

### Financial Review

#### Financial Results

Reported revenue for the period grew by 10.0% as compared to the same period last year, amounted to US\$2,474 million, with negative currency headwind. Excluding the negative currency effect, revenue increased by 14.4% as compared to the same period last year. Profit attributable to Owners of the Company amounted to US\$159 million as compared to US\$136 million reported last year, an increase of 16.5%. Basic earnings per share was at US8.67 cents (2014: US7.45 cents).

EBITDA amounted to US\$262 million, an increase of 14.1% as compared to the US\$229 million reported in the same period last year.

EBIT amounted to US\$181 million, an increase of 12.1% as compared to the US\$162 million reported in the same period last year.

### Result Analysis

#### Gross Margin

Gross margin improved to 35.6% as compared to 35.0% in the same period last year. The margin improvement was the result of new product introduction, category expansion, product mix, improvements in operational efficiency and supply chain productivity.

#### Operating Expenses

Total operating expenses for the period amounted to US\$703 million as compared to US\$627 million reported for the same period last year, representing 28.4% of revenue (2014: 27.9%). The increase was mainly due to the strategic spent on advertising and promotion on new products, particularly for the Floor Care division.

Investment in product design and development amounted to US\$66 million (2014: US\$57 million), representing 2.6% of revenue (2014: 2.5%), reflecting our continuous strive for innovation. We will continue to invest to create breakthrough technology and deliver broad base end-user products and categories as these are most critical not only to maintain sales growth momentum but also margin expansions.

Net interest expenses for the period amounted to US\$7.6 million as compared to US\$12.6 million reported for the same period last year, a reduction of US\$5.0 million or 39.9%. Interest cover, expressed as a multiple of EBITDA to total interest was at 20.3 times (2014: 11.5 times).

Effective tax rate for the period was maintained at 8.5% as compared to the same period last year. The Group will continue to leverage its global operations to further improve overall tax efficiencies.

### Liquidity and Financial Resources

#### Shareholders' Funds

Total shareholders' funds amounted to US\$2.0 billion, an increase of 4.2% as compared to December 31, 2014. Book value per share was US\$1.12 as compared to US\$1.07 at December 31, 2014, an increase of 4.7%.

#### Financial Position

The Group continued to maintain a strong financial position. As at June 30, 2015, the Group's cash and cash equivalents amounted to US\$725 million (US\$690 million at December 31, 2014) after the payment of US\$44.8 million dividend during the period (US\$32.4 million in first half 2014), of which 44.7%, 34.8%, 8.7%, and 11.8% were denominated in RMB, US\$, EUR and other currencies respectively.

The Group's net gearing, expressed as a percentage of total net borrowings (excluding bank advance from factored trade receivables which are without recourse in nature) to equity attributable to Owners of the Company, improved to 17.7% as compared to 22.8% as at June 30, 2014. The gearing improvement is the result of very disciplined and focused management over working capital. The Group remains confident that gearing will remain low going forward.

#### Bank Borrowings

Long term borrowing accounted for 36.5 % of total debts (36.3% at December 31, 2014).