HTL INTERNATIONAL HOLDINGS LIMITED

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

Half Year Financial Statements Announcement

For the Period Ended

30 June 2016

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1. CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

For the Period Ended 30 June 2016 ("1H 2016")

	Notes	The Group 3 months ended 30 Jun 2016 US$'000	2015 US$'000	Change %	The Group 6 months ended 30 Jun 2016 US$'000	2015 US$'000	Change %
Revenue		**129,172**	**122,591**	5.4	**235,292**	**231,658**	1.6
Cost of sales		(85,450)	(90,400)	(5.5)	(156,719)	(168,320)	(6.9)
Gross profit		**43,722**	**32,191**	35.8	**78,573**	**63,338**	24.1
Other operating income		504	1,300	(61.2)	1,146	2,286	(49.9)
Sales, marketing and distribution expenses		(25,639)	(27,656)	(7.3)	(47,894)	(54,430)	(12.0)
Administrative expenses		(7,932)	(8,482)	(6.5)	(15,120)	(16,320)	(7.4)
Other operating expenses		(6,144)	(280)	2,094.3	(8,288)	(513)	1,515.6
Operating profit/(loss) before finance income and expense and net foreign exchange (loss)/gain	5A	**4,511**	**(2,927)**	NM	**8,417**	**(5,639)**	NM
Finance income		16	43	(62.8)	32	66	(51.5)
Finance expense		(327)	(354)	(7.6)	(679)	(716)	(5.2)
Operating profit/(loss) before net foreign exchange (loss)/gain		**4,200**	**(3,238)**	NM	**7,770**	**(6,289)**	NM
Net foreign exchange (loss)/gain*		(5,376)	1,950	NM	(3,434)	5,071	NM
(Loss)/profit before tax		**(1,176)**	**(1,288)**	(8.7)	**4,336**	**(1,218)**	NM
Income tax expense	5B	(2,442)	(580)	321.0	(4,292)	(1,227)	249.8
Net (loss)/profit for the period		**(3,618)**	**(1,868)**	93.7	**44**	**(2,445)**	NM
Attributable to:							
Owners of the Company		(3,537)	(1,878)	88.3	214	(2,460)	NM
Non-controlling interest		(81)	10	NM	(170)	15	NM
		(3,618)	**(1,868)**		**44**	**(2,445)**	
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME							
Net (loss)/profit for the period		**(3,618)**	**(1,868)**	93.7	**44**	**(2,445)**	NM
Other comprehensive (loss)/income:							
Item that may be reclassified subsequently to income statement:							
Foreign currency translation arising from consolidation		(2,300)	570	NM	(960)	25	NM
Total comprehensive loss for the period		**(5,918)**	**(1,298)**		**(916)**	**(2,420)**	
Attributable to:							
Owners of the Company		(5,880)	(1,304)	350.9	(823)	(2,427)	(66.1)
Non-controlling interest		(38)	6	NM	(93)	7	NM
		(5,918)	**(1,298)**		**(916)**	**(2,420)**	
Gross profit margin (GP%)		**33.8%**	**26.3%**		**33.4%**	**27.3%**	
Net (loss)/profit margin		**-2.8%**	**-1.5%**		**-****	**-1.1%**	
EBITDA		**565**	**708**		**7,789**	**2,877**	
EBITDA before net foreign exchange (loss)/gain		**5,941**	**(1,242)**		**11,223**	**(2,194)**	
EBITDA margin		**0.4%**	**0.6%**		**3.3%**	**1.2%**	
EBITDA margin before net foreign exchange (loss)/gain		**4.6%**	**-1.0%**		**4.8%**	**-0.9%**	

NM : Not meaningful
*** : Percentage less than 0.1%*

	The Group 3 months ended 30 Jun 2016 US$'000	2015 US$'000	The Group 6 months ended 30 Jun 2016 US$'000	2015 US$'000
Net foreign exchange (loss)/gain comprises:				
Realised foreign exchange (loss)/gain	(60)	587	519	6,734
Unrealised foreign exchange (loss)/gain	(2,218)	2,381	(2,776)	1,521
Net fair value loss on derivative financial instruments (1)	(3,098)	(1,018)	(1,177)	(3,184)
Total net foreign exchange (loss)/gain*	**(5,376)**	**1,950**	**(3,434)**	**5,071**

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

2. BALANCE SHEETS

	Notes	The Group 30 Jun 2016 US$'000	The Group 31 Dec 2015 US$'000	The Company 30 Jun 2016 US$'000	The Company 31 Dec 2015 US$'000
Current assets					
Cash and short-term deposits		34,212	42,487	6	8
Trade and other receivables		74,656	49,970	676	672
Inventories	5C	121,126	133,212	-	-
Tax recoverable		96	-	-	-
Deposits		5,101	5,134	2,534	2,534
Prepayments		4,085	4,315	3	-
		239,276	**235,118**	**3,219**	**3,214**
Non-current assets					
Investments in subsidiaries		-	-	91,050	88,049
Property, plant and equipment		43,786	44,044	-	-
Intangible assets	5D	7,401	7,849	-	-
Deferred tax assets		2,158	2,631	-	-
Other receivables		-	342	-	-
		53,345	**54,866**	**91,050**	**88,049**
Total assets		**292,621**	**289,984**	**94,269**	**91,263**
Current liabilities					
Trade and other payables		74,511	70,612	4,545	4,494
Current income tax liabilities		2,541	1,147	-	-
Derivative financial instruments	(i)	4,660	3,483	-	-
Bank loans	5E	13,495	5,286	-	-
Bills payable	5E	29,374	42,985	-	-
Provision for warranty		4,268	2,741	-	-
		128,849	**126,254**	**4,545**	**4,494**
Non-current liabilities					
Deferred tax liabilities		1,721	771	771	771
Advances from a subsidiary		-	-	34,265	31,940
		1,721	**771**	**35,036**	**32,711**
Total liabilities		**130,570**	**127,025**	**39,581**	**37,205**
Net assets		**162,051**	**162,959**	**54,688**	**54,058**
Equity attributable to owners of the Company					
Share capital	5F	67,982	67,982	67,982	67,982
Treasury shares	5F	(5,018)	(5,062)	(5,018)	(5,062)
Non-distributable reserves		20,720	21,750	(1,161)	(1,125)
Retained earnings/(accumulated losses)		77,627	77,456	(7,115)	(7,737)
		161,311	162,126	54,688	54,058
Non-controlling interest		740	833	-	-
Total equity		**162,051**	**162,959**	**54,688**	**54,058**
Group net borrowings		**8,657**	**5,784**	**NA**	**NA**
Group net gearing (%)		**5.37**	**3.57**	**NA**	**NA**
Net tangible assets per share (cents)		**38.50**	**38.61**	**13.68**	**13.53**

NA : Not applicable

Note :

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

3. STATEMENTS OF CHANGES IN EQUITY

Group

	ATTRIBUTABLE TO OWNERS OF THE COMPANY									
	Share capital	Treasury shares	Share option reserve	Foreign currency translation reserve	Capital reserve	Statutory reserve fund	Retained earnings	Equity attributable to owners of the company, total	Non-controlling interest	Equity, total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2016	67,982	(5,062)	911	10,890	(2,036)	11,985	77,456	162,126	833	162,959
Net profit/(loss) for the quarter	-	-	-	-	-	-	3,751	3,751	(89)	3,662
Other comprehensive income/(loss)										
Foreign currency translation arising from consolidation	-	-	-	1,306	-	-	-	1,306	34	1,340
Total comprehensive income/(loss)	-	-	-	1,306	-	-	3,751	5,057	(55)	5,002
Treasury shares reissued pursuant to employee share option plan	-	37	-	-	(31)	-	-	6	-	6
Balance at 31 March 2016	**67,982**	**(5,025)**	**911**	**12,196**	**(2,067)**	**11,985**	**81,207**	**167,189**	**778**	**167,967**
Net loss for the quarter	-	-	-	-	-	-	(3,537)	(3,537)	(81)	(3,618)
Other comprehensive (loss)/income										
Foreign currency translation arising from consolidation	-	-	-	(2,343)	-	-	-	(2,343)	43	(2,300)
Total comprehensive loss	-	-	-	(2,343)	-	-	(3,537)	(5,880)	(38)	(5,918)
Transfer to capital reserve upon employee share options fully exercised	-	-	(911)	-	911	-	-	-	-	-
Treasury shares reissued pursuant to employee share option plan	-	7	-	-	(5)	-	-	2	-	2
Transfer from retained earnings to statutory reserve fund	-	-	-	-	-	43	(43)	-	-	-
	-	7	(911)	-	906	43	(43)	2	-	2
Balance at 30 June 2016	**67,982**	**(5,018)**	**-**	**9,853**	**(1,161)**	**12,028**	**77,627**	**161,311**	**740**	**162,051**
Balance at 1 January 2015	67,982	(3,945)	911	19,141	(2,036)	11,770	79,301	173,124	852	173,976
Net (loss)/profit for the quarter	-	-	-	-	-	-	(582)	(582)	5	(577)
Other comprehensive loss										
Foreign currency translation arising from consolidation	-	-	-	(541)	-	-	-	(541)	(4)	(545)
Total comprehensive (loss)/income	-	-	-	(541)	-	-	(582)	(1,123)	1	(1,122)
Purchase of treasury shares	-	(248)	-	-	-	-	-	(248)	-	(248)
Balance at 31 March 2015	**67,982**	**(4,193)**	**911**	**18,600**	**(2,036)**	**11,770**	**78,719**	**171,753**	**853**	**172,606**
Net (loss)/profit for the quarter	-	-	-	-	-	-	(1,878)	(1,878)	10	(1,868)
Other comprehensive income/(loss)										
Foreign currency translation arising from consolidation	-	-	-	574	-	-	-	574	(4)	570
Total comprehensive income/(loss)	-	-	-	574	-	-	(1,878)	(1,304)	6	(1,298)
Balance at 30 June 2015	**67,982**	**(4,193)**	**911**	**19,174**	**(2,036)**	**11,770**	**76,841**	**170,449**	**859**	**171,308**
Net profit for the quarter	-	-	-	-	-	-	73	73	10	83
Other comprehensive loss										
Foreign currency translation arising from consolidation	-	-	-	(5,525)	-	-	-	(5,525)	(26)	(5,551)
Total comprehensive (loss)/income	-	-	-	(5,525)	-	-	73	(5,452)	(16)	(5,468)
Purchase of treasury shares	-	(869)	-	-	-	-	-	(869)	-	(869)
Balance at 30 September 2015	**67,982**	**(5,062)**	**911**	**13,649**	**(2,036)**	**11,770**	**76,914**	**164,128**	**843**	**164,971**
Net profit/(loss) for the quarter	-	-	-	-	-	-	757	757	(1)	756
Other comprehensive loss										
Foreign currency translation arising from consolidation	-	-	-	(2,759)	-	-	-	(2,759)	(9)	(2,768)
Total comprehensive (loss)/income	-	-	-	(2,759)	-	-	757	(2,002)	(10)	(2,012)
Transfer from retained earnings to statutory reserve fund	-	-	-	-	-	215	(215)	-	-	-
Balance at 31 December 2015	**67,982**	**(5,062)**	**911**	**10,890**	**(2,036)**	**11,985**	**77,456**	**162,126**	**833**	**162,959**

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

Company

	Share capital	Treasury shares	Share option reserve	Capital reserve	Retained earnings/ (accumulated losses)	Equity, total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2016	67,982	(5,062)	911	(2,036)	(7,737)	54,058
Net profit for the quarter, representing total comprehensive income for the quarter	-	-	-	-	954	954
Treasury shares reissued pursuant to employee share option plan	-	37	-	(31)	-	6
Balance at 31 March 2016	**67,982**	**(5,025)**	**911**	**(2,067)**	**(6,783)**	**55,018**
Net loss for the quarter, representing total comprehensive loss for the quarter	-	-	-	-	(332)	(332)
Transfer to capital reserve upon employee share options fully excercised	-	-	(911)	911	-	-
Treasury shares reissued pursuant to employee share option plan	-	7	-	(5)	-	2
Balance at 30 June 2016	**67,982**	**(5,018)**	**-**	**(1,161)**	**(7,115)**	**54,688**
Balance at 1 January 2015	67,982	(3,945)	911	(2,036)	4,023	66,935
Net profit for the quarter, representing total comprehensive income for the quarter	-	-	-	-	885	885
Purchase of treasury shares	-	(248)	-	-	-	(248)
Balance at 31 March 2015	**67,982**	**(4,193)**	**911**	**(2,036)**	**4,908**	**67,572**
Net loss for the quarter, representing total comprehensive loss for the quarter	-	-	-	-	(245)	(245)
Balance at 30 June 2015	**67,982**	**(4,193)**	**911**	**(2,036)**	**4,663**	**67,327**
Net profit for the quarter, representing total comprehensive income for the quarter	-	-	-	-	2,024	2,024
Purchase of treasury shares	-	(869)	-	-	-	(869)
Balance at 30 September 2015	**67,982**	**(5,062)**	**911**	**(2,036)**	**6,687**	**68,482**
Net loss for the quarter, representing total comprehensive loss for the quarter	-	-	-	-	(14,424)	(14,424)
Balance at 31 December 2015	**67,982**	**(5,062)**	**911**	**(2,036)**	**(7,737)**	**54,058**

4. CONSOLIDATED CASH FLOW STATEMENT

	The Group 3 months ended 30 Jun 2016 US$'000	The Group 3 months ended 30 Jun 2015 US$'000	The Group 6 months ended 30 Jun 2016 US$'000	The Group 6 months ended 30 Jun 2015 US$'000
Operating activities				
Net (loss)/profit for the period	(3,618)	(1,868)	44	(2,445)
Adjustments for :				
Income tax expense	2,442	580	4,292	1,227
Depreciation of property, plant and equipment	1,151	1,368	2,252	2,816
Amortisation of intangible assets	279	317	554	629
Net loss on disposal of property, plant and equipment	189	66	285	82
Interest income	(16)	(43)	(32)	(66)
Interest expense	327	354	679	716
Property, plant and equipment written off	103	-	1,232	12
Warranty provision	2,982	2,725	5,591	5,165
Net fair value loss on foreign exchange derivative instruments	3,098	1,018	1,177	3,184
Unrealised foreign exchange translation differences	(1,858)	374	(1,368)	466
Operating cash flows before changes in working capital	5,079	4,891	14,706	11,786
Inventories	12,251	8,087	12,086	9,372
Trade and other receivables, deposits and prepayments	(17,089)	(1,604)	(24,081)	5,387
Warranty provision utilised	(2,203)	(3,166)	(4,064)	(6,518)
Trade and other payables	5,570	12,105	3,899	(5,496)
Cash flows from operations	3,608	20,313	2,546	14,531
Income taxes paid	(481)	(2,150)	(1,609)	(2,762)
Net cash flows from operating activities	**3,127**	**18,163**	**937**	**11,769**
Investing activities				
Proceeds from disposal of property, plant and equipment	122	520	138	522
Purchase of property, plant and equipment	(1,818)	(4,471)	(3,351)	(6,148)
Purchase of intangible assets	(28)	(83)	(29)	(130)
Interest received	16	43	32	66
Net cash flows used in investing activities	**(1,708)**	**(3,991)**	**(3,210)**	**(5,690)**
Financing activities				
Interest paid	(327)	(354)	(679)	(716)
Repayment of bank term loans	(39)	(77)	(118)	(2,403)
(Repayment of)/proceeds from short-term borrowings	(1,845)	(7,636)	(5,284)	4,399
Purchase of treasury shares	-	-	-	(248)
Proceeds from re-issuance of treasury shares	2	-	8	-
Net cash flows (used in)/from financing activities	**(2,209)**	**(8,067)**	**(6,073)**	**1,032**
Net (decrease)/increase in cash and cash equivalents	**(790)**	**6,105**	**(8,346)**	**7,111**
Effect of exchange rate changes on cash and cash equivalents	(195)	95	71	(216)
Cash and cash equivalents at the beginning of the financial period	35,197	36,510	42,487	35,815
Cash and cash equivalents at the end of the financial period (1)	**34,212**	**42,710**	**34,212**	**42,710**
Free Cash Flow (2)	**1,281**	**13,609**	**(2,443)**	**5,491**

Notes:

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

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

5. NOTES TO THE FINANCIAL STATEMENTS

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

This is arrived at after charging/(crediting) the following:

	The Group 3 months ended 30 Jun		The Group 6 months ended 30 Jun	
	2016	**2015**	**2016**	**2015**
	US$'000	US$'000	US$'000	US$'000
Depreciation of property, plant and equipment	1,151	1,368	2,252	2,816
Amortisation of intangible assets	279	317	554	629
Total depreciation and amortisation	1,430	1,685	2,806	3,445
Allowance made for/(reversal of) impairment of trade receivables	379	93	370	(145)
Bad trade debts written off	152	11	150	257
Allowance made for slow moving and obsolete inventories	729	243	1,073	622
Warranty and claim expenses	3,584	3,418	6,831	6,659
Employee benefits	22,544	22,269	43,326	43,830
Net loss on disposal of property, plant and equipment	189	66	285	82
Property, plant and equipment written off	103	-	1,232	12

B. Income tax expense

	The Group 3 months ended 30 Jun		The Group 6 months ended 30 Jun	
	2016	**2015**	**2016**	**2015**
	US$'000	US$'000	US$'000	US$'000
Tax expense attributable to profit is made up of:				
Current income taxes:				
- Current income tax	2,111	502	2,683	684
- Under/(over) provision in respect of previous years	33	(225)	40	(217)
Deferred income taxes:				
- Current deferred tax	220	296	1,427	753
- Under provision in respect of previous years	13	-	13	-
Witholding taxes (1)	65	7	129	7
	2,442	**580**	**4,292**	**1,227**

Note:

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

As a result of higher profitability, the Group's income tax expense increased from US$1.2 million in 1H 2015 to US$4.3 million in 1H 2016.

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

C. Inventories

	The Group	
	30 Jun 2016	31 Dec 2015
	US$'000	US$'000
Raw materials	55,811	61,695
Work-in-progress	17,009	20,718
Finished goods	48,306	50,799
	121,126	133,212

D. Intangible assets

	Goodwill on Acquisition	IP Rights	Computer Software Licenses & Development Costs	Total
	US$'000	US$'000	US$'000	US$'000
Group				
Cost				
At 1 January 2015	**620**	**13,140**	**10,794**	**24,554**
Additions	-	-	246	246
Write-off	-	-	(34)	(34)
Exchange rate adjustments	(63)	-	(16)	(79)
At 31 December 2015 and 1 January 2016	**557**	**13,140**	**10,990**	**24,687**
Additions	-	-	29	29
Write-off	-	-	(7)	(7)
Exchange rate adjustments	10	-	198	208
At 30 June 2016	**567**	**13,140**	**11,210**	**24,917**
Accumulated amortisation				
At 1 January 2015	**-**	**6,065**	**9,567**	**15,632**
Charge for the financial year	-	653	592	1,245
Write-off	-	-	(34)	(34)
Exchange rate adjustments	-	-	(5)	(5)
At 31 December 2015 and 1 January 2016	**-**	**6,718**	**10,120**	**16,838**
Charge for the financial period	-	327	227	554
Write-off	-	-	(7)	(7)
Exchange rate adjustments	-	-	131	131
At 30 June 2016	**-**	**7,045**	**10,471**	**17,516**
Net book value				
At 31 December 2015	**557**	**6,422**	**870**	**7,849**
At 30 June 2016	**567**	**6,095**	**739**	**7,401**

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

E. Loans and borrowings

	The Group	
	30 Jun 2016	**31 Dec 2015**
	US$'000	US$'000
Current		
Bank term loans	-	112
Short-term bank loans	13,495	5,174
	13,495	5,286
Bills payable	29,374	42,985
Total loans and borrowings	42,869	48,271

F. Share capital

	No of ordinary shares		Amount	
	Issued share capital	**Treasury shares**	**Share capital**	**Treasury shares**
	'000	'000	US$'000	US$'000
At 1 January 2016	416,563	(16,958)	67,982	(5,062)
Reissued pursuant to employee share option plans:				
- For cash on exercise of employee share options	-	148	-	8
- Loss transferred to capital reserve	-	-	-	36
	-	148	-	44
At 30 June 2016	416,563	(16,810)	67,982	(5,018)
At 1 January 2015	416,563	(10,441)	67,982	(3,945)
Treasury shares purchased	-	(1,380)	-	(248)
At 30 June 2015	416,563	(11,821)	67,982	(4,193)

Treasury shares

Treasury shares relate to ordinary shares of the Company that is held by the Company. The Company did not purchase treasury shares during the financial period. In the corresponding period last year, the Company acquired 1,379,600 shares in the Company through purchases on the Singapore Exchange. The total amount paid to acquire the shares was US$248,860 and this was presented as a separate component within shareholders' equity.

The Company reissued 147,500 (30 June 2015: Nil) treasury shares during the financial period pursuant to the HTL International Holdings Limited Share Option Plan 2002 at the weighted average exercise price of US$0.05 each for a cash consideration of US$8,000 (30 June 2015: Nil).

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

F. Share capital (Cont'd)

Share options

HTL International Holdings Limited Share Option Plan 2002

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

There is no share options outstanding as at 30 June 2016.

	Aggregate options granted since commencement of scheme	Aggregate options exercised since commencement of scheme	Aggregate options lapsed since commencement of scheme	Aggregate options outstanding at end of financial period	Exercise price	Exercise Period
2009 Options	7,120,000	6,312,500	807,500	-	S$0.07	26.2.2010 - 26.2.2019

G. (Loss)/earnings per share

	3 months ended 30 Jun		6 months ended 30 Jun	
	2016	**2015**	**2016**	**2015**
(Loss)/earnings per share (US cents)				
- Basic	(0.89)	(0.46)	0.05	(0.61)
- Diluted	(0.88)	(0.46)	0.05	(0.61)

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

For the purpose of calculating the diluted (loss)/earnings per share, the net (loss)/profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. As at 30 June 2016, the Company has only one category of dilutive potential ordinary shares which is share options. In the computation of diluted net (loss)/earnings per share, if the effect of outstanding share options is anti-dilutive, this is disregarded.

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

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

G. (Loss)/profit per share (Cont'd)

	3 months ended 30 Jun		6 months ended 30 Jun	
	2016	**2015**	**2016**	**2015**
	US$'000	US$'000	US$'000	US$'000
Net (loss)/profit attributable to owners of the Company used to determine basic and diluted (loss)/earnings per share	(3,537)	(1,878)	214	(2,460)
	No. of shares	**No. of shares**	**No. of shares**	**No. of shares**
	'000	'000	'000	'000
Weighted average number of ordinary shares used in the calculation of basic (loss)/earnings per share	399,628	405,870	399,680	405,303
Adjustment for assumed conversion of share options	133	129	89	130
Weighted average number of ordinary shares used in the calculation of diluted (loss)/earnings per share	399,761	405,999	399,769	405,433
Diluted (loss)/earnings per share (US cents)	(0.88)	(0.46)	0.05	(0.61)

H. Net asset per share

	The Group		The Company	
	As at 30 Jun 2016	**As at 31 Dec 2015**	**As at 30 Jun 2016**	**As at 31 Dec 2015**
Net asset value per ordinary share based on issued share capital as at the end of the respective period/year (US cents) *	40.35	40.57	13.68	13.53

* Based on issued share capital of 399,753,218 ordinary shares (excluding treasury shares) as at 30 June 2016 and 399,605,718 ordinary shares (excluding treasury shares) as at 31 December 2015.

6. AUDIT

The figures have been reviewed by the Company's auditor in accordance with Singapore Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by Independent Auditor of the Entity".

7. AUDITOR'S REPORT

Please refer to the Independent Auditor's Review Report dated 4 August 2016 as enclosed in Annexure 1.

8. ACCOUNTING POLICIES

Except as disclosed in paragraph 9 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of audited financial statements as at 31 December 2015.

9. CHANGES IN THE ACCOUNTING POLICIES

The Group adopted the new/revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2016.

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

10. REVIEW OF GROUP PERFORMANCE

Overview

	(A)	(B)	(C) = (A) + (B)	(D)	(E)	(F) = (D) + (E)	(G) = (C) - (F)	
	Q1 2016 US$'000	**Q2 2016 US$'000**	**1H 2016 US$'000**	**Q1 2015 US$'000**	**Q2 2015 US$'000**	**1H 2015 US$'000**	**Change US$'000**	%
Sofa Business Unit ("Sofa BU")								
- External	101,168	123,039	224,207	105,012	118,063	223,075	1,132	0.5%
- Internal	1,045	1,131	2,176	915	1,213	2,128	48	
	102,213	**124,170**	**226,383**	**105,927**	**119,276**	**225,203**	**1,180**	
Leather Business Unit ("Leather BU")								
- Internal	**28,798**	**29,001**	**57,799**	**32,557**	**34,962**	**67,519**	(9,720)	-14.4%
Home Furnishing Retail Business Unit ("HFRBU")								
- External	4,952	6,133	11,085	4,055	4,528	8,583	2,502	29.2%
- Internal	1	-	1	1	6	7	(6)	
	4,953	**6,133**	**11,086**	**4,056**	**4,534**	**8,590**	**2,496**	
Less : Inter-segment sales	(29,844)	(30,132)	(59,976)	(33,473)	(36,181)	(69,654)	9,678	
Group Turnover	**106,120**	**129,172**	**235,292**	**109,067**	**122,591**	**231,658**	**3,634**	1.6%

Notes:

(1) Core Business comprises the Sofa, Leather Business Units ("BU") and Corporate Office
(2) Q1 and Q2 2016/2015 – three months ended 31 March and 30 June 2016/2015, respectively
(3) 1H 2016/2015 – six months ended 30 June 2016/2015
(4) SG&A – represents the aggregate of total sales, marketing, distribution and administrative expenses

Q2 2016 vs. Q2 2015

Turnover

The Group's turnover grew by 5.4% to US$129.2 million. The growth was led by higher sales to our key market, Europe, followed by North America, and partially offset by lower sales in Australia and New Zealand ("ANZ").

10. REVIEW OF GROUP PERFORMANCE (Cont'd)

Q2 2016 vs. Q2 2015 (Cont'd)

Profitability

The Group's gross profit margin rose from 26.3% in Q2 2015 to 33.8% in Q2 2016. This was mainly due to lower leather costs, and lower other materials and overhead costs as a result of weaker RMB against the USD.

Other operating income fell by US$0.8 million to US$0.5 million in Q2 2016, primarily as a result of loss from leather and fabric scrap sales related to a sofa plant closure and lower suppliers rebate received by Domicil Home in Germany.

SG&A fell by 7.1% to US$33.6 million in Q2 2016, predominantly due to lower distribution costs arising from lower freight rates and lower staff costs as a result of restructuring.

Other operating expenses increased substantially by US$5.8 million to US$6.1 million in Q2 2016. This was mostly due to the closure costs of a cut and sew plant in China and the retrenchment costs of Singapore HQ's employees.

Overall, the Group registered an operating profit before net foreign exchange loss and tax of US$4.2 million compared to an operating loss of US$3.2 million in Q2 2015. If the US$5.7 million exceptional costs under other operating expenses were excluded, the Group would have reported an operating profit before net foreign exchange loss and tax of US$9.9 million for Q2 2016.

In the volatile foreign exchange market, the Group recorded a net foreign exchange loss of US$5.4 million in Q2 2016 compared to a gain of US$2.0 million in Q2 2015. The Q2 2016 loss was mainly attributable to unrealised mark-to-market loss on foreign exchange contracts coupled with unrealised loss on bank balances and loan whilst the Q2 2015 gain was primarily due to unrealised gain on payables/receivables and bank balances.

The Group reported higher income tax expenses of US$2.4 million in Q2 2016 (Q2 2015: US$0.6 million), mainly as a result of higher operating profitability.

Consequently, the Group's net loss increased from US$1.9 million in Q2 2015 to US$3.6 million in Q2 2016.

1H 2016 vs 1H 2015

Turnover

The Group's turnover increased by 1.6% to US$235.3 million in 1H 2016, mainly due to stronger sales in Europe and North America. This was partially offset by weaker sales in ANZ and Asia, and the weaker Euro and AUD against the USD.

Profitability

The Group's gross profit margin improved from 27.3% in 1H 2015 to 33.4% in 1H 2016, primarily due to lower leather costs, and lower other materials and overhead costs as a result of weaker RMB against the USD. These were partially mitigated by the weaker Euro and AUD against the USD.

Other operating income halved to US$1.1 million in 1H 2016, mainly due to loss from leather and fabric scrap sales and lower suppliers rebate received by Domicil Home in Germany as a result of lower sales.

SG&A fell by 10.9% to US$63.0 million in 1H 2016, predominantly due to lower freight rates and lower staff costs as a result of restructuring.

10. REVIEW OF GROUP PERFORMANCE (Cont'd)

1H 2016 vs. 1H 2015 (Cont'd)

Other operating expenses increased substantially by US$7.8 million to US$8.3 million in 1H 2016. US$7.7 million of this were exceptional costs related mostly to the closure costs of three retail stores, a sofa plant and a cut and sew plant in China and the retrenchment costs of Singapore HQ's employees.

With higher gross profit, savings from lower SG&A expenses and despite the exceptional costs under other operating expenses, the Group registered an operating profit before net foreign exchange loss and tax of US$7.8 million in 1H 2016, a turnaround from an operating loss of US$6.3 million in 1H 2015. If the US$7.7 million exceptional costs were excluded, the Group would have reported an operating profit before net foreign exchange loss and tax of US$15.5 million for 1H 2016.

The Group recorded a net foreign exchange loss of US$3.4 million in 1H 2016 compared to a gain of US$5.1 million in 1H 2015. The 1H 2016 loss was mainly attributable to unrealised loss on loan and bank balances coupled with unrealised mark-to-market loss on foreign exchange contracts whilst the 1H 2015 gain was primarily due to realised gain on delivery of foreign exchange contracts.

As a result of higher profitability, the Group's income tax expense increased from US$1.2 million in 1H 2015 to US$4.3 million in 1H 2016.

Overall, the Group posted a marginal profit of US$44,000 for 1H 2016, a reversal from a net loss of US$2.4 million in 1H 2015.

Analysis by Major Business Units ("BU")

	Core Business [1] 6 months ended 30 Jun		Change	Home Furnishing Retail 6 months ended 30 Jun		Change
	2016	2015	%	2016	2015	%
	US$'000	US$'000		US$'000	US$'000	
Revenue (exclude inter-segment sales)	224,207	223,075	0.5	11,085	8,583	29.2
Operating profit/(loss) before net foreign exchange (loss)/gain	14,779	(117)	NM	(7,009)	(6,172)	13.6
EBITDA before net foreign exchange (loss)/gain	17,578	3,402	416.7	(6,355)	(5,596)	13.6
Net profit/(loss) for the period	7,285	3,744	94.6	(7,241)	(6,189)	17.0
Net margin	3.2%	1.7%		-65.3%	-72.1%	
Total net foreign exchange (loss)/gain	(3,284)	5,035		(150)	36	

NM : Not meaningful

Notes:

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

10. REVIEW OF GROUP PERFORMANCE (Cont'd)

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

Core Business

Sofa BU - Revenue by Regions

	6 months ended 30 Jun 2016	2015	Change	
	US$'000	US$'000	US$'000	%
Asia (excluding China)	27,464	30,048	(2,584)	(8.6)
China (including Hong Kong)	1,827	2,057	(230)	(11.2)
Europe	110,836	103,800	7,036	6.8
North America	54,359	48,564	5,795	11.9
ANZ	29,033	38,063	(9,030)	(23.7)
Others	688	543	145	26.7
Total (1)	224,207	223,075	1,132	0.5

Notes:
(1) These exclude inter-segment sales.

Sofa BU's revenue inched up slightly to US$224.2 million (1H 2015: US$223.1 million). The stronger sales in Europe and North America were offset by the weaker sales in ANZ and Asia and the weaker Euro and AUD against the USD.

Europe remained our largest market, accounting for 49.4% (1H 2015: 46.5%) of the Core Business' turnover, followed by North America (24.2%), Asia (13.1%) and ANZ (12.9%)

The Core Business posted operating profit before net foreign exchange loss and tax of US$14.8 million in 1H 2016 compared to operating loss of US$0.1 million in 1H 2015. This was a result of higher gross profit, savings from lower SG&A expenses and in spite of the exceptional costs under other operating expenses. If the US$6.0 million exceptional costs were excluded, the Core Business would have reported operating profit before net foreign exchange loss and tax of US$20.8 million for 1H 2016.

Home Furnishing Retail BU ("HFRBU")

HFRBU's revenue increased by 29.2% to US$11.1 million, mainly due to the expansion of retail presence in China and Singapore. Despite the increase in turnover, HFRBU's operating loss before net foreign exchange loss and tax increased by US$0.8 million to US$7.0 million in 1H 2016 (1H 2015: US$6.2 million). This was mainly due to the higher other operating expenses arising mostly from the closure of retail stores in China in Q1 2016. Excluding these exceptional costs, HFRBU's operating loss before net foreign exchange loss and tax would have been lower at US$5.3 million.

Liquidity, financial and working capital resources

Trade and other receivables increased by US$24.7 million to US$74.7 million, primarily due to lower factoring without recourse. Consequently, the average day sales outstanding ("DSO") was higher at 1.9 months as at 30 June 2016 (31 December 2015: 1.3 months). This was the result of the Group's initiative to reduce and eventually dispense with the factoring of trade receivables to further cut down finance expense.

10. REVIEW OF GROUP PERFORMANCE (Cont'd)

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

Inventory reduced by US$12.1 million to US$121.1 million as at 30 June 2016 as inventory holding was reduced further. As a result, the outstanding days in inventory ("DIO") improved to 4.6 months as at 30 June 2016 (31 December 2015: 4.9 months).

Trade and other payables rose by US$3.9 million to US$74.5 million, mainly due to lower payments to suppliers. Consequently, the average day payables outstanding ("DPO") was higher at 2.9 months (31 December 2015: 2.6 months).

The Group's net borrowings (loans and borrowings less cash and short term deposits) increased by US$2.9 million to US$8.7 million as at 30 June 2016, primarily due to lower factoring without recourse. Accordingly, the Group's overall net gearing was also higher at 5.4% (31 December 2015: 3.6%) and the Group reported a negative free cash flow of US$2.4 million in 1H 2016 compared to a positive free cash flow of US$5.5 million in 1H 2015.

11. VARIANCE FROM PROSPECT STATEMENT

No prospect statement was previously provided.

12. OUTLOOK

The recent Brexit vote took many by surprise and shook global markets, heightening the uncertainty in the already weak global economy. Terrorist attacks in Europe and Asia and shootings in the US had become more frequent. Together, these events had and will continue to undermine consumer confidence and discretionary spending. The Group will continue to focus and adapt its business, costs and restructuring plans to meet these prevailing challenges.

13. KEY BUSINESS RISKS

Macro Risks

Commodity risks

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

13. KEY BUSINESS RISKS (Cont'd)

Macro Risks (Cont'd)

Cyclical demand for furniture

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

Seasonal operations

The Group's sale of leather upholstered furniture is subject to seasonal variations given that the increased contribution from the Europe and North America markets now accounts for over two-thirds of the Group's turnover. In general, shipments of goods from July to August (i.e. the summer months) are lower than in the other months of a calendar year. These seasonality variations may cause short term fluctuations in the Group's turnover and performance.

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

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

Changes in the PRC processing trade policy

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

Environmental risk

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

13. KEY BUSINESS RISKS (Cont'd)

Company Risks

Foreign exchange risks

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

Vulnerable to freight rate increases

The Group exports its upholstery products to more than 40 countries across 6 continents and relies on shipping companies for the shipment of its products to these countries. As such, the Group bears freight costs when it sells on Cost, Insurance and Freight (CIF), Delivered Duty Unpaid (DDU) or Cost and Freight (CFR) terms, and when it purchases on Free on Board (FOB) term. The freight market can be volatile, and freight rates are affected by fluctuations in oil prices. If freight rates are high, the Group's distribution costs will increase and operating margins can be affected. The Group has no control over the supply and demand of freight services and it is therefore difficult for the Group to manage its freight costs. The Group does factor in an appropriate amount of the expected freight rate increases in the quotation of sales price to customers.

14. DIVIDEND

(i) Current financial period reported on - None

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

(iii) Date payable – Not applicable

(iv) Books closure date – Not applicable

15. SEGMENTAL INFORMATION

	Sofa US$'000	Leather US$'000	Home Furnishing Retail US$'000	Corporate US$'000	Elimination US$'000	Group US$'000
Financial period ended 30 June 2016						
Revenue						
External sales	224,207	-	11,085	-	-	235,292
Inter-segment sales	2,176	57,799	1	-	(59,976)	-
Total revenue	226,383	57,799	11,086	-	(59,976)	235,292
Segment results	13,431	2,471	(6,917)	(568)	-	8,417
Finance income						32
Finance expense						(679)
Net foreign exchange loss						(3,434)
Income tax expense						(4,292)
Net profit for the period						44
Segment assets	171,711	93,102	22,307	3,247	-	290,367
Tax assets						2,254
Consolidated total assets						292,621
Segment liabilities	(64,127)	(11,637)	(6,047)	(1,628)	-	(83,439)
Loans and borrowings						(42,869)
Tax liabilities						(4,262)
Consolidated total liabilities						(130,570)
Other segment items						
Addition to non-current assets						
- property, plant and equipment	2,190	41	1,120	-	-	3,351
- intangible assets	21	-	8	-	-	29
Depreciation	1,247	452	553	-	-	2,252
Amortisation	498	47	9	-	-	554
Other non-cash expenses						
Inventories written-down	389	-	684	-	-	1,073
Provision for warranty	5,591	-	-	-	-	5,591

15. SEGMENTAL INFORMATION (Cont'd)

Financial period ended 30 June 2015	Sofa US$'000	Leather US$'000	Home Furnishing Retail US$'000	Corporate US$'000	Elimination US$'000	Group US$'000
Revenue						
External sales	223,075	-	8,583	-	-	231,658
Inter-segment sales	2,128	67,519	7	-	(69,654)	-
Total revenue	225,203	67,519	8,590	-	(69,654)	231,658
Segment results	1,559	(483)	(6,137)	(578)	-	(5,639)
Finance income						66
Finance expense						(716)
Net foreign exchange gain						5,071
Income tax expense						(1,227)
Net loss for the period						(2,445)
Segment assets	165,353	98,095	26,796	3,177	-	293,421
Tax assets						4,231
Consolidated total assets						297,652
Segment liabilities	(61,124)	(15,003)	(7,018)	(1,491)	-	(84,636)
Loans and borrowings						(38,108)
Tax liabilities						(3,600)
Consolidated total liabilities						(126,344)
Other segment items						
Addition to non-current assets						
- property, plant and equipment	3,603	39	-	2,506	-	6,148
- intangible assets	127	-	3	-	-	130
Depreciation	1,656	622	538	-	-	2,816
Amortisation	534	92	3	-	-	629
Other non-cash expenses						
Inventories written-down	275	-	347	-	-	622
Provision for warranty	5,163	-	2	-	-	5,165

Secondary reporting format – geographical segments

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

	6 months ended 30 Jun 2016 US$'000	2015 US$'000	Change US$'000	%
Asia (excluding China)	31,589	33,611	(2,022)	(6.0)
China (including Hong Kong)	6,751	5,034	1,717	34.1
Europe	112,872	105,843	7,029	6.6
North America	54,359	48,564	5,795	11.9
ANZ	29,033	38,063	(9,030)	(23.7)
Others	688	543	145	26.7
Total	235,292	231,658	3,634	1.6

15. SEGMENTAL INFORMATION (Cont'd)

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

	Non-current assets (excluding deferred tax assets)	
	30 June 2016 US$'000	**31 Dec 2015** US$'000
China (including Hong Kong)	24,720	27,321
Asia (excluding China)	18,296	17,571
United States	5,077	4,201
Australia	1,814	1,474
Europe	1,280	1,668
Total	51,187	52,235

16. CONFIRMATION PURSUANT TO RULE 720 (1) OF THE LISTING MANUAL

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720 (1) of the Listing Manual.

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

We, the undersigned, being two directors of HTL International Holdings Limited (the "Company") do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results of the Group comprising the balance sheets (Group and Company), consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity (Group and Company) and consolidated cash flow statement, (together with the accompanying notes) for the period ended 30 June 2016 to be false or misleading in any material respect.

On behalf of the Board of Directors,

Phua Yong Tat
Director

Phua Yong Sin
Director

BY ORDER OF THE BOARD

Jacqueline Loke
Company Secretary
4 August 2016

Annexure 1

To the Board of Directors of HTL International Holdings Limited and its subsidiaries

Report on review of condensed interim financial information

We have reviewed the condensed interim financial information of HTL International Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 2 to 40, which comprise the condensed interim balance sheets of the Group and the Company as of 30 June 2016, and the related condensed interim income statement and statement of comprehensive income of the Group, statements of changes in equity of the Group and the Company and statement of cash flow of the Group for the six months ended 30 June 2016, and certain explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with Singapore Financial Reporting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information are not prepared, in all material respects, in accordance with Singapore Financial Reporting Standard 34, 'Interim Financial Reporting'.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

4 August 2016