



## **HTL NET PROFIT UP 66.9% IN 2Q 2010**

- Growth in all markets, led by North America
- Free Cash Flow of S\$10.9 m

**SINGAPORE – 11 August 2010** -- Mainboard-listed HTL International Holdings Limited (“HTL”), one of the world’s leading leather tanners and sofa manufacturers, today announced a higher 2Q 2010 net profit after tax of S\$7.8 million as compared to \$4.7 million in 2Q 2009, a jump of 66.9%, on the back of a 2.6% increase in turnover of \$164.0 million.

### **FIRST HALF 2010 (1H 2010)**

Turnover for 1H 2010 rose 10.2% to S\$315.1 million from S\$286.0 million in the previous year. North America contributed more than 50% of the increased sales and on a market segment basis, represented a jump of 86.5% as compared to 1H 2009.

Consequently, net profit after tax was a credible \$17.6 million, although slightly lower than 1H 2009’s \$19.5 million. However, it should be noted that 1H 2009’s financial performance was boosted by a exceptional net foreign exchange gain of \$14.2 million, the bulk of which arose from the reversals of the fair-value unrealised loss of S\$7.1 million incurred in 4Q 2008 and the unrealised accounting translation gain of S\$6.3 million.

Arising from improved scale and cost efficiencies, Group core profitability in 1H 2010, (excluding fluctuations arising from forex volatility), increased by 249.5% to \$18.6 million from \$5.3 million in 1H 2009.

## **OPERATIONS REVIEW**

Turnover grew by 10.2% for 1H 2010, driven by increased sofa sales of 14.7% to \$289.3 million from \$252.2 million in 1H 2009. Notwithstanding the recent weakening Euro and a high Europe sales base, our sofa sales to this key market continued to strengthen with an increase of 3.6% to \$180.8 million from \$174.6 million in 1H 2009.

Our other markets in Asia and Australia/New Zealand also enjoyed firm growth in sofa sales.

Turnover at the Home Furnishing Business Unit was flat at S\$25.9 million [1H 2009 S\$26.0 million].

Core Business Unit's profit after tax, excluding forex, rose by 138.4 % to S\$19.5 million as compared to S\$8.2 million in 1H 2009, whilst the Home Furnishing Business Unit's net loss was reduced by 70.1% to S\$851,000 as compared to \$2.8 million in 1H 2009.

The improved performance overall, enabled free cash flow to rise to S\$10.9 million against S\$9.2 million in 1H 2009.

The Directors are pleased to recommend an interim dividend of 1 cent per ordinary share payable on 8 September 2010.

## **OUTLOOK**

Since April 2010, the global economic mood has not improved. It was first precipitated by the sovereign risk issues with the PIIGS countries, [Portugal, Ireland, Italy, Greece and Spain], then concerns about the pace of China's central government efforts to rein in unsustainable growth, and lately fears about the consequences of a floundering US-led global economic recovery.

In spite of these external circumstances, we are pleased that the efforts taken in the past years have made HTL better prepared to ride above these globalised challenges. We remain confident that the Group will be profitable in 2H 2010.

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## **About HTL International Holdings Limited**

HTL International Holdings Limited is one of the world's leading leather tanners and manufacturers of quality leather upholstered furniture. It exports more than 95 per cent of its products to over 40 countries to Europe, Asia-Pacific, USA and the Middle East. Its marketing offices are located in the USA, UK, Germany, China, Korea, Taiwan, Australia and Singapore. It also has a sales distribution network in the USA, Europe, Japan and Australia.

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