**129,879**	**61,654**	**105,566**

Notes:

(1) Depreciation that we would have recognized in 2009 and 2010 but for the impairment of certain fixed assets recorded in 2008 (see "*—Significant Factors Affecting Our Results of Operations—Goodwill, Other Intangible Assets and Fixed Assets*").

(2) Amortization that we would have recognized but for the impairment of certain intangible assets (other than goodwill) recorded in 2008 (see "*—Significant Factors Affecting Our Results of Operations—Goodwill, Other Intangible Assets and Fixed Assets*").

(3) Amortization of intangible assets above represents the sum of (i) amortization that we recognized and (ii) amortization that we would have recognized but for the impairment of certain intangible assets (other than goodwill). These charges relate to the amortization of other intangible assets with finite useful lives that were recognized in conjunction with the acquisition by CVC in 2007, and that do not relate to assets invested in on an ongoing basis. We believe that this figure enables investors to better understand our amortization charge going forward, since such charge will increase from 2010 levels as a result of reversals of impairment of intangible assets.

(4) The following table sets forth a breakdown of expenses related to current debt structure:

	Year ended December 31,		
	2008	2009	2010
	US$'000	*US$'000*	*US$'000*
Interest expense on debt facility	(126,295)	(75,819)	(13,545)
Interest expense on shareholder loan	(30,645)	(13,009)	–
Amortization of debt issue costs and premium on debt	(7,317)	(3,283)	–
Unrealized (loss) / gain on foreign translation of debt	22,387	(15,777)	(8,710)
Change in fair value of interest rate swap agreements	(15,757)	–	–
Total expenses related to current debt structure	**(157,627)**	**(107,888)**	**(22,255)**

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

Net Sales

The following table sets forth a breakdown of net sales by region (i.e., operating segment), for 2008, 2009 and 2010.

	Year ended December 31,				
	2008	2009	2010	2009 vs 2008	2010 vs 2009
	US$'000	*US$'000*	*US$'000*	*% increase (decrease)*	*% increase (decrease)*
Region:					
Asia	282,183	279,242	405,143	(1.0)	45.1
Europe	513,051	384,932	406,696	(25.0)	5.7
North America	345,623	281,272	302,968	(18.6)	7.7
Latin America	95,669	72,869	88,960	(23.8)	22.1
Corporate	13,039	11,059	11,540	(15.2)	4.3
Net sales	**1,249,565**	**1,029,374**	**1,215,307**	**(17.6)**	**18.1**

Net sales increased by US$185.9 million, or 18.1 percent, to US$1,215.3 million in 2010, from US$1,029.4 million in 2009. Excluding foreign currency effects, net sales increased by 16.5 percent in 2010. Excluding the effects of store closures, net sales increased by approximately 23 percent. Although net sales increased across all of our regions, the US$185.9 million increase was primarily due to increased net sales in Asia, which accounted for approximately two-thirds of the total increase in net sales. Our net sales growth in our Asian region was attributable to a combination of increasing market share across all product categories through our existing distribution network, expanding that distribution network through increased points of sale and price increases. Net sales increases in our other regions were primarily driven by regaining or increasing market share in the travel product category through our existing or, in the case of our Latin American region, modified distribution networks. In terms of product categories, the increase in net sales between 2009 and 2010 was largely driven by an increase in net sales in our travel product category, which accounted for 72.9 percent of net sales in 2010 and represented approximately 90 percent of the 18.1 percent increase in net sales. In addition, foreign currency fluctuations accounted for approximately US$15.7 million of the increase in net sales in 2010. This effect was primarily due to the strengthening of the Korean won, the Indian rupee, the Chilean dollar, the Australian dollar, and the Japanese yen against the US dollar, which was partially offset by the weakening of the Euro against the US dollar.

Net sales decreased by US$220.2 million, or 17.6 percent, to US$1,029.4 million in 2009, from US$1,249.6 million in 2008. Excluding foreign currency effects, net sales decreased by 12.7 percent in 2009. The US$220.2 million decrease was primarily due to the reduction in travel as a result of the global economic downturn. Net sales in all our product categories decreased in 2009, as compared to 2008. In addition, foreign currency fluctuations accounted for approximately US$61.2 million of the decrease in net sales in 2009. This effect was primarily due to the weakening of the Euro, the Korean won, the Mexican peso, the British pound sterling, the Indian rupee, and the Russian ruble against the US dollar.

Asia

Net sales for our Asian region increased by US$125.9 million, or 45.1 percent, to US$405.1 million in 2010, from US$279.2 million in 2009. Excluding foreign currency effects, net sales for our Asian region increased by 37.5 percent. The US$125.9 million increase was driven by the expansion of our *American Tourister* brand, which targets more value conscious consumers and sales of which increased by 84.5 percent in 2010, and a 36.3 percent increase in sales of *Samsonite* brand products. Net sales in each product category increased between 2009 and 2010, with net sales in our travel product category, which represented 69 percent of net sales in our Asian region in 2010, increasing by US$80.8 million. This increase accounted for 64 percent of the US$125.9 million increase in net sales in our Asian region between 2009 and 2010. These increases were a result of the general economic growth within the region and the growing middle-class and their travel-related expenditure, in particular in China and India; our efforts to focus on certain country-specific sales strategies, such as e-commerce and TV home shopping in South Korea; and our decision to offer country focused products within Asia to capitalize on the increasing awareness of and demand for not only products at higher price points, such as *Samsonite Black Label*, but also affordable and reliable products at lower price points, such as *American Tourister*. In China we offered leather business products tailored to that market, while in India we launched *AT*, which covers price points below *American Tourister* to target more value conscious consumers. Also contributing to the increase in net sales was the continued expansion of the number of points of sale.

Net sales for our Asian region were relatively flat between 2008 and 2009, experiencing a decrease of US$2.9 million, or 1.0 percent, to US$279.2 million in 2009, from US$282.2 million in 2008. Excluding foreign currency effects, net sales for our Asian region increased by 3.4 percent. This increase was primarily due to increased sales of our *Samsonite* and *American Tourister* brand products. Despite the global economic downturn, our net sales in Asia remained resilient with net sales in our business, casual and accessories product categories increasing. However, the negative impact on consumer spending in Asia as a result of the global economic downturn contributed to a marginal decrease in net sales in our travel product category.

The following table sets forth a breakdown of net sales for our Asian region by geographic location, for 2008, 2009 and 2010.

	Year ended December 31,				
	2008	**2009**	**2010**	**2009 vs 2008**	**2010 vs 2009**
	US$'000	***US$'000***	***US$'000***	***% increase (decrease)***	***% increase (decrease)***
Geographic location[1]:					
China	60,532	66,375	91,844	9.7	38.4
India	49,264	50,785	77,852	3.1	53.3
South Korea	40,688	35,621	62,531	(12.5)	75.5
Hong Kong	35,531	32,616	42,481	(8.2)	30.2
Japan	19,570	22,379	36,528	14.4	63.2
Australia	20,200	17,259	24,872	(14.6)	44.1
United Arab Emirates	13,942	12,094	16,187	(13.3)	33.8
Taiwan	7,703	6,446	10,045	(16.3)	55.8
Philippines	2,431	3,055	2,304	25.7	(24.6)
Other	32,322	32,612	40,499	0.9	24.2
Total Asia	**282,183**	**279,242**	**405,143**	**(1.0)**	**45.1**

Note:

(1) The geographic location of our sales reflects the country from which our products were sold and does not necessarily indicate the country in which our end-consumers are actually located.

The following table sets forth a breakdown of net sales for our Asian region by brand, for 2008, 2009 and 2010.

	Year ended December 31,				
	2008	2009	2010	2009 vs 2008	2010 vs 2009
	US$'000	*US$'000*	*US$'000*	*% increase (decrease)*	*% increase (decrease)*
Brand:					
Samsonite	200,892	197,137	268,758	(1.9)	36.3
American Tourister	50,000	55,911	103,167	11.8	84.5
Lacoste / Timberland(1)	— (2)	20,012	14,769	—	(26.2)
Other	31,291	6,182	18,449	—	198.4
Total Asia	**282,183**	**279,242**	**405,143**	**(1.0)**	**45.1**

Note:

(1) The *Lacoste* and *Timberland* licensed business was no longer active from December 2010.

(2) Net sales attributable to *Lacoste* and *Timberland* in 2008 are not available on account of the financial reporting system in place at the time.

Europe

Net sales for our European region increased by US$21.8 million, or 5.7 percent, to US$406.7 million in 2010, from US$384.9 million in 2009. Excluding foreign currency effects, net sales for our European region increased by 8.7 percent. The US$21.8 million increase was primarily due to increased sales of *Samsonite* brand products in our travel product category, reflecting an improvement in economic conditions, which helped to drive increased levels of business and leisure travel, and the success of our *Cosmolite* hard-side product, which accounted for approximately 16 percent of net sales in 2010. In 2010, net sales in our travel product category represented approximately 75 percent of net sales in our European region and were the primary driver of the increase in net sales between 2009 and 2010. Partially offsetting these effects were a decrease in sales of our *American Tourister* brand products as we redesigned and overhauled the product range for the European market; a decrease in net sales in our casual and accessories product categories; a decrease in revenue from sales of products sold under the *Lacoste* and *Timberland* brands; and a decrease in net sales in our retail stores as a result of the full-year effects of the closure in 2009 of 31 such stores. Although retail sales decreased in absolute terms, on a same store basis retail sales increased by approximately 6 percent in 2010.

Net sales for our European region decreased by US$128.1 million, or 25.0 percent, to US$384.9 million in 2009, from US$513.1 million in 2008. Excluding foreign currency effects, net sales for our European region decreased by 17.8 percent. The US$128.1 million decrease was primarily due to decreases in net sales across all of our product categories in each of our key countries in the region, as a result of the effects of the global economic downturn as well as a decrease in sales of our *American Tourister* brand products as we redesigned and overhauled the product range for the European market. Also contributing to the decrease in net sales were the partial year effects of the closure in 2009 of 31 retail stores.

The following table sets forth a breakdown of net sales for our European region by geographic location, for 2008, 2009 and 2010.

	Year ended December 31,				
	2008	2009	2010	2009 vs 2008	2010 vs 2009
	US$'000	*US$'000*	*US$'000*	*% increase (decrease)*	*% increase (decrease)*
Geographic location(1):					
Italy	94,954	69,956	69,191	(26.3)	(1.1)
Belgium(2)	64,886	43,578	50,996	(32.8)	17.0
France	52,784	43,463	48,206	(17.7)	10.9
Germany	55,264	39,778	46,671	(28.0)	17.3
Spain	56,651	40,556	40,929	(28.4)	0.9
United Kingdom	37,425	28,293	26,247	(24.4)	(7.2)
Russia	23,206	16,397	21,666	(29.3)	32.1
Holland	24,804	18,092	19,645	(27.1)	8.6
Switzerland	14,864	15,783	17,050	6.2	8.0
Turkey	10,075	9,549	10,306	(5.2)	7.9
Austria	10,689	9,079	8,500	(15.1)	(6.4)
Other	67,449	50,408	47,289	(25.3)	(6.2)
Total Europe	**513,051**	**384,932**	**406,696**	**(25.0)**	**5.7**

Notes:

(1) The geographic location of our sales reflects the country from which our products were sold and does not necessarily indicate the country in which our end-consumers are actually located.

(2) In 2010, net sales in Belgium consisted of US$17.3 million of in-country sales and US$33.7 million of direct shipments to distributors, customers and agents in other countries.

The following table sets forth a breakdown of net sales for our European region by brand, for 2008, 2009 and 2010.

	Year ended December 31,				
	2008	2009	2010	2009 vs 2008	2010 vs 2009
	US$'000	*US$'000*	*US$'000*	*% increase (decrease)*	*% increase (decrease)*
Brand:					
Samsonite	395,254	313,860	358,334	(20.6)	14.2
American Tourister	39,496	20,108	9,126	(49.1)	(54.6)
Lacoste / Timberland(1)	56,009	40,242	33,155	(28.2)	(17.6)
Other	22,293	10,722	6,081	(51.9)	(43.3)
Total Europe	**513,051**	**384,932**	**406,696**	**(25.0)**	**5.7**

Note:

(1) The *Lacoste* and *Timberland* licensed business was no longer active from December 2010.

North America

Net sales for our North American region increased by US$21.7 million, or 7.7 percent, to US$303.0 million in 2010, from US$281.3 million in 2009. Excluding foreign currency effects, net sales for our North American region increased by 7.0 percent. The US$21.7 million increase was primarily due to an increase in net sales in the United States, reflecting a US$50.2 million increase in sales of *Samsonite* brand products. This increase was largely a result of an improvement in economic conditions in the United States, which helped to drive increased levels of business and leisure travel, and our decision to develop our products regionally, which enabled us to bring to market products attuned to the tastes and preferences of consumers in the United States. Net sales in our travel product category represented approximately 86 percent of net sales in our North American region and were the primary driver of the US$21.7 million increase in net sales between 2009 and 2010. Partially offsetting these effects were a US$14.7 million decrease in sales of our *American Tourister* brand products, reflecting the decision by one of our hypermarket customers to reduce the floor space reserved for luggage sales in general; a decrease in net sales in our retail stores, reflecting the closure of 84 such stores; and a decrease in net sales in our business, casual and accessories product categories as we began to refocus our strategies for these product categories. Although retail sales decreased in absolute terms, on a same store basis retail sales in the United States increased by approximately 22 percent in 2010.

Net sales for our North American region decreased by US$64.4 million, or 18.6 percent, to US$281.3 million in 2009, from US$345.6 million in 2008. Excluding foreign currency effects, net sales for our North American region decreased by 18.3 percent. The US$64.4 million decrease was primarily due to a decrease in net sales across all of our product categories in the United States, largely a result of the global economic downturn, which negatively impacted consumer spending in North America. Consequently, we relied to a greater extent on discounted sales to liquidate excess and slow-moving inventory in 2009. Also contributing to the decrease in net sales in our North American region were the partial-year effects of the closure of retail stores in 2009. In the fourth quarter of 2009, our net sales began to experience significant improvement, as general economic conditions began to improve and as we began to realize the benefits of certain restructuring initiatives.

The following table sets forth a breakdown of net sales for our North American region by geographic location, for 2008, 2009 and 2010.

	Year ended December 31,				
	2008	**2009**	**2010**	**2009 vs 2008**	**2010 vs 2009**
	US$'000	***US$'000***	***US$'000***	***% increase (decrease)***	***% increase (decrease)***
Geographic location[1]:					
United States	329,372	265,345	281,911	(19.4)	6.2
Canada	16,251	15,927	21,057	(2.0)	32.2
Total North America	**345,623**	**281,272**	**302,968**	**(18.6)**	**7.7**

Note:

(1) The geographic location of our sales reflects the country from which our products were sold and does not necessarily indicate the country in which our end-consumers are actually located.

The following table sets forth a breakdown of net sales for our North American region by brand, for 2008, 2009 and 2010.

	Year ended December 31,				
	2008	**2009**	**2010**	**2009 vs 2008**	**2010 vs 2009**
	US$'000	***US$'000***	***US$'000***	***% increase (decrease)***	***% increase (decrease)***
Brand:					
Samsonite	241,881	196,959	247,109	(18.6)	25.5
American Tourister	68,318	55,673	41,020	(18.5)	(26.3)
Lacoste / Timberland[1]	11,872	7,449	4,523	(37.3)	(39.3)
Other	23,552	21,191	10,316	(10.0)	(51.3)
Total North America	**345,623**	**281,272**	**302,968**	**(18.6)**	**7.7**

Note:

(1) The *Lacoste* and *Timberland* licensed business was no longer active from December 2010.

Latin America

Net sales for our Latin American region increased by US$16.1 million, or 22.1 percent, to US$89.0 million in 2010, from US$72.9 million in 2009. Excluding foreign currency effects, net sales for our Latin American region increased by 15.9 percent. The US$16.1 million increase was primarily due to increased sales in Chile, Mexico and Argentina. Net sales in Chile, where we primarily sell local brands (namely, *Saxoline* and *Xtrem*) as well as *Samsonite* brand products (see "*Business—The Latin American Business*"), increased by US$7.1 million primarily as a result of the expansion of these brands. This expansion was largely driven by increased net sales in our travel product category. Net sales in Mexico and Argentina increased by US$6.3 million and US$3.7 million, respectively, as a result of increased net sales of *Samsonite* and, to a lesser extent, *American Tourister* brand products in our travel product category, as a result of an improvement in economic conditions, which helped to drive an increase in business and leisure travel. Net sales in our travel product category, which represented approximately 49 percent of net sales in our Latin American region in 2010, increased by US$14.4 million in 2010. This increase accounted for approximately 90 percent of the overall increase in net sales in our Latin American region between 2009 and 2010. Partially offsetting these effects was a decrease in net sales in our casual and accessories product categories.

Net sales for Latin America decreased by US$22.8 million, or 23.8 percent, to US$72.9 million in 2009, from US$95.7 million in 2008. Excluding foreign currency effects, net sales for our Latin American region decreased by 12.6 percent. The US$22.8 million decrease was primarily due to decreased sales in Mexico and Brazil across all of our product categories as a result of the global economic downturn. Partially offsetting these effects was a 8.0 percent increase in net sales in Chile (on a constant currency basis), reflecting stable economic conditions in Chile and the expansion of our *Saxoline* and *Xtrem* brands, which are primarily focused on the travel and casual product categories, respectively.

The following table sets forth a breakdown of net sales for our Latin American region by geographic location, for 2008, 2009 and 2010.

	Year ended December 31,				
	2008	2009	2010	2009 vs 2008	2010 vs 2009
	US$'000	*US$'000*	*US$'000*	*% increase (decrease)*	*% increase (decrease)*
Geographic location(1):					
Chile	33,371	33,012	40,130	(1.1)	21.6
Mexico	35,910	21,214	27,493	(40.9)	29.6
Argentina	12,413	10,446	14,189	(15.8)	35.8
Brazil	10,045	4,941	5,089(2)	(50.8)	3.0
Other	3,930	3,256	2,059(3)	(17.2)	(36.8)
Total Latin America	**95,669**	**72,869**	**88,960**	**(23.8)**	**22.1**

Notes:

(1) The geographic location of our sales reflects the country from which our products were sold and does not necessarily indicate the country in which our end-consumers are actually located.

(2) The net sales figure for Brazil in 2010 includes net sales attributable to sales made in Brazil to third party distributors.

(3) The net sales figure for Other primarily represents sales made through our distribution center in Uruguay and does not include net sales attributable to sales made in Brazil to third party distributors.

The following table sets forth a breakdown of net sales for our Latin American region by brand, for 2008, 2009 and 2010.

	Year ended December 31,				
	2008	2009	2010	2009 vs 2008	2010 vs 2009
	US$'000	*US$'000*	*US$'000*	*% increase (decrease)*	*% increase (decrease)*
Brand:					
Samsonite	45,531	30,565	43,590	(32.9)	42.6
American Tourister	10,958	6,267	7,803	(42.8)	24.5
Lacoste / Timberland[1]	3,466	1,993	1,040	(42.5)	(47.8)
Saxoline	20,155	18,595	23,257	(7.7)	25.1
Xtrem	15,363	14,875	12,558	(3.2)	(15.6)
Other	196	574	712	192.9	24.0
Total Latin America	**95,669**	**72,869**	**88,960**	**23.8**	**22.1**

Note:

(1) The *Lacoste* and *Timberland* licensed business was no longer active from December 2010.

Cost of Sales and Gross Profit

Cost of sales increased by US$11.8 million, or 2.3 percent, to US$525.6 million (representing 43.3 percent of net sales) in 2010, from US$513.8 million (representing 49.9 percent of net sales) in 2009. Cost of sales increased in line with increased net sales; however, this increase was largely offset by the full-year effects of the above-described cost savings initiatives implemented in 2009 that decreased our cost base (e.g., negotiating a reduction in freight prices and a reduction in the cost of products sourced from third-party suppliers) as well as our value-engineering capabilities (i.e., our ability to reduce sourcing costs by amending existing product designs). As a result, gross profit increased by US$174.1 million, or 33.8 percent, to US$689.7 million in 2010, from US$515.6 million in 2009. Gross profit margin increased from 50.1 percent in 2009 to 56.7 percent in 2010, primarily as a result of an increase in discounted sales of our products in 2009 primarily in our European and North American regions to liquidate excess and slow-moving inventory, as compared to 2010, and the above-described cost-saving initiatives, which reduced our cost base and enabled cost of sales to increase only marginally in 2010, despite an 18.1 percent increase in net sales.

Cost of sales decreased by US$111.6 million, or 17.8 percent, to US$513.8 million (representing 49.9 percent of net sales) in 2009, from US$625.4 million (representing 50.0 percent of net sales) in 2008. In 2008, cost of sales was impacted by a US$20.6 million charge related to fair value adjustments to inventory. In line with purchase accounting principles, when we were acquired in 2007, our inventory was revalued at fair value as of the date of acquisition. As of December 31, 2007, the inventory recorded on our statement of financial position included a fair value adjustment of US$20.6 million. When such inventory was sold in 2008, this additional US$20.6 million was expensed and thereby had the effect of increasing our cost of sales for 2008. Excluding this fair value adjustment to inventory, cost of sales decreased by US$90.9 million, or 15.0 percent, from US$604.7 million in 2008 to US$513.8 million in 2009. This decrease was primarily due to a decrease in net sales, the partial-year effects of the cost-savings initiatives implemented in 2009 to decrease our cost base and our value-engineering capabilities. As a result, gross profit decreased by US$108.6 million, or 17.4 percent, to US$515.6 million in 2009, from US$624.2 million in 2008. Gross profit margin remained relatively consistent, increasing marginally from 50.0 percent in 2008 to 50.1 percent in 2009. This increase was primarily due to the above-described fair value adjustments to inventory, which increased cost of sales in 2008 but not in 2009. Largely offsetting this effect was an increase in discounted sales of our products in our Asian, European and North American regions to liquidate excess and slow-moving inventory, as a result of the overall decrease in sales volume. Excluding the effects of the fair value adjustment to inventory, our gross profit margin decreased from 51.6 percent in 2008 to 50.1 percent in 2009.

Distribution Expenses

Distribution expenses were relatively flat between 2009 and 2010, increasing by US$1.4 million, or 0.4 percent, to US$319.6 million (representing 26.3 percent of net sales) in 2010, from US$318.2 million (representing 30.9 percent of net sales) in 2009. This increase was primarily due to an increase in sales volume in 2010, which was almost entirely offset by the full-year effects of our restructuring initiatives (see "*—Significant Factors Affecting Our Results of Operations—Initiatives to Reduce Our Cost Base*"). These measures contributed to a decrease in lease expenses, retail employee salaries and warehouse employee salaries. As a result of the reversals of impairments of intangible assets and fixed assets recorded in 2010, we expect that our distribution expenses will be impacted in future years by the recognition of depreciation and amortization expenses associated with the increased carrying amounts of these assets.

Distribution expenses decreased by US$77.9 million, or 19.7 percent, to US$318.2 million (representing 30.9 percent of net sales) in 2009, from US$396.1 million (representing 31.7 percent of net sales) in 2008. This decrease was primarily due to a decrease in depreciation and amortization expenses in 2009, as a result of the impairment of certain intangible assets and certain fixed assets in 2008 and 2009, and a decrease in freight-out expenses, as a result of decreased sales volumes in 2009. Also contributing to this decrease in distribution expenses, albeit to a much lesser extent, were the partial-year effects of our restructuring initiatives.

Marketing Expenses

Marketing expenses increased by US$58.4 million to US$102.5 million in 2010, from US$44.0 million in 2009. This increase was primarily due to our decision to reinvest savings generated from our restructuring initiatives into the business to drive additional net sales growth. In 2010, our marketing expenses were approximately 8.4 percent of net sales, as compared to 4.3 percent in 2009 and 5.4 percent in 2008. This increase reflects a significant commitment to our marketing initiatives.

Marketing expenses decreased by US$23.6 million, or 34.9 percent, to US$44.0 million in 2009, from US$67.6 million in 2008. This decrease was primarily a result of our decision to reduce our expenses in 2009 as part of our efforts to manage our costs during the global economic downturn.

General and Administrative Expenses

General and administrative expenses decreased by US$24.2 million, or 20.0 percent, to US$97.1 million in 2010, from US$121.3 million in 2009. This decrease was primarily due to the full-year effects of our restructuring initiatives in 2008 and 2009 (which contributed to a decrease in employee costs, professional advisory fees and rent and depreciation), a decrease in our bad debt reserve as a result of the improvement of our accounts receivable aging in line with the general economic recovery and the non-recurrence of one-time costs incurred in 2009 in connection with changing our IT hosting provider. Partially offsetting these effects was an increase in general and administrative expenses in our Asian region, reflecting our efforts to support our growth in Asia.

General and administrative expenses increased by US$5.2 million, or 4.5 percent, to US$121.3 million in 2009, from US$116.1 million in 2008. This increase was primarily due to costs incurred in 2009 in connection with changing our IT hosting provider and an increase in our bad debt reserve, reflecting an increase in our reserve percentage that was due to the aging of our accounts receivable following the global economic downturn. Partially offsetting these effects were a decrease in depreciation as a result of the significant impairment of certain fixed assets (see "*—Impairment/(Reversal of Impairment) of Intangible Assets and Fixed Assets*"); a decrease in information technology systems training costs; and a decrease in travel expenses reflecting our decision to reduce our expenses in 2009 as part of our efforts to manage our costs during the global economic downturn.

Impairment of Goodwill

In 2008 we recognized an impairment of goodwill in the amount of US$969.8 million. As a result of the global economic downturn, as of December 31, 2008 the carrying amount of goodwill in each of our regions was determined to be in excess of its recoverable amount. As a result, we recognized an impairment reflecting the difference. The goodwill of our Asian region was reduced to US$153.2 million, while the goodwill for our remaining regions was reduced to nil. No such impairments were recognized in 2009 or in 2010.

Impairment / (Reversal of Impairment) of Intangible Assets and Fixed Assets

In 2008 as a result of the global economic downturn we analyzed certain intangible assets and certain fixed assets for impairment and recorded an impairment in the amount of US$459.0 million. Of this US$459.0 million impairment, US$293.6 million was attributable to the impairment of tradenames, US$117.0 million was attributable to the impairment of fixed assets at certain retail and non-retail locations, US$44.8 million was attributable to the impairment of customer relationships and the remaining US$3.7 million was attributable to the impairment of leasehold rights.

In 2009 we recognized an impairment of certain fixed assets in the amount of US$7.2 million that was related to the retail store closures associated with our restructuring initiatives. We also recognized a US$19.8 million reversal of our tradename impairment as a result of the revaluation of tradenames at the time of our reorganization in September 2009. Such reversal was recognized based on a valuation performed for the reorganization in September 2009 in conjunction with the transfer of intellectual property to a new Luxembourg holding company within our legal organization structure.

In 2010, as required by IFRS, impairment losses recognized in prior periods were assessed at the year-end reporting date for any indications that the loss decreased or ceased to exist. As a result of this analysis, we recognized a US$379.9 million reversal of previously recorded impairments, which was marginally offset by a US$0.1 million impairment of fixed assets. Of this reversal US$273.8 million was attributable to the reversal of the outstanding tradename impairments, US$66.4 million was attributable to the reversal of our fixed asset impairments, US$38.0 million was attributable to the reversal of our customer relationship impairments and US$1.8 million was attributable to the reversal of our leasehold rights impairments.

The following table sets forth a breakdown of impairment / (reversal of impairment) of certain intangible assets and certain fixed assets for 2008, 2009 and 2010.

	Year ended December 31,		
	2008	2009	2010
	US$'000	*US$'000*	*US$'000*
Impairment / (reversal of impairment) of:			
Tradenames	293,628	(19,800)	(273,828)
Fixed assets	116,962	7,216	(66,237)
Customer relationships	44,756	—	(37,954)
Leasehold rights	3,653	—	(1,807)
Impairment / (reversal of impairment) of intangible assets and fixed assets	**458,999**	**(12,584)**	**(379,826)**

Restructuring Charges

In 2008, 2009 and 2010 we incurred restructuring charges of US$12.4 million, US$65.1 million and US$4.3 million, respectively.

Our restructuring charges of US$12.4 million in 2008 were primarily attributable to severance and termination payments related to the relocation of distribution operations in the United States and severance and termination payments related to the "right-sizing" of our manufacturing and administrative operations.

Our restructuring charges of US$65.1 million in 2009 primarily related to the implementation of the 2009 Reorganization and includes severance and termination payments related to the consolidation of management and administrative functions in our European and, to a lesser extent, our Latin American regions; severance and termination costs related to the closure of our global executive headquarters in London; severance payments related to the elimination of management and staff positions in our North American region; severance and termination payments and lease exit costs related to the closure of retail stores in our European and North American regions; and severance and termination payments related to the "right-sizing" of our distribution operations in Europe.

Restructuring charges of US$4.3 million in 2010 were attributable to lease exit costs related to the closure of additional retail stores in our North American region.

The following table sets forth a breakdown of our restructuring charges for 2008, 2009 and 2010.

	Year ended December 31,		
	2008	2009	2010
	US$'000	*US$'000*	*US$'000*
Restructuring activity:			
US stores	—	8,362	3,957
US administrative and other	4,997	4,342	—
European stores	—	4,922	—
European manufacturing and administrative	5,489	36,195	(106)
London headquarters	—	5,053	—
Other	1,904	6,228	497
Restructuring charges	**12,390**	**65,102**	**4,348**

Other Expenses

Other expenses decreased by US$11.7 million, or 83.1 percent, to US$2.4 million in 2010, from US$14.1 million in 2009 and increased by US$13.5 million, to US$14.1 million in 2009, from US$0.6 million in 2008. The decrease between 2009 and 2010 and the increase between 2008 and 2009 were primarily due to a payment to a former joint venture partner resulting from the termination of his service contract, which was recognized in 2009 but not in 2008 or 2010.

Operating Profit

As a result of the reasons provided above, our operating profit was US$543.6 million in 2010, a change of US$578.3 million from an operating loss of US$34.7 million in 2009. Excluding the effects of restructuring charges, impairments and reversals of impairments, our operating profit increased by US$150.3 million to US$168.1 million in 2010, from US$17.8 million in 2009.

As a result of the reasons provided above, in 2009 our operating loss decreased by US$1,362.8 million, or 97.5 percent, to a loss of US$34.7 million, from a loss of US$1,397.5 million in 2008. Excluding the effects of restructuring charges, impairments and reversals of impairments, our operating profit decreased by US$25.9 million, or 59.2 percent, to US$17.8 million in 2009, from US$43.7 million in 2008.

Net Finance Costs

Net finance costs decreased by US$89.0 million, or 75.4 percent, to US$29.0 million in 2010, from US$118.0 million in 2009. This decrease was primarily due to a US$80.6 million decrease in interest expense on financial liabilities measured at amortized cost, reflecting our debt and equity restructuring in September 2009, which significantly reduced our outstanding debt and related interest expenses. Also contributing to this decrease in net finance costs was a decrease in our foreign exchange loss between 2009 and 2010, primarily reflecting fluctuations in the value of the local functional currencies of our subsidiaries against the US dollar (see "*—Significant Factors Affecting Our Results of Operations—Fluctuations in Foreign Exchange Rates—Transaction Risk*").

Net finance costs decreased by US$56.2 million, or 32.3 percent, to US$118.0 million in 2009, from US$174.2 million in 2008. This decrease was primarily due to a US$68.9 million decrease in interest expense on financial liabilities measured at amortized cost, which was largely a result of our debt and equity restructuring in September 2009. In connection with our debt and equity restructuring, our senior credit facility, PIK facilities and Shareholder Loan were terminated, and our total loans and borrowings (both current and non-current) decreased by 81.4 percent, from US$1,427.0 million as of December 31, 2008 to US$266.0 million as of December 31, 2009. Also contributing to the decrease in net finance costs were fair value adjustments relating to certain interest rate swaps that were terminated in 2009. In 2008 such adjustment amounted to a loss of US$29.7 million, while in 2009 such adjustment amounted to a gain of US$0.3 million. Partially offsetting these effects was a change in net foreign exchange loss/(gain), from a net foreign exchange gain of US$19.0 million in 2008 to a net foreign exchange loss of US$21.0 million in 2009, primarily as a result of fluctuations in the value of the local functional currencies of our subsidiaries against the US dollar (see "*—Significant Factors Affecting Our Results of Operations—Fluctuations in Foreign Exchange Rates—Transaction Risk*" below).

The following table sets out a breakdown of finance income and finance costs for 2008, 2009 and 2010.

	Year ended December 31,		
	2008	2009	2010
	US$'000	*US$'000*	*US$'000*
Interest income on bank deposits	3,671	627	1,647
Change in fair value of put options	—	316	—
Finance income	**3,671**	**943**	**1,647**
Interest expense on financial liabilities measured at amortized cost	165,608	96,711	16,104
Change in fair value of put options	712	—	8,788
Net foreign exchange loss/(gain)	(19,037)	21,030	5,862
Unwind of discount on provision	955	1,532	—
Ineffective portion of changes in fair value of cash flow hedges	29,656	(296)	(94)
Finance costs	**177,894**	**118,977**	**30,660**
Net finance costs	**174,223**	**118,034**	**29,013**

Gain on Debt and Equity Restructuring

In 2009 we recognized a gain of US$1,289.9 million in connection with the restructuring of our then-existing debt and capital structure. Such restructuring, which was precipitated by a breach of certain debt covenants in the year ended December 31, 2008 as a result of the global economic downturn, was agreed in September 2009 and was undertaken in order to reduce our debt amounts. No such restructuring occurred in either 2008 or 2010, and, consequently, a similar gain is not recognized in either year.

The following table summarizes the gain on debt and equity restructuring that was recognized in 2009.

	Year ended December 31, 2009
	US$'000
Carrying amount of extinguished debt	1,534,868
Less:	
Fair value of new equity issued	*(7,000)*
Fair value of new debt issued	*(193,558)*
Transaction costs	*(44,413)*
Total gain on debt and equity restructuring	**1,289,897**

Profit/(Loss) before Income Tax

As a result of the reasons provided above, profit before income tax decreased by US$622.6 million, or 54.7 percent, to US$514.6 million in 2010, from US$1,137.2 million in 2009. Excluding the effects of restructuring charges, impairments, reversals of impairments and the gain on debt and equity restructuring, profit before income tax was US$139.1 million in 2010, a change of US$239.3 million, from a loss before income tax of US$100.2 million in 2009.

Primarily as a result of the gain on debt and equity restructuring in 2009 and impairments recorded in 2008, profit before income tax was US$1,137.2 million in 2009, a change of US$2,708.9 million from a loss before income tax of US$1,571.7 million in 2008. Excluding the effects of restructuring charges, impairments, reversals of impairments and the gain on debt and equity restructuring, our loss before income tax decreased by US$30.3 million, or 23.2 percent, to US$100.2 million in 2009, from US$130.5 million in 2008.

Income Tax (Expense)/Benefit

In 2010 our income tax expense was US$147.8 million, a change of US$220.0 million from our income tax benefit of US$72.2 million in 2009. In 2009 our income tax benefit decreased by US$75.5 million, or 51.1 percent, to US$72.2 million, from US$147.7 million in 2008.

Our effective tax rate in 2010 was 28.7 percent, and our applicable tax rate (representing a weighted average of the various tax rates to which we are subject) was 30.4 percent. Although our applicable tax rate in 2009 was 34.9 percent, our effective tax rate was a benefit of 6.3 percent. This difference was primarily due to a US$462.7 million utilization of previous tax losses that were a result of our debt and equity restructuring in September 2009. Although our applicable tax rate in 2008 was 34.4 percent, our effective tax rate was a benefit of 9.4 percent. This difference was primarily due to a US$351.2 million non-deductible expense that was a result of the impairments we recognized in 2008 as a result of the global economic downturn.

The decrease in our applicable tax rate from 2008 to 2010 was a result of the legal entity restructuring in September 2009. Prior this restructuring we had been primarily a US-based multinational company, whereas afterwards we were primarily a Luxembourg-based multinational company.

The following table sets forth our effective and actual weighted average tax rates for 2008, 2009, and 2010.

	Year ended December 31,		
	2008	2009	2010
	%	%	%
Effective tax rate	9.4	6.3	28.7
Actual weighted average tax rate	34.4	34.9	30.4

Profit/(Loss) for the Year

As a result of the reasons provided above, in 2010 profit for the year decreased by US$842.5 million, or 69.7 percent, to US$366.8 million, from US$1,209.3 million in 2009. Excluding the effects of restructuring charges, impairments, reversals of impairments and the gain on debt and equity restructuring, our loss for the year was US$8.7 million in 2010, a decrease of US$19.4 million, or 69.1 percent, from a loss for the year of US$28.0 million in 2009.

As a result of the reasons provided above, in 2009 profit for the year was US$1,209.3 million, a change of US$2,633.3 million from a loss for the year of US$1,424.0 million in 2008. Excluding the effects of restructuring charges, impairments, reversals of impairments and the gain on debt and equity restructuring, our loss for the year was US$28.0 million in 2009, a change of US$45.2 million, from a profit for the year of US$17.2 million in 2008.

Adjusted Net Income

Adjusted Net Income increased by US$43.9 million, or 71.2 percent, to US$105.6 million in 2010, from US$61.7 million in 2009. This increase was primarily due to the increase in net sales in all of our regions, coupled with the full-year effects of the restructuring and cost-saving initiatives that we implemented in 2009.

Going forward, our Adjusted Net Income will not include sales of Lacoste and Timberland products, as a result of the expiration of both licenses at the end of 2010 (see "*—Significant Factors Affecting Our Results of Operations—Lacoste and Timberland*"). Excluding the contribution attributable to the Lacoste and Timberland licensing agreements, our Adjusted Net Income in 2010 was US$86.5 million.

Adjusted Net Income decreased by US$68.2 million, or 52.5 percent, to US$61.7 million in 2009, from US$129.9 million in 2008. This decrease was primarily due to significant decreases in net sales in three of our four regions, as a result of the global economic downturn.

Adjusted EBITDA

Adjusted EBITDA increased by US$135.7 million to US$191.9 million in 2010, from US$56.2 million in 2009, and Adjusted EBITDA margin increased from 5.5 percent in 2009 to 15.8 percent in 2010. This increase was primarily due to the increase in net sales in all of our regions, coupled with the full-year effects of the restructuring and cost-saving initiatives that we implemented in 2009. Excluding the contribution attributable to the Lacoste and Timberland licensing agreements in 2010, our Adjusted EBITDA in 2010 was US$167.2 million.

Adjusted EBITDA decreased by US$65.6 million, or 53.9 percent, to US$56.2 million in 2009, from US$121.8 million in 2008, and Adjusted EBITDA margin decreased from 9.7 percent in 2008 to 5.5 percent in 2009. This decrease was primarily due to significant decreases in net sales in three of our four regions, as a result of the global economic downturn.

The following table sets forth a breakdown of Adjusted EBITDA and Adjusted EBITDA margin by region for 2008, 2009 and 2010.

	Year ended December 31,					
	2008		2009		2010	
	US$'000	*% of region's net sales*	*US$'000*	*% of region's net sales*	*US$'000*	*% of region's net sales*
Region:						
Asia	58,119	20.6	50,095	17.9	80,064	19.8
Europe	70,897	13.8	40,180	10.4	72,862	17.9
North America	3,083	0.9	4,121	1.5	39,834	13.1
Latin America	13,803	14.4	2,351	3.2	12,107	13.6
Corporate	(24,076)		(40,525)		(12,926)	
Adjusted EBITDA	**121,826**	**9.7**	**56,222**	**5.5**	**191,941**	**15.8**

The following tables present a reconciliation from profit / (loss) for the year to Adjusted EBITDA on a regional basis for 2008, 2009, and 2010.

	Year ended December 31, 2008					
	Asia	Europe	North America	Latin America	Corporate	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Profit / (loss) for the year	**(520,623)**	**(350,022)**	**(291,109)**	**(141,448)**	**(120,814)**	**(1,424,016)**
(Plus) / Minus:						-
Income tax (expense) / benefit	(4,199)	23,276	4,666	7,352	116,576	147,671
Finance costs	(1,827)	(24,121)	(128)	(2,061)	(149,757)	(177,894)
Finance income	133	1,632	9	75	1,822	3,671
Depreciation	(7,552)	(17,375)	(6,310)	(2,543)	(3,648)	(37,428)
Amortization	(4,153)	(1,981)	(306)	(2,003)	(4)	(8,447)
EBITDA	**(503,025)**	**(331,453)**	**(289,040)**	**(142,268)**	**(85,803)**	**(1,351,589)**
(Plus) / Minus:						
Restructuring charges	—	(5,489)	(4,997)	(153)	(1,751)	(12,390)
(Impairment) / reversal of impairment of intangible assets and fixed assets	—	(117,795)	(265,146)	(17,048)	(59,010)	(458,999)
Impairment of goodwill	(557,853)	(265,493)	(11,381)	(135,060)	—	(969,787)
Charge for inventory acquired in business combination	(3,261)	(7,723)	(7,473)	(2,183)	—	(20,640)
Other adjustments	(30)	(5,850)	(3,126)	(1,627)	(966)	(11,599)
Adjusted EBITDA	**58,119**	**70,897**	**3,083**	**13,803**	**(24,076)**	**121,826**

	Year ended December 31, 2009					
	Asia	Europe	North America	Latin America	Corporate	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Profit / (loss) for the year	**26,256**	**6,325**	**(12,391)**	**(6,524)**	**1,195,669**	**1,209,335**
(Plus) / Minus:						
Income tax (expense) / benefit	(7,817)	(5,014)	254	(2,158)	86,898	72,163
Finance costs	(1,893)	(12,017)	114	2,280	(107,461)	(118,977)
Finance income	82	138	2	31	690	943
Depreciation	(9,078)	(286)	(1,646)	(2,113)	(4,934)	(18,057)
Amortization	(4,302)	—	(50)	(202)	—	(4,554)
EBITDA	**49,264**	**23,504**	**(11,065)**	**(4,362)**	**1,220,476**	**1,277,817**
(Plus) / Minus:						
Gain on debt and equity restructuring	—	33,113	—	—	1,256,784	1,289,897
Restructuring charges	(409)	(41,117)	(13,008)	(2,093)	(8,475)	(65,102)
(Impairment) / reversal of impairment of intangible assets and fixed assets	—	(3,730)	(494)	(2,362)	19,170	12,584
Share-based compensation	—	—	—	—	(1,273)	(1,273)
Other adjustments	(422)	(4,942)	(1,684)	(2,258)	(5,205)	(14,511)
Adjusted EBITDA	**50,095**	**40,180**	**4,121**	**2,351**	**(40,525)**	**56,222**

	Year ended December 31, 2010					
	Asia	Europe	North America	Latin America	Corporate	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Profit / (loss) for the year	**54,654**	**173,163**	**39,918**	**20,146**	**78,933**	**366,814**
(Plus) / Minus:						
Income tax (expense) / benefit	(13,811)	(20,140)	(7,665)	250	(106,409)	(147,775)
Finance costs	737	(19,914)	(51)	(3,301)	(8,131)	(30,660)
Finance income	184	128	7	9	1,319	1,647
Depreciation	(8,043)	(1,250)	(995)	(1,835)	(4,212)	(16,335)
Amortization	(4,254)	—	(49)	(106)	—	(4,409)
EBITDA	**79,841**	**214,339**	**48,671**	**25,129**	**196,366**	**564,346**
(Plus) / Minus:						
Restructuring charges	—	106	(3,957)	—	(497)	(4,348)
(Impairment) / reversal of impairment of intangible assets and fixed assets	(63)	79,689	13,184	13,188	273,828	379,826
Share-based compensation	—	—	—	—	(600)	(600)
Other adjustments	(160)	61,682	(390)	(166)	(63,439)	(2,473)
Adjusted EBITDA	**80,064**	**72,862**	**39,834**	**12,107**	**(12,926)**	**191,941**

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

The following table summarizes our combined statements of cash flows for 2008, 2009 and 2010.

	Year ended December 31,		
	2008	2009	2010
	US$'000	*US$'000*	*US$'000*
Net cash generated from (used in) operating activities	(76,026)	42,410	34,441
Net cash used in investing activities	(33,703)	(14,662)	(29,515)
Net cash generated from (used in) financing activities	(18,139)	149,217	(25,966)
Net increase (decrease) in cash and cash equivalents	**(127,868)**	**176,965**	**(21,040)**
Cash and cash equivalents, at January 1	223,692	86,913	290,533
Effect of exchange rate changes on cash and cash equivalents	(8,911)	26,655	16,305
Cash and cash equivalents, at December 31	**86,913**	**290,533**	**285,798**

Operating Activities

The following table summarizes our net cash flows generated from (used in) operating activities for 2008, 2009 and 2010.

	Year ended December 31,		
	2008	2009	2010
	US$'000	*US$'000*	*US$'000*
Profit (loss) for the year	(1,424,016)	1,209,335	366,814
Non-cash adjustments	1,469,695	(1,260,583)	(232,923)
Profit (loss) for the year, adjusted for non-cash items	45,679	(51,248)	133,891
Changes in operating assets and liabilities:			
Trade and other receivables	*12,350*	*5,334*	*(28,960)*
Inventories	*(7,526)*	*80,109*	*(112,461)*
Other current assets	*(10,045)*	*7,468*	*(23,378)*
Accounts payable, accrued liabilities and provisions	*11,297*	*10,957*	*93,554*
Other assets and liabilities, net	*(7,028)*	*77*	*(6,923)*
Cash generated from (used in) operating activities	**44,727**	**52,697**	**55,723**
Interest paid	(93,525)	(1,662)	(260)
Income tax paid	(27,228)	(8,625)	(21,022)
Net cash generated from (used in) operating activities	**(76,026)**	**42,410**	**34,441**

Net cash generated from operating activities decreased by US$8.0 million, or 18.8 percent, to a US$34.4 million cash inflow in 2010, from a US$42.4 million cash inflow in 2009. Such decrease was primarily due to changes in our working capital, which changed from a net cash inflow of US$96.4 million in 2009 to a net cash outflow of US$47.9 million in 2010. In 2010, our total cash receipts and trade and other receivables increased, reflecting the increase in our net sales between 2009 and 2010. We, in turn, used these increased cash receipts, along with short-term credit arrangements (reflected in increased accounts payable), to fund increased inventory purchases in 2010. The increase in inventory as of December 31, 2010 is to support anticipated increased demand in 2011.

Net cash generated from (used in) operating activities changed by US$118.4 million, to a US$42.4 million cash inflow in 2009, from a US$76.0 million cash outflow in 2008. Such change was primarily due to changes in working capital, which changed from a net cash inflow of US$16.1 million in 2008 to a net cash inflow of US$96.4 million in 2009. As a result of the global economic downturn and the consequent decrease in our net sales, we actively managed our working capital to conserve cash and increase liquidity. Most importantly, we rationalized our inventory levels by liquidating excess and slow-moving inventory. Also contributing to this US$118.4 million change was a US$91.9 million decrease in interest paid as a result of our debt and equity restructuring.

Investing Activities

The following table summarizes our net cash flows used in investing activities for 2008, 2009 and 2010.

	Year ended December 31,		
	2008	2009	2010
	US$'000	*US$'000*	*US$'000*
Purchase of property, plant and equipment	(44,753)	(15,154)	(29,575)
Proceeds from sale of property, plant and equipment and other assets	11,088	—	—
Other investments	(38)	492	60
Net cash used in investing activities	**(33,703)**	**(14,662)**	**(29,515)**

Net cash used in investing activities increased by US$14.9 million to a US$29.5 million cash outflow in 2010, from a US$14.7 million cash outflow in 2009. Such increase was primarily due to an increase in the purchase of property, plant and equipment in our Asian and European regions. The increase in our Asian region reflects the expansion of points of sale in Asia in 2010, and the increase in our European region reflects expenditures relating to one of the warehouses at our facility in Oudenaarde, Belgium.

Net cash used in investing activities decreased by US$19.0 million, or 56.5 percent, to a US$14.7 million cash outflow in 2009, from a US$33.7 million cash outflow in 2008. Such decrease was primarily due to a decrease in the purchase of property, plant and equipment reflecting a decrease in retail store openings, which was driven by the global economic downturn and a decrease in capital expenditure to conserve cash. In 2008, we opened 86 retail stores, while in 2009 we opened 33 retail stores. Partially offsetting this decrease was a decrease in proceeds from the sale of property, plant and equipment and other assets.

Financing Activities

The following table summarizes our net cash flows generated from (used in) financing activities for 2008, 2009 and 2010.

	Year ended December 31,		
	2008	2009	2010
	US$'000	*US$'000*	*US$'000*
Loans and borrowings proceeds	97,933	65,560	17,031
Loans and borrowings payments	(24,677)	(17,644)	(38,330)
Payments associated with the acquisition of non-controlling interest	(82,901)	—	—
Proceeds from issuance of share capital, net of costs	—	106,115	17
Dividend payments to non-controlling interest	(8,494)	(4,814)	(4,684)
Net cash generated from (used in) financing activities	**(18,139)**	**149,217**	**(25,966)**

Net cash generated from (used in) financing activities changed by US$175.2 million to a US$26.0 million cash outflow in 2010, from a US$149.2 million cash inflow in 2009. Such change was primarily due to certain cash inflows in 2009, such as the cash equity investment discussed below and the draw down of the US$55.0 million asset based lending facility, that did not recur in 2010, as well as a voluntary debt repayment of US$18.4 million to lenders.

Net cash generated from (used in) financing activities changed by US$167.4 million to a US$149.2 million cash inflow in 2009, from a US$18.1 million cash outflow in 2008. Such change was primarily due to a US$106.1 million cash inflow in 2009, representing the cash equity investment at the time of the debt and equity restructuring (net of transaction costs). Also contributing to the increase in net cash generated from financing activities was a decrease in the amount of cash used for acquisitions of non-controlling interests. In 2008 we spent US$82.9 million in cash in connection with acquisitions of non-controlling interests, whereas in 2009 we did not make any such acquisitions. Partially offsetting these effects was a US$32.4 million decrease in proceeds from loans and borrowings.

WORKING CAPITAL

Taking into account the amount of cash currently held by us, cash flows from our operations, banking facilities available to us and the estimated net proceeds of the Global Offering, the Directors are of the opinion that our working capital is sufficient for our requirements for at least 12 months from the date of this Prospectus.

INDEBTEDNESS

The following table sets forth the carrying amount of our loans and borrowings as of December 31, 2010 and April 30, 2011.

	As of December 31, 2010	As of April 30, 2011
	US$'000	*US$'000*
8⅞ percent senior subordinated notes	260	260
Amended senior credit facility(1)	189,158	191,928
Term loan facility	57,451	57,451
Finance lease obligations	137	126
Other lines of credit	11,735	17,979
Total	**258,741**	**267,744**

Note:

(1) Represents the amortized cost carrying value of our amended senior credit facility. The notional value was US$221,600 thousand as of December 31, 2010 and April 30, 2011.

The following table sets forth the maturity dates of our loans and borrowings (including estimated interest payments and excluding the impact of netting agreements) as of December 31, 2010 and April 30, 2011.

	As of December 31, 2010	As of April 30, 2011
	US$'000	*US$'000*
On demand or within one year	12,032	18,276
Between 1 and 2 years	100	89
Between 2 and 5 years	291,090	291,090
Over 5 years	—	—
Total	**303,222**	**309,455**

CREDIT FACILITIES

Senior Facilities Agreement

Overview

On October 23, 2007, Samsonite Corporation and Samsonite Europe N.V. (the "**Borrowers**") and a number of the Group's subsidiaries, including, among others, Luxco 3 and Luxco 4, entered into the Senior Facilities Agreement with a syndicate of lenders (the "**Lenders**") including RBS as the facility agent. Following the 2009 Reorganization, which included an amendment and restatement of the Senior Facilities Agreement on September 2, 2009, the total facilities available under the Senior Facilities Agreement were reduced to US$320,000,000.

The facilities available under the Senior Facilities Agreement are as follows:

(a) a term loan facility of US$240,000,000 ("**Facility B**");

(b) a multicurrency letter of credit facility of US$25,000,000 ("**LC Facility**"); and

(c) a term loan facility of US$55,000,000 ("**ABL Term Facility**"), which was drawn in full on September 10, 2009,

(together the "**Facilities**").

Maturity and Interest

On April 30, 2011 an aggregate amount of US$279.1 million was outstanding under the Facilities. The maturity date for the Facilities is September 10, 2014, at which point all outstanding loans under the Facilities must be repaid in full. We intend to use a portion of the net proceeds we will receive from the Global Offering, as well as our existing cash reserves, to fully repay Facility B and the ABL Term Facility (see "*Future Plans and Use of Proceeds—Use of Proceeds*"). The LC Facility will be replaced at Listing by the New LC Facility. See "—*The New LC Facility*" below.

The rate of interest due in respect of each Facility B loan is zero percent per annum. The rate of interest in respect of each ABL Facility loan is 3 percent per annum plus LIBOR and mandatory costs in respect of any non CVC / management lender.

Information Undertakings

Until the Facilities have been repaid in full, Luxco 3 is under an obligation at certain times to supply to RBS as facility agent (the "**Facility Agent**") for distribution to the Lenders, certain financial statements and cash liquidity forecasts. These forecasts set out details of compliance with certain financial covenants as set out below. Luxco 3 is also obliged to deliver to the Lenders a budget within 30 days after the start of each financial year. The budget includes a projected consolidated profit and loss, balance sheet and cash flow statement for Luxco 3 and each of its subsidiaries (the "**SFA Group**"), and a projected profit and loss statement for each region in which the SFA Group operates. Additionally, the Facility Agent may request that a minimum of two directors of Luxco 3 give a presentation to the finance parties about the ongoing business and financial performance of the SFA Group.

Within 15 business days of the delivery of its quarterly financial statements, Luxco 3 is obliged to host a conference call with the Lenders to discuss the operating performance of the SFA Group during the relevant period and other important issues discussed by the board of directors of Luxco 1.

The Facility Agent has the right to appoint one representative to attend any meeting of any board of directors of Luxco 1 as an observer (but the observer shall have no right to vote at, or be counted in the quorum for, any such board meeting).

The Company intends to repay all amounts outstanding under the Senior Facilities Agreement on completion of the Global Offering, at which point the Senior Facilities Agreement will terminate and the information undertakings set out above will no longer apply.

General Undertakings

The Senior Facilities Agreement contains general covenants customary for facilities of this nature restricting the ability of the Borrowers, Luxco 3, Luxco 4 and certain other subsidiaries of the Group who are guarantors (the "**Obligors**") to, among other things, enter into any amalgamation, demerger or merger, consolidation or corporate reconstruction, invest in or acquire any shares issued by, or interest in, any person or make any capital investment in any person, enter into, invest in or acquire any shares, stocks, securities or other interests in any joint venture, or provide security for the obligations of any joint venture, create or permit to subsist any security over its assets, dispose of any asset, be a creditor in respect of any financial indebtedness, guarantee any liability or obligation of any person. In each case, there are certain permitted exceptions to these restrictions.

Financial Covenants

Luxco 3 is subject to a number of restrictive covenants requiring it to ensure that:

(a) no liquidity forecast shows a cash liquidity position falling below US$25,000,000 for any two consecutive week period;

(b) no less than US$7,500,000 of cash liquidity is available to any Obligor; and

(c) the aggregate capital expenditure of the SFA Group does not exceed US$40,000,000 in the financial year ending on December 31, 2011, US$26,000,000 in the financial year ending on December 31, 2012, and US$26,000,000 in the financial year ending on December 31, 2013.

Dividend Restrictions

The Senior Facilities Agreement also imposes an obligation on Luxco 3 to ensure that, subject to certain permitted exceptions, no member of the SFA Group will pay any dividend, repay or distribute any dividend or share premium reserve, pay or allow any member of the Group to pay any management, advisory or other fee to any of the direct or indirect shareholders of Luxco 3, or redeem, repurchase, defease, retire or repay any of its share capital. The permitted exceptions allow for the payment of a dividend by, among others, Luxco 3 and Luxco 4 to enable them to make reasonable payments of its or its holding companies' administrative costs, directors fees, taxes, professional fees, legal substance requirements, and regulatory costs incurred in the ordinary course of business in an aggregate amount not exceeding US$1,000,000. The exceptions also permit the payment of dividends, distribution of share premium account or other capital distribution by a majority-owned subsidiary of the SFA Group. The Obligors and the members of the SFA Group are also restricted from issuing new share capital other than as permitted under the Senior Facilities Agreement.

The Company intends to repay the Senior Facilities Agreement on completion of the Global Offering, and, as a result, the Senior Facilities Agreement will terminate and its provisions will cease to apply. Accordingly, the dividend restrictions and the general undertakings described above will not apply to the Group following completion of the Global Offering.

Compliance with Covenants

The Directors confirm that all accrued interest was paid on schedule and that there has been no material non-compliance with the covenants contained in the Senior Facilities Agreement since the 2009 Reorganization.

Any breach of the covenants could, subject to notice and applicable grace periods, result in an event of default under the Senior Facilities Agreement which would permit the Lenders to accelerate any and all loans outstanding under the Facilities and take other enforcement action including enforcing the security.

Mandatory and Voluntary Prepayments

Loans under Facility B may be prepaid at any time in whole or in part (subject to certain minimum amounts if prepaid in part) before the maturity date. Any such prepaid amount will not be available for redrawing. The Senior Facilities Agreement requires that the Borrowers make a mandatory prepayment of all loans under the Facilities together with any interest accrued thereon upon:

(a) change of control, which will occur if, among others, the CVC Funds cease to beneficially own, directly or indirectly, more than 50 percent of the voting shares of Luxco 3;

(b) a floatation of any member of the SFA Group; or

(c) the disposal of all or substantially all of the assets of the SFA Group.

Any new capital raised by any member of the SFA Group must also be used to prepay the Facilities. Additionally, Luxco 3 must ensure that the Borrowers use a certain percentage of excess cash flow to prepay the loans under the Facilities, being 50 percent in respect of each financial year up to and including the financial year ending December 31, 2012, and 75 percent in respect of each financial year thereafter.

Events of Default

The Senior Facilities Agreement contains certain customary events of default, including, but not limited to, non-payment of principal, interest fees or other amounts when due under the Senior Facilities Agreement, breach of financial covenants or breach of any their obligations under the Senior Facilities Agreement, failure of any representation or warranty to be true in all material respects when made or deemed to be made, cross default and cross acceleration in relation to any indebtedness which is greater than US$3,000,000, insolvency and insolvency proceedings, audit qualification, material adverse change, cessation of ownership, cessation of business or material litigation. Upon the occurrence of an Event of Default, subject to applicable grace periods, the Facility Agent may, and upon the instructions of two thirds of the lenders shall, accelerate any and all loans outstanding under the Facilities and to instruct the security agent to take other enforcement action including enforcing the security.

Security and Guarantees

Collateral for the Facilities consists of security over certain assets of the Obligors including, but not limited to, shares, bank accounts, intellectual property, fixed assets and real estate. Each member of the SFA Group which is classed as a material subsidiary must guarantee of all of the secured obligations and amounts owing under the Senior Facilities Agreement. All security granted in connection with the Facilities will be released following completion of the Global Offering and repayment of the facilities.

Intercreditor Agreement

An intercreditor agreement which was originally entered into on October 23, 2007 and amended and restated pursuant to the 2009 Reorganization, subordinates to the Facilities any intra-group indebtedness and any indebtedness arising as a result of equity investments or otherwise made by any direct or indirect holder of equity in Luxco 3. RBS is the appointed facility agent and security agent under the intercreditor agreement, as amended.

Revolving Credit Facility

We have entered into a credit facility agreement with HSBC Bank USA, National Association ("**HSBC USA**") as lender, issuing bank, agent and security agent, for the provision of a US$100,000,000 revolving credit facility (the "**Revolver**"). We have the right to increase the Revolver by up to US$50,000,000, subject to certain conditions and agreement by the lenders providing such increase.

The borrowers under the Revolver are the Company, Samsonite LLC, Samsonite Company Stores, LLC, Samsonite IP Holdings S.a r.l., and Samsonite Europe N.V. (together the "**Revolver Borrowers**") and the facility is guaranteed by Luxco 3, Luxco 5 and Luxco 7.

The Revolver is secured by pledges over shares in each of the Revolver Borrowers, except the Company and shares of Samsonite Europe N.V. held by Samsonite Canada, Inc, and security over substantially all personal property (excluding cash) of Samsonite LLC and Samsonite Company Stores, LLC. The Revolver is further secured by the inventory, equipment and intercompany receivables of Samsonite Europe N.V. and all trademarks, service marks and certification marks owned by Samsonite IP Holdings S.a r.l. bearing, constituting or containing the names AMERICAN TOURISTER or SAMSONITE, that are or have been used, registered or applied for anywhere in the world on a use or intent-to use basis, and all royalty payments, proceeds and contract rights under licensing agreements relating to such trademarks, service marks and certification marks. If the borrowers' aggregate assets fall below a specified amount, additional Revolver Borrowers' shall be added to the Revolver until the specified threshold is met.

The Revolver will be available on completion of the Global Offering and has an initial term of three years (with a one-year extension at the request of the Company and the option of the Lenders). The Revolver contains standard conditions precedent typical for this type of agreement and no drawings will be permitted until after completion of the Global Offering and repayment of the Group's existing debt facilities. It is anticipated that all the conditions to the Revolver will be satisfied on the day of the completion of the Global Offering. All conditions precedent to the use of the Revolver must occur no later than July 15, 2011, provided, however, that if the Revolver has not been cancelled by the Company on or before July 15, 2011, then upon the request of the Company and payment of a fee of US$100,000 and all unpaid reasonable counsel fees and expenses of HSBC USA, HSBC USA will extend the availability of the Revolver to December 31, 2011. The Revolver will be used for the Group's general corporate and working capital purposes.

The commitments under the Revolver may be utilized by way of loans, letters of credit or ancillary facilities by the Revolver Borrowers. Loans under the facility may be drawn in US$ or Euro.

The interest rate on utilizations under the Revolver will be the aggregate of (i) (a) LIBOR (or EURIBOR in the case of any loan made in Euro) or (b) the prime rate of HSBC USA, (ii) any mandatory cost and (iii) a margin to be determined in accordance with a margin ratchet such that if the leverage ratio of the Group is less than 1.5:1, the margin shall be 1.75 percent per annum for loans based on the LIBOR or EURIBOR rate or 0.50 percent per annum for loans based on the prime rate; and if the leverage ratio of the Group is greater than or equal to 1.5:1, the margin shall be 2.00 percent per annum for loans based on the LIBOR or EURIBOR rate or 0.50 percent for loans based on the prime rate. There will also be a commitment fee payable on any unutilized amounts of 1.00 percent per annum and an agency fee if a lender not affiliated with HSBC USA joins the Revolver.

The Revolver contains financial covenants which are to be tested at the end of each fiscal quarter of the Company and are measured on a 12-month look-back basis and require the Company to ensure that (i) the ratio of consolidated total debt on the last day of the period to consolidated EBITDA in respect of that period does not exceed 2.50:1 and (ii) the ratio of consolidated EBIT in respect of the period to consolidated total interest expense in respect of that period is not less than 3.50:1. The Revolver also contains customary affirmative and negative covenants, including limitations on indebtedness, liens, asset dispositions, mergers and fundamental corporate changes, and certain customary events of default.

The New LC Facility

With effect from the Listing Date, Samsonite LLC and Samsonite Europe NV will enter into a letter of credit facility letter with RBS (the "**New LC Facility**"). The purpose of the New LC Facility is to allow existing letters of credit that have been issued by RBS in respect of the Group and which do not expire until after the Listing Date to remain in place following completion of the Global Offering. The New LC Facility will remain in place until January 15, 2013, when the last letter of credit will expire. The New LC Facility will be entered into by Samsonite LLC and Samsonite Europe NV in the ordinary and usual course of business and is on normal commercial terms, as the annual fee rate of 0.5 percent of the outstanding amount of each letter of credit is comparable to the fee rate in similar facilities offered by independent third party banks. It is anticipated that the total amount outstanding under the

New LC Facility for the years ending December 31, 2011, 2012 and 2013 will not exceed approximately US$13.0 million. See "*Connected Transactions—Exempt Continuing Connected Transactions—Letter of Credit Facility with RBS*."

Local Debt Facilities

Certain members across the SFA Group maintain credit lines with various third party lenders in the regions in which they operate. These local credit lines provide working capital for the day-to-day business operations of the subsidiaries, including overdraft, bank guarantee, trade finance and factoring facilities. The majority of these credit lines are uncommitted facilities. The total aggregate amount outstanding under the local facilities was US$11.7 million and US$18.0 million on December 31, 2010 and April 30, 2011, respectively.

In 2007, we entered into an arrangement with a bank to provide funding in the amount of US$33.0 million to our Chilean subsidiary. We provided US$33.0 million to the bank to secure the debt. We have offset these amounts in the accompanying combined statements of financial position. As at December 31, 2010 the balance both on deposit with the bank and due on the loan to the Chilean subsidiary was US$26.8 million. This agreement will be settled in full by December 31, 2013.

Hedging

Our non-U.S. subsidiaries periodically enter into forward contracts related to the purchase of inventory denominated primarily in U.S. dollars which are designated as cash flow hedges. Cash flows associated with these derivatives at December 31, 2010 are expected to be US$75.7 million in 2011 and US$3.2 million in 2012.

INVENTORY ANALYSIS

The following table sets forth a summary of our average inventory, cost of sales and average inventory days for 2008, 2009 and 2010.

	Year ended December 31,		
	2008	2009	2010
	US$'000	*US$'000*	*US$'000*
Average inventory(1)	211,499	155,717	167,966
Cost of sales	625,379	513,824	525,628
Average inventory turnover days(2)	123	111	117

Notes:
(1) Average inventory equals the average of net inventory at the beginning and end of a given period.
(2) Average inventory turnover days equals average inventory divided by cost of sales and multiplied by 365.

Our inventory decreased between 2008 and 2009 as a result of a combination of an increase in discount sales to liquidate excess and slow-moving inventory and our decision to maintain inventory at lower levels in 2009. Our inventory increased between 2009 and 2010 reflecting the need to purchase and stock a sufficient amount of inventory to support customer orders as our business began to recover in 2010 and to support anticipated demand in 2011.

As of March 31, 2011, 46.9 percent of our inventory as of December 31, 2010 had been sold.

TRADE AND OTHER RECEIVABLES

The following table sets forth a summary of our average trade and other receivables, net sales and turnover of trade and other receivables for 2008, 2009 and 2010.

	Year ended December 31,		
	2008	2009	2010
	US$'000	*US$'000*	*US$'000*
Average trade and other receivables[(1)]	149,887	127,733	132,770
Net sales	1,249,565	1,029,374	1,215,307
Turnover days of trade and other receivables[(2)]	44	45	40

Notes:

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

(2) Turnover days of trade and other receivables equals average trade receivables divided by net sales and multiplied by 365.

Our trade and other receivables decreased between 2008 and 2009 and increased between 2009 and 2010 in line with fluctuations in net sales.

As of March 31, 2011, 96.2 percent of our trade receivables outstanding as of December 31, 2010 had been settled.

Trade receivables are on average due within 60 days from the date of billing.

TRADE AND OTHER PAYABLES

The following table sets forth a summary of our average trade and other payables, cost of sales and turnover days of trade and other payables for 2008, 2009 and 2010.

	Year ended December 31,		
	2008	2009	2010
	US$'000	*US$'000*	*US$'000*
Average trade and other payables[(1)]	223,534	233,256	294,789
Cost of sales	625,379	513,824	525,628
Turnover days of trade and other payables[(2)]	130	166	205

Notes:

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

(2) Turnover days of trade and other payables equals average trade payables divided by cost of sales and multiplied by 365.

Our trade and other payables increased between 2008 and 2009 as a result of our efforts to conserve cash and increase liquidity in response to the global economic downturn and increased between 2009 and 2010 as a result of the above-described increase in inventory levels.

The increase in turnover days of trade and other payables between 2008 and 2009 was primarily due to a decrease in cost of sales in 2009 (see "*—Results of Operations—Cost of Sales and Gross Profit*"), and the increase in turnover days of trade and other payables between 2009 and 2010 was primarily due to an increase in average trade and other payables as a result of increased inventory purchases in 2010, as well as increased advertising activity in the latter part of 2010.

As of March 31, 2011, 84.7 percent of our trade payables outstanding as of December 31, 2010 had been settled.

Trade payables as of December 31, 2010 are on average due within 105 days from the invoice date.

CAPITAL EXPENDITURES

Historical Capital Expenditures

The following table sets forth our historical capital expenditures for 2008, 2009 and 2010.

	Year ended December 31,		
	2008	2009	2010
	US$'000	*US$'000*	*US$'000*
Buildings	5,016	838	1,258
Machinery, equipment, leasehold improvements and other	39,737	14,316	28,317
Total	**44,753**	**15,154**	**29,575**

The decrease in capital expenditures in 2009 was a result of our efforts to conserve cash and increase liquidity in response to the global economic downturn. In 2010, our increased capital expenditure primarily reflected the expansion of points of sale in our Asian region, the expansion of warehouses at our facility in Oudenaarde, Belgium and investments in IT infrastructure and in manufacturing equipment for the production of hard-side luggage.

Planned Capital Expenditures

Our capital expenditure budget for 2011 is approximately US$40.0 million. We plan to expand our manufacturing facilities in Szekszard, Hungary and to acquire additional manufacturing equipment for production of hard-side luggage. We also plan to refurbish existing retail stores, to open new retail stores and to invest in research and development.

CONTRACTUAL OBLIGATIONS

The following table summarizes scheduled maturities of our contractual obligations for which cash flows are fixed and determinable as of December 31, 2010.

		Payments Due			
	Total as of December 31, 2010	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Debt service	258,741	12,032	100	246,609	—
Minimum operating lease payments	167,817	41,573	31,552	64,119	30,573
Total contractual obligations	**426,558**	**53,605**	**31,652**	**310,728**	**30,573**

NET CURRENT ASSETS

The following table sets forth current assets and current liabilities as of the dates indicated.

	As of December 31,		
	2008	2009	2010
	US$'000	*US$'000*	*US$'000*
Current assets			
Inventories	198,206	113,227	222,704
Trade and other receivables, net	136,067	119,398	146,142
Prepaid expenses and other assets	53,385	44,626	67,883
Cash and cash equivalents	86,913	290,533	285,798
Total current assets	**474,571**	**567,784**	**722,527**
Current liabilities			
Loans and borrowings	1,425,319	14,199	12,032
Shareholder loan	487,419	—	—
Derivative financial instruments	36,145	—	—
Trade and other payables	207,446	259,066	330,511
Employee benefits	29,946	32,969	38,777
Current tax liabilities	21,648	29,173	35,443
Total current liabilities	**2,207,923**	**335,407**	**416,763**
Net current assets/(liabilities)	**(1,733,352)**	**232,377**	**305,764**

The increase in our net current assets from US$232.4 million as of December 31, 2009 to US$305.8 million as of December 31, 2010 was primarily due to an increase in inventories, reflecting the need to purchase and stock a sufficient amount of inventory to support customer orders as our business began to recover in 2010 and to support anticipated demand in 2011, as well as the impact of discounted sales in the second half of 2009 to liquidate excess and slow-moving inventory. Also contributing to the increase in our net current assets was increased trade and other receivables, reflecting increased net sales in 2010.

The change from net current liabilities of US$1,733.4 million as of December 31, 2008 to net current assets of US$232.4 million as of December 31, 2009 was primarily due to a significant decrease in our loans and borrowings and our shareholder loan, reflecting the debt and equity restructuring in September 2009.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of April 30, 2011, being the latest practicable date such information is available to us, we did not have any material off-balance sheet arrangements or contingencies except as included in "—*Contractual Obligations*."

QUALITATIVE AND QUANTITATIVE MARKET RISKS

Credit Risk

Credit risk is the risk of financial loss to us if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from our receivables from customers. Maximum exposure is limited to the carrying amounts of the financial assets presented in our combined financial statements.

Our exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of our customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. No single customer accounted for more than 5 percent of our sales in 2008, 2009 or 2010 or accounts receivable as of December 31, 2008, 2009 and 2010. Geographically there is no concentration of credit risk.

We have established a credit policy under which each new customer is analyzed individually for creditworthiness before our standard payment and delivery terms and conditions are offered.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including aging profile, and existence of previous financial difficulties. Trade and other receivables relate mainly to our wholesale customers. Customers that are graded as "high risk" are placed on credit hold and monitored by us, and future sales are made on an approval basis.

Financial Guarantees

Our policy is to provide financial guarantees only on behalf of subsidiaries. No other guarantees have been made to third parties.

Liquidity Risk

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

Our primary sources of liquidity are our cash flow that is being generated from operations, invested cash, and available lines of credit. We have no debt service obligations until September 2014 under our amended Senior Facilities Agreement and our asset based lending facility, other than certain mandatory prepayment obligations based on our having positive excess cash flow or realizing cash proceeds from transactions such as certain asset sales or insurance recoveries. We believe that our existing cash and estimated cash flows, along with current working capital, will be adequate to meet our operating and capital requirements for at least the next twelve months.

Foreign Exchange Risk

We are exposed to currency risk on purchases and borrowings that are denominated in a currency other than the respective functional currencies of our subsidiaries.

We periodically use forward exchange contracts to hedge our exposure to currency risk on product purchases denominated in a currency other than the respective functional currency of our subsidiaries. The forward exchange contracts typically have maturities of less than one year.

Interest on borrowings is denominated in the local currency of the borrowing. Excluding the amended senior credit facility, borrowings are generally denominated in currencies that match the cash flows generated by the underlying operations of the borrowing entity.

Interest Rate Risk

We monitor our exposure to changes in interest rates on borrowings on variable rate debt instruments. Although we do not currently have any interest rate hedging instruments, we may, from time to time, enter into interest rate swap contracts to manage interest rate risk.

Other Market Price Risk

Equity price risk arises from available for sale equity securities held for funding our defined benefit pension obligations that are used to measure periodic net pension costs. Pension plan liabilities are presented net of pension plan assets in our combined statements of financial position. Our investment strategy is to generate investment returns on pension plan assets in order to satisfy our defined benefit pension plan obligations. We engage professional pension plan asset managers to assist in this process.

The estimated pension obligation (the actuarial present value of benefits attributed to employee service and compensation levels prior to the measurement date without considering future compensation levels), exceeds the fair value of the assets of our pension plans, which is primarily the result of underperforming equity markets during prior years. Future market conditions and interest rate fluctuations could significantly impact future assets and liabilities of our pension plans and future minimum required funding levels.

CRITICAL ACCOUNTING POLICIES

The preparation of our combined financial information requires our management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements, and the reported net sales and expenses during the periods presented. On an ongoing basis, our management evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, net sales and costs.

Our management bases its judgments and estimates on historical experience and on other factors it believes to be appropriate and reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

We have identified the following critical accounting policies under which significant judgments, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial results or the financial position reported in future periods.

Impairment

Financial Assets (including Trade and Other Receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. The allowance account for receivables is used to record impairment losses unless we believe recovery is remote and the impairment loss is applied directly against the financial asset.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to us on terms that we would not consider otherwise, or indications that a debtor or issuer will enter bankruptcy.

We consider evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

In assessing collective impairment, we use historical trends, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Impairment losses that have been recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

Nonfinancial Assets

The carrying amounts of our nonfinancial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash generating unit, (the "***CGU***")). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the group of CGUs that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

Our corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the group of units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss that has been recognized on goodwill is not reversed in subsequent periods if estimates used to determine the recoverable amount change. For other assets, impairment losses that have been recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Assets under finance leases are stated at the present value of the future minimum lease payments. Improvements which extend the life of an asset are capitalized. Maintenance and repair costs are expensed as incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses arising from the retirement or disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in profit or loss on the date of retirement or disposal.

Depreciation and amortization are provided on the straight line method over the estimated useful life of the asset or the lease term, if applicable, as follows:

Buildings	20-30 years
Machinery equipment and other	3-10 years
Leasehold improvements	Lesser of useful life or the lease term

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate. Land is not depreciated.

We capitalize the costs of purchased software and costs to configure, install and test software and include these costs within machinery, equipment and other in the combined statements of financial position. Software assessment and evaluation, process reengineering, data conversion, training, maintenance and ongoing software support costs are expensed.

Intangible Assets (other than Goodwill)

Intangible assets consist of tradenames, customer relationships, and leasehold rights. No recognized intangible assets have been generated internally.

Intangible assets which are considered to have an indefinite life, such as tradenames, are measured at cost less accumulated impairment losses and are not amortized but are tested for impairment at least annually or more frequently if events or circumstances indicate that the asset may be impaired. *Samsonite* and *American Tourister* are our significant tradenames. It is anticipated that the economic benefits associated with these tradenames will continue for an indefinite period. The conclusion that the tradenames are an indefinite lived asset is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortization of intangible assets with finite lives as set out below.

Intangible assets which have a finite life are amortized and measured at cost less accumulated amortization and accumulated impairment losses. Amortization expense is recognized in profit or loss on a straight line basis over the estimated useful lives from the date that they are available for use, as this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets. The estimated useful lives are as follows:

Customer relationships	10-20 years
Leasehold rights	3-6 years

Intangible assets having a finite life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Estimated useful lives of intangible assets are reviewed annually and adjusted if applicable.

Inventories

Inventories are carried at the lower of cost or net realizable value. Cost is calculated using the weighted average method. The cost of inventory includes expenditures incurred in acquiring the inventories, production costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as expenses in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Defined Benefit Plans

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. Our net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is based on high grade bond yield curve under which the benefits were projected and discounted at spot rates along the curve. The discount rate was then determined as a single rate yielding the same present value. When the calculation results in a benefit to us, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any of our plans. An economic benefit is available to us if it is realizable during the life of the plan, or on settlement of the plan liabilities.

We initially recognize all actuarial gains and losses arising from defined benefit plans in other comprehensive income.

Provisions and Contingent Liabilities

Provisions are recognized for other liabilities of uncertain timing or amount when we have a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, if they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma data relating to our net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on our net tangible assets as of December 31, 2010 as if the Global Offering had taken place on December 31, 2010.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group attributable to the equity holders of the Company as of December 31, 2010 or as of any subsequent dates, including following the Global Offering.

	Combined net tangible assets of the Group attributable to the equity holders of the Company as of December 31, 2010(1)	Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted net tangible assets of the Group attributable to the owners of the Company	Unaudited pro forma adjusted net tangible assets per Share(3)
	US$'000	*US$'000*	*US$'000*	*US$*
Based on an Offer Price of HK$17.50 per Offer Share	(41,300)	237,710	196,410	0.14
Based on an Offer Price of HK$13.50 per Offer Share	(41,300)	177,502	136,202	0.10

Notes:

(1) The combined net tangible assets of the Group attributable to the equity holders of the Company as of December 31, 2010 is extracted from the Accountants' Report set out in Appendix I, which is based on the combined net assets of the Group attributable to the equity holders of the Company of US$740.2 million with an adjustment for goodwill and other intangible assets of US$153.2 million and US$628.3 million, respectively.

(2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK$17.50 per Offer Share and HK$13.50 per Offer Share after deduction of the underwriting fees and commissions (assuming the full payment of the discretionary fee) and other related expenses payable by the Company.

(3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in Note (1) above and on the basis that 1,407,137,004 Shares were in issue assuming that the 2011 Reorganization and the Global Offering had been completed on December 31, 2010.

(4) No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to December 31, 2010 and no account has been taken in respect of the conversion of the A Preference Shares and B Preference Shares to Loan Notes upon completion of the Global Offering pursuant to the implementation of the 2011 Reorganization under which the holders of A Preference Shares and B Preference Shares of Luxco 1 with carrying amounts classified in the Group's equity at December 31, 2010 of US$77.0 million and US$17.5 million, respectively, will contribute the Preference Shares to the Company in exchange for the Loan Notes. The details of the 2011 Reorganization are set out in the section headed "*History and Reorganization—Our 2011 Corporate Reorganization*" in this Prospectus. If the A Preference Shares and B Preference Shares were converted from equity to debt with carrying amounts of US$77.0 million and US$17.5 million, respectively, pursuant to the implementation of the 2011 Reorganization, the unaudited pro forma adjusted net tangible assets per Share would have been US$0.07 (based on an Offer Price of HK$17.50 per Offer Share) and US$0.03 (based on an Offer Price of HK$13.50 per Offer Share).

PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2011

On the bases and assumptions set out in "*Appendix III—Profit Forecast*" and, in the absence of unforeseen circumstances, certain profit forecast data of the Group for the year ending December 31, 2011 are set out below:

Forecast Profit attributable to the equity holders of the Company for the year ending December 31, 2011[1]	Not less than US$64.2 million
Unaudited forecast earnings per Share on a pro forma basis[2]	Not less than US$0.05

Notes:

(1) Our Forecast Profit is extracted from Appendix III. The bases and assumptions on which the above Forecast Profit has been prepared are summarized in Appendix III. The Directors have prepared the Forecast Profit based on the unaudited combined results based on the management accounts of the Group for the three months ended March 31, 2011 and a forecast of the combined results of the Group for the remaining nine months ending December 31, 2011. The Forecast Profit has been prepared on a basis consistent in all material respects with the accounting policies currently adopted by the Group as set out in Note 3 of Section C of the Accountants' Report, the text of which is set out in Appendix I.

(2) The unaudited forecast earnings per Share on a pro forma basis is calculated by dividing the Forecast Profit attributable to the equity holders of the Company for the year ending December 31, 2011 by 1,407,137,004 Shares as if such Shares had been in issue on January 1, 2011. The number of Shares used in this calculation is based on the Shares in issue upon the completion of the 2011 Reorganization and the Global Offering. See Appendix II.

In order to enable investors to compare our Forecast Profit with the Adjusted Net Income, which we have presented for the Track Record Period (see *"—Results of Operations—Adjusted Net Income."*), we set out below a number of non-cash costs and charges reasonably expected to be incurred in 2011, which have been included in the calculation of Forecast Profit, as required under IFRS. We believe that setting out these costs and charges helps investors to better evaluate the underlying profitability of the business in 2011:

- non-cash expenses related to the maintenance and subsequent settlement of our current debt structure of US$32.5 million (or US$26.4 million after estimated tax adjustments);
- non-cash charge related to the amortization of intangible assets (including customer relationships and leasehold rights) of US$8.3 million (or US$5.8 million after estimated tax adjustments); and
- non-cash charge related to a change in fair value of put options related to the Company's majority-owned subsidiaries of US$2.9 million.

Similar to the approach adopted in arriving at profit/(loss) for the year for the Track Record Period in the historical combined income statements on page 182 of this Prospectus, the Forecast Profit has been arrived at after the deduction of the above items. These items are added back in arriving at the Adjusted Net Income for the Track Record Period.

Our Forecast Profit shown above has also been stated after deduction of estimated IPO transaction costs of US$23.7 million.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

The Directors confirm that as of the Latest Practicable Date, there were no circumstances which would give rise to a disclosure required under rules 13.13 to 13.19 of the Listing Rules upon the listing of the Shares on the Stock Exchange.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in our financial or trading position since December 31, 2010, which is the date at which our latest combined financial information was prepared, as set out in the Accountants' Report in Appendix I to this Prospectus.