RETAIL HOLDINGS N.V.

2014 SUMMARY
ANNUAL REPORT
MARCH 2015

TABLE OF CONTENTS

NOTES

As used herein, except as the context otherwise requires, the terms “Company” and “ReHo” refer to Retail Holdings N.V. The term “Sewko” refers to Sewko Holdings Limited. The term “Singer Asia” refers to Singer Asia Limited.

Sewko was incorporated as a new Cayman Islands company in May 2013 to be the parent company of Singer Asia and to pursue additional opportunities in Asia outside the “Singer” umbrella. Sewko acquired Singer Asia in September 2013. Certain references to the activities of Sewko herein relate to the activities at Sewko and its subsidiaries including Singer Asia from September 2013 and to the activities of Singer Asia and its subsidiaries prior to that time.

The Company prepares its consolidated financial statements in U.S. dollars, in accordance with International Financial Reporting Standards (“IFRS”). Totals may not add due to rounding.

The Company’s registered office is located at Kaya W.F.G. (Jombi) Mensing 36, Willemstad, Curaçao, and its telephone number is + 599-9-461-1299. Certain administrative matters are handled in the United States by the Company’s subsidiary, NV Adminservice Corporation, located at 118 North Bedford Road, Mt. Kisco, New York, 10549, telephone number 914-241-3404. The Company’s share transfer agent is Computershare Shareowner Services LLC at P.O. Box 30170 College Station, TX 77842-3170, telephone number 800-851-9677 (or from outside the United States, 1-201-680-6578). The Company’s website is www.retailholdings.com.

Price quotations for the Company’s common shares (the “Shares”) are available on the OTC Pink (“Pink Sheets”) quotation service under the symbol “RHDGF”. The Shares Cusip number is N74108106. Investor relation questions should be addressed to Ms. Amy Pappas, Company Secretary, at the NV Adminservice Corporation office (see above), email: apappas@retailholdings.com.

The information included in this Summary Annual Report does not purport to be inclusive of all of the information that might be included in a Form 20-F annual report. It only contains summary information that, in the opinion of management, is most relevant for understanding ReHo’s financial results during 2014. All information in this Summary Annual Report is presented as of December 31, 2014, unless otherwise indicated.

CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-LOOKING STATEMENTS

Statements made herein with respect to ReHo's or Sewko's current plans, estimates, strategies and beliefs, and other statements that are not historical facts, are forward-looking statements about the future performance of the Company or of Sewko. Forward-looking statements include, but are not limited to, those using words such as believe, expect, anticipate, plans, strategy, prospects, forecast, estimate, project, may or might, and words of similar meaning in connection with a discussion of future operations, financial performance, financial position, capital resources, and strategy and plans and objectives of management. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. All forward-looking statements are based on management's assumptions and beliefs, which are expressed in light of the information available to management at the time; the ultimate outcome in many cases is outside of management's control and may be substantially different than anticipated. The Company cautions that no assurance can be given that expectations reflected in forward-looking statements will prove to be correct, that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and, therefore, that you should not place undue reliance on such forward-looking statements. You should not assume that the information contained in this Summary Report is accurate as of any date other than the date for which the information is presented. You should not rely on any obligation to update or revise any information, including any forward-looking statements, whether as a result of new information, future events or otherwise. The Company and Sewko disclaim any such obligation. Risks and uncertainties that might affect the Company and Sewko include, but are not limited to: general economic, political and security conditions, particularly in Asia, including levels of consumer spending; exchange rates, particularly between the U.S. dollar and the currencies in which Sewko makes significant sales or in which assets and liabilities are denominated; Sewko's ability to continue to win acceptance of its products and services, which are offered in highly competitive markets; Sewko's continued ability to collect on outstanding receivables due from retail and wholesale customers; the payment of interest and of principal on the unsecured, subordinated, promissory notes issued to the Company by SVP; continuing relationships with financial institutions, suppliers and other creditors; and the outcome of contingencies.

Important information regarding risks and uncertainties is also set forth elsewhere herein including, without limitation, in the section Certain Risk Factors, and in the audited consolidated financial statements included in Financial Statements.

INFORMATION ABOUT THE COMPANY

Background

Retail Holdings N.V. (the "Company" or "ReHo"), formerly known as Singer N.V., was organized as a new corporate entity in Curaçao (formerly part of the Netherlands Antilles) in 1999. Pursuant to a reorganization plan (the "Reorganization Plan"), effective September 2000, ReHo became the parent company of several operating companies formerly owned by The Singer Company N.V. ("Old Singer").

The Company is a holding company with three principal assets:

1. A 54.1% equity interest in Sewko Holdings Limited ("Sewko"). Sewko was formed in 2013 to acquire the entire equity of Singer Asia Limited ("Singer Asia") and to pursue additional opportunities in Asia outside the "Singer" umbrella. Sewko has operations in Bangladesh, India, Pakistan, Sri Lanka, and Thailand and commenced operations in Cambodia in 2014. Additional information about Sewko and Singer Asia is included in the next section, "Information About Sewko".

2. Seller notes (the "SVP Notes"), arising from the sale of the Singer worldwide sewing business and trademark in September 2004, with a value of $23.8 million at December 31, 2014. Additional information about the SVP Notes is included below and in Note 16 to the Financial Statements

3. Cash of $1.2 million at December 31, 2014 at ReHo and the ReHo intermediate holding companies; ReHo and the ReHo intermediate holding companies have no external debt.

The Company has no operating activities other than those carried out through Sewko.

Sewko acquired all of the equity of Singer Asia in 2013. Singer Asia had been formed in 2003 to hold the Company's interests in the operating companies in Asia. In July 2003, ReHo concluded the placement with a private investment fund, UCL Asia Partners, L.P. (the "Fund"), of a minority equity interest in Singer Asia. This stake has been converted into an equivalent 41.1% equity interest in Sewko. A 4.8% equity interest in Sewko is owned by that company's Chief Executive Officer as a result of the exercise of his options. ReHo consolidates the Sewko financial results in its own financial statements.

In September 2004, ReHo completed the sale of the Singer worldwide sewing business and of the ownership of the SINGER trademark to KSIN Holdings, Ltd., now called SVP Holdings Ltd. ("SVP"), an affiliate of funds managed by Kohlberg & Co., LLC. The total consideration included $22.5 million of unsecured, subordinated, promissory notes due from KSIN Holdings, Ltd., a subsidiary of SVP and guaranteed by SVP, the SVP Notes. Singer Asia continues to have an exclusive royalty bearing license for the use of the SINGER trademark (except for sewing machines) for all of Asia, except for Korea and Japan, and for Australia, New Zealand and the Asia Pacific area. Singer Asia is also the exclusive distributor of Singer-brand sewing machines in all of the markets in which it operates.

Strategy and Valuation

ReHo's strategy is to maximize and ultimately to monetize the value of its assets. The Company intends to make regular cash distributions to its shareholders and, with a targeted three to five year time horizon, to effectively liquidate the Company and to distribute the resulting funds and any remaining assets to its shareholders.

The Company will seek to grow, to enhance the profitability of, and to increase the liquidation value of Sewko, with the objective of monetizing ReHo's investment in Sewko within three to five years, either through a listing and subsequent sale of the Sewko shares, a sale of Sewko, or a sale of the shares of the Sewko public company subsidiaries, either in a single transaction or in a series of such transactions. The book value of the Company's investment in Sewko at December 31, 2014 was $63.3 million. The market value of the shares owned by Sewko in its principal operating companies, all of which are public companies, together with the book value of the non-public operations, and the $5.9 million in cash at the Sewko holding companies at December 31, 2014, totaled $317.3 million, assuming no control premium, of which $171.6 million is attributable to ReHo. There can be no assurance that this $171.6 million amount or any higher or lower amount will be realized by the Company from a public or private market sale of Sewko and/or its subsidiaries in any particular time frame.

The Company will likely retain the SVP Notes until the earlier of a possible sale of SVP, which would require redemption of the SVP Notes, or their maturity in 2018, although the Company would consider opportunities to monetize the Notes, in part or in total, at an earlier time, particularly if a divestment transaction had occurred with respect to Sewko. In June 2012, concurrent with a refinancing of SVP, the Company sold to SVP $5.9 million of the SVP Notes for a cash consideration of $5.0 million, representing a 15.0% discount to the notional value. Principal on the SVP Notes at December 31, 2014 was $23.8 million ($23.3 million at December 31, 2013). There is no established market for the SVP Notes and a sale of the SVP Notes at the present time would likely be at a substantial discount to their notional value.

Pending the ultimate disposition of ReHo's stake in Sewko, realization of the principal on the Notes, and the ultimate liquidation of the Company, ReHo's strategy is to minimize holding company personnel and other administrative costs and to use cash in excess of requirements to pay dividends and distributions to shareholders and/or to purchase Shares.

Dividends/Distributions

During 2007, the Company introduced a dividend/distribution program, paying a special dividend of $1.00 per Share in that year. During 2008, the Company made a distribution to shareholders of $0.75 per Share, during 2009 a distribution of $0.20 per Share, during 2010 a distribution of $0.80 per share, during 2011 and 2012 a distribution each year of $2.50 per Share, and during 2013 and 2014 a distribution each year of $1.00 per Share - - a total dividend/distribution of $9.75 per Share since 2007. The Company has also purchased a total of 1,663,535 Shares through negotiated and open market transactions. (see section "Share and Shareholder Information" below).

The Company's Board of Directors currently anticipates recommending for shareholder approval in September at the 2015 Annual General Meeting of Shareholders (the "AGM"), a proposal to make a dividend/distribution to shareholders of $1.00 per Share, to be payable in October 2015.

INFORMATION ABOUT SEWKO HOLDINGS LIMITED

Introduction

Sewko is a Cayman Islands company that is the parent company of Singer Asia Limited, with operating subsidiaries in the South Asian countries of Bangladesh, Cambodia, India, Pakistan, Thailand and Sri Lanka.

The subsidiaries in Bangladesh, Cambodia, Pakistan and Sri Lanka are retail businesses engaged in the sale and distribution of a wide variety of consumer durable products, providing consumer credit and other financial services to qualified customers. In Bangladesh, Pakistan and Sri Lanka, Sewko operates nationwide chains of company retail stores, supplemented by extensive networks of wholesale distributors and dealers, e-commerce platforms, and supportive manufacturing operations. In each of these markets, Sewko is the number one retailer of durables for the home with the largest number of stores, and is the leading provider of related consumer credit. Store size ranges from approximately 200 square feet to approximately 14,360 square feet, with the largest stores in Sri Lanka.

Sewko entered the Cambodian market in late 2014; at year end, the subsidiary in Cambodia operated one retail store. The Cambodian subsidiary anticipates substantially increasing over the next several years the number of stores and the number of distributors and dealers, as well as introducing an e-commerce platform.

The subsidiary in Thailand is the largest direct (door-to-door) seller of consumer durable products in that market and is the leading provider of related consumer credit. The Thailand company has 216 direct selling locations that serve as a base for 3,332 canvassers/collectors. The subsidiary in India is primarily a wholesale distributor and manufacturer of sewing products and a wholesale distributor of small appliances, although that company also has a number of retail locations and a unique right to retail nationwide.

The number of distribution points by country at December 31, 2014 was as follows:

	Retail Outlets	**Distributors and Dealers**
Sri Lanka	412	848
Bangladesh	375	372
Thailand	216	440
Pakistan	148	221
India	42	1,074
Cambodia	1	-
Total	1,194	2,955

Sewko has been operating in South Asia since the late 1800's. It is recognized by consumers as a trusted source of reliable, quality, consumer products, as well as being identified with the availability of consumer credit. The business has the potential for long-term growth along with the emerging economies of both the existing countries of operation as well as additional South Asian markets, and the expansion of their middle- and lower-income class consumers.

ReHo owns 54.1% of the equity of Sewko, the Fund owns 41.1% of the equity, and Mr. Gavin Walker, the Sewko President and CEO, owns 4.8% of the equity, reflecting the exercise of his options.

For additional information regarding Sewko, see the Sewko/Singer Asia website: www.singerasia.com.

Unique Attributes

The unique attributes of Sewko include:

- **Number One Retailer of Durables for the Home –** In each of the markets where Sewko has traditionally operated retail stores – Bangladesh, Pakistan and Sri Lanka – Sewko is the number one retailer of durables for the home, with broad, multi-channel distribution and with significant market shares across many product categories.

- **Offer of Consumer Credit and Financial Services –** Sewko is the leading provider of consumer credit (other than for homes and autos) to middle-and lower-income consumers in Bangladesh, Pakistan, Sri Lanka and Thailand, primarily to purchase Sewko products. Sewko, at December 31, 2014, had a total of 661,114 active installment accounts and an installment accounts receivable of $173.1 million. Sewko is building on this strong base to provide additional financial services to these consumers, many of whom do not have access to the banking sector.

- **Powerful Brand –** Singer Asia has an exclusive, perpetual, royalty-bearing license allowing it to use the Singer name and trademark. The brand's strengths include: exceptionally high brand awareness, positive emotional consumer tie-in, and consumer association of the brand with trust, with reliable products for the home and with reasonable prices and available credit. The Singer brand has been recognized as the number one consumer product brand in several of the Sewko operating markets.

- **Superior Management –** Sewko has the benefit of a very strong management team with exceptional local market knowledge, long service with the Company, and a commitment to international financial standards.

- **Strong Products Offering –** Sewko successfully sources a broad range of competitively featured and competitively priced products from leading third-party manufacturers, that it markets under the Singer brand, in addition to the products that it manufactures. An increasing array of products is also being sold using a variety of other well-known brands, often under exclusive brand distribution arrangements.

- **Public Market Presence –** Eight of the Sewko operating companies – one each in Bangladesh, India, Pakistan and Thailand and four companies in Sri Lanka – are public companies. Public ownership enhances the image and prestige of each of the operating subsidiaries in customer, lender and investor perceptions, particularly in regard to professionalism, transparency and financial reporting.

- **Additional Assets –** Sewko has substantial additional assets including cash and $127.2 million in unutilized, confirmed bank facilities. The operating companies also have a large portfolio of owned properties and long-term leaseholds.

Products

Sewko distributes a broad range of household consumer durable products classified into the following categories:

Home appliances

Home appliances include: air conditioners, air coolers, dishwashers, freezers, kitchen ranges, refrigerators, washing machines, water purifiers and small appliances such as grinders, irons, kettles, mixers and rice cookers. In the large appliance categories, Sewko carries brands such as Singer, Sisil (an alternative in-house brand), Beko, Dawlance, Godrej, Haier, Hitachi, Samsung, Videocon and Whirlpool. In the small appliance categories, Sewko carries brands such as Singer, Krups, Moulinex, Prestige and Tefal.

Consumer electronics

Consumer electronics include: audio equipment, Blu-ray players and home theater systems, DVD players and televisions. The key brands Sewko carries are Singer, Grundig, Haier, Hitachi, Onida, Philips, Samsung, Skyworth, Sony, TCL, and Videocon.

IT products

IT products include: computer accessories such as monitors, keyboards and printers; computers (both desktop and laptop); mobile products including mobile phones, mobile phone accessories and smart phones; and photography products, such as camcorders, digital cameras and photographic accessories. The key brands Sewko carries are Singer, Apple, Asus, Dell, HTC, Huawei, Lenovo, Microsoft, Samsung and Sony.

Furniture

Furniture includes bedroom, dining room and living room sets, book cases, chairs, dressers, headboards, mattresses, office furniture, sofas, tables and wardrobes. The majority of furniture is branded Singer.

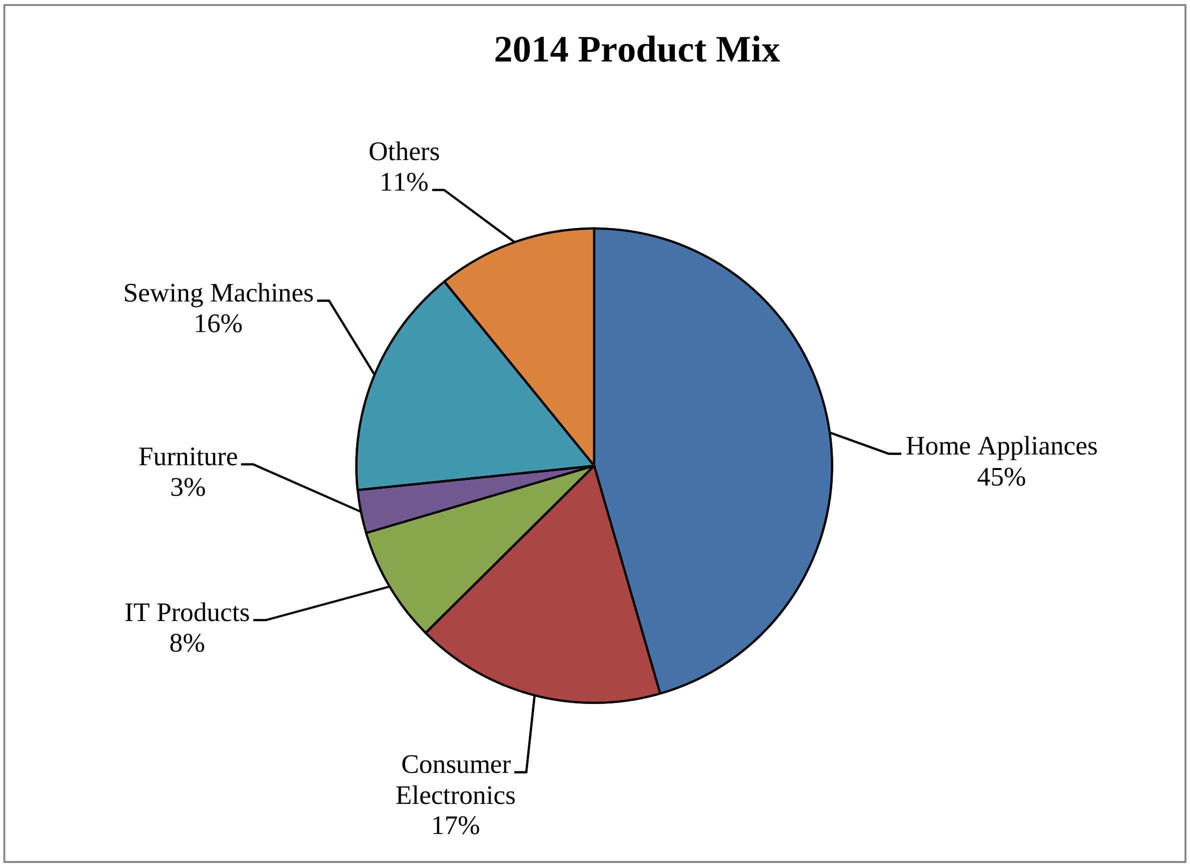
Sewing machines

Sewing machines and sewing related products are generally marketed under the Singer and Merritt (an alternative in-house brand) brands for both household and commercial use and include straight stitch, zig zag, artisan and some industrial models.

Other products

Other products Sewko distributes include: agricultural equipment such as paddy threshers, small tractors and water pumps; bicycles; fitness equipment; motorcycles; air time, petrol and other vending machines; and water heaters.

The range of products varies by location, but all of the retail businesses offer a core range of home appliances and consumer electronics. Sewko broadens and updates the product offering on a continuing basis.



Many of the household consumer durable products sold by Sewko are sourced from third party manufacturers, either in fully assembled or kit form. Sewko has maintained strong historical relationships with several leading global and local Asian manufacturers.

In some cases, where there are local efficiencies or tax or duty incentives, manufacture or assembly of certain products is carried out by the local Sewko operating company, as indicated below:

- Sri Lanka - agricultural and domestic water pumps, furniture, paddy threshers, refrigerators, sewing cabinets and washing machine are manufactured, and air conditioners, motorcycles and sewing machines are assembled.
- Bangladesh - furniture is manufactured, air conditioners and televisions are assembled (with the anticipated completion of a new factory in 2015, refrigerators and air conditioners will also be manufactured).
- Pakistan - refrigerators are manufactured, and air conditioners, gas appliances, microwaves, sewing machines, televisions and washing machines are assembled.
- India - sewing machines are manufactured.

Consumer Credit Operations and Financial Services

Extension of consumer credit has been an integral part of the Company's operations since shortly after the business was founded 163 years ago. Consumer credit is a key element of the sales offering in the emerging markets in which Sewko operates as other forms of credit are less readily available for middle- and lower-income consumers in these markets than is the case in more developed countries.

Approximately 47.4% of Sewko's sales during 2014 were on credit. In addition to providing a strong impetus to sales, consumer credit continues to be an important component of revenue and profit. Finance charges on consumer installments represented approximately 11.9% of Sewko's total revenue in 2014.

Sewko's credit activities generate installment accounts receivable which are outstanding from three to 36 months and bear interest at rates based upon prevailing consumer interest rates in the various local markets. These accounts receivable are financed by the local Sewko operating companies. It is Sewko's consistent practice to finance such accounts receivable by borrowing funds in the country and in the currency where such accounts receivable originate.

Sewko had a total of 661,114 active installment accounts at December 31, 2014, with a total installment accounts receivable, net of unearned finance charges and allowances, of $173.1 million, as detailed below. The Sewko collection histories, maintained in each of the countries in which the subsidiaries have traditionally provided consumer credit, are often the largest consumer finance data bases in these markets.

	Number of installment accounts receivable	Net amount of installment accounts receivable ($ millions)
Sri Lanka	362,212	93.5
Thailand	166,121	60.8
Pakistan	69,560	8.5
Bangladesh	63,210	10.3
Cambodia	11	-
Total	661,114	173.1

Sewko continually reviews and updates its credit granting and collection procedures. This includes: monitoring and refreshing point scoring systems; use of call centers for customer verification and collection follow up; use of blacklists and credit bureaus, where available; use of third-party collection agencies; and enforcing strict repossession policies. Sewko's collection experience has been extremely good.

In addition to credit, Sewko also offers a variety of consumer protection plans including extended warranties, protection against product loss or damage due to fire, theft or natural calamities, and debt forgiveness in the event of the death or other extraordinary interruption in a customer's repayment ability.

Sewko has significantly broadened the scope of the financial products and services offered to customers. These include bill collection on behalf of utility companies and financial institutions, disbursement of remittances from overseas, and the sale of mobile phone air-time. Sewko successfully completed 10.9 million financial services transactions during 2014**.** Through a subsidiary finance company in Sri Lanka, Singer Finance, Sewko also offers lease and hire purchase financing for automobiles and capital equipment, various types of consumer financing and other financial services including acceptance of consumer and institutional deposits and money brokering.

License

Singer Asia has a royalty bearing license from a subsidiary of SVP, the owner of the Singer trademark, allowing Singer Asia: to use the Singer name in its company and its subsidiary company names; to use the Singer trademark on its stores and on the non-sewing products it manufactures or sources, subject to appropriate quality and other standards; and to license the Singer name and trademark to third party licensees in all of Asia except Korea and Japan, and in Australia, New Zealand, and the Asia Pacific area. The royalty paid to SVP is set at 1.0% of Singer Asia's consolidated U.S. GAAP revenue. Royalty due to SVP totaled $3.8 million for 2014. Singer Asia has entered as licensor into royalty bearing license arrangements with third-party licensees in Malaysia and Australia.

Organizational Structure

Sewko's investment portfolio of public operating companies at December 31, 2014 is as follows:

Name	**Country of Incorporation**	**Sewko's Economic Interest (%)**
Singer Bangladesh Limited	Bangladesh	75.0
Singer India Limited	India	75.0
Singer Pakistan Limited	Pakistan	70.3
Singer (Sri Lanka) PLC	Sri Lanka	86.1
Singer Thailand Public Co Ltd	Thailand	40.0

ReHo's economic interest, in each case, is 54.1% of Sewko's economic interest.

Offices

Sewko and its operating companies maintain management or administrative offices in the following locations:

Bangladesh, Dhaka	5-B, Road #126, Gulshan -1, Dhaka -1212
Cambodia, Phnom Penh	Apartment 302, 3rd Floor, Building 03, St. 360, Sangkat Boeung Keng Korng, Sangkat Boeung Keng Korng, Khan Chamkamorn, Phnom Penh
Hong Kong, PRC	Asia Administration: 7th Floor, Baskerville House, 13 Duddell Street, Central
India, New Delhi	A26/4 IInd Floor, Mohan Co-operative Industrial Area, New Delhi 110044
Pakistan, Karachi	Plot 39, Sector 19, Korangi Industrial Park, Karachi 74900
Sri Lanka, Colombo	No. 80, Nawam Mawatha, Colombo 2
Thailand, Bangkok	72 CAT Telecom Tower, 17th Floor, Charoen Krung Road, Bangkok 10005

Market Valuation

The shares of all of Sewko's principal operating companies except Cambodia, and of three subsidiaries in Sri Lanka are publicly traded. The public companies and the market values (in US$ millions) of Sewko's stakes in the public companies at December 31, 2014 (in turn, 54.1% of which accrues to ReHo) are as follows:

Company	**Listing**	**Value of Sewko's Holding December 31, 2014 ($ millions)**
Singer Bangladesh Limited	Dhaka and Chittagong	$ 129.2
Singer India Limited	Bombay	26.5
Singer Pakistan Limited	Karachi and Lahore	8.2
Singer (Sri Lanka) PLC	Colombo	96.9
Singer Finance (Lanka) PLC	Colombo	-
Two Sri Lanka subsidiaries	Colombo	8.7
Singer Thailand Public Co Ltd	Bangkok	41.7
		$ 311.2

Singer Finance (Lanka) PLC, is owned through Singer (Sri Lanka) PLC; the 69.2% stake indirectly owned through Singer (Sri Lanka) PLC had a market value of $19.3 million at December 31, 2014.

In addition, Sewko at December 31, 2014 had a net equity investment of $0.2 million in a 100% owned second subsidiary in India, a small investment in a newly established company in Cambodia, and $5.9 million in cash at the holding companies. Sewko has no debt at the holding company level; all debt is owed by the individual local operating companies, without parent guarantee or other support.

For additional information about each of the Sewko operating subsidiaries, see their respective website, listed below, and the annual reports and periodic financial statements of the respective public companies.

Sewko Holdings	http://www.sewko.com
Singer Bangladesh	http://www.singerbd.com
Singer India	http://www.singerindia.net
Singer Pakistan	http://www.singer.com.pk
Singer Sri Lanka	http://www.singersl.com
Singer Thailand	http://www.singerthai.co.th

OPERATING AND FINANCIAL REVIEW

Management Discussion and Analysis

The following discussion and analysis should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2014. Certain Comparative figures for the year ended December 31, 2013 are restated. Additional information about the restatement is included below and in Note 2 to the Financial Statement.

Results of Operations

Year Ended December 31, 2014 and December 31, 2013

For the year ended December 31, 2014, the Company reported consolidated revenue of $487.0 million, compared to consolidated revenue of $452.1 million for the same period of 2013, an increase of $34.8 million or of 7.7%. Consolidated revenue measured at constant exchange rates (assuming no change in the average exchange rate of each of the foreign currencies against the U.S. Dollar in 2014 as compared to 2013) grew 10.0% for the year.

Reflecting the economic recovery that began in the second half of 2014, accelerating at year-end, revenue at the retail operating unit in Sri Lanka increased by 15.2% to $226.6 million for the year ended December 31, 2014. Despite recurring political disturbances, revenue at the retail operating unit in Bangladesh increased by 10.7% to $92.9 million for the year ended December 31, 2014.

At the retail operating unit in Pakistan, revenue declined by 24.5% to $17.9 million for the year ended December 31, 2014, reflecting the political and security uncertainties in that country and the need to rebuild that company's management. Subsequent to the issue of the Company's 2013 Summary Annual Report in March 2014, certain misstatements were discovered at Singer Pakistan. The misstatements mainly related to overstatements of inventory as at December 31, 2013, as measured under IFRS and the Company's accounting policies, amounting to $3.1 million. As a consequence of the identification of such misstatements, changes were made in Singer Pakistan management in 2014.

Revenue at Singer India increased by 19.5% to $43.5 million for the year ended December 31, 2014, despite the depreciation of the Indian currency against the U.S. Dollar; India revenue measured at constant exchange rates grew by 24.6% for the year. Revenue at Singer Thailand fell by 4.0% to $105.6 million for the year ended December 31, 2014 reflecting the impact on the economy of the political turmoil during the year.

The currencies of several of Sewko's countries of operation declined against the U.S. Dollar in 2014, negatively impacting results when measured in U.S. Dollars. The depreciation was relatively severe in Thailand (5.8%) and India (4.1%) and modest in Sri Lanka (1.2%), with modest appreciation in Bangladesh and Pakistan (0.6% each).

The Company's revenue for the year ended December 31, 2014 includes $57.8 million of finance earnings, compared to $58.9 million in finance earnings for the same period of 2013. Finance earnings did not grow in line with revenue because of the Company's decision to remain cautious in extending credit in uncertain economic environments.

Gross profit for the year ended December 31, 2014 was $177.2 million, representing a gross profit as a percentage of revenue of 36.4%, compared to $171.1 million and a gross profit percentage of 37.8% for the year ended December 31, 2013. The reduction in gross profit percentage is mainly due to a decrease in the share of revenue attributable to Singer Thailand, which has the highest gross profit percentage of the Sewko operating companies.

Other income for the year ended December 31, 2014 was $2.0 million, compared to $2.2 million for the year ended December 31, 2013. Other income mainly consists of penalty charges on late payments, commission income, and fees from the provision of financial services.

S&A expenses for the year ended December 31, 2014 were $135.7 million, representing 27.9% of revenue, compared to $128.3 million and 28.4% of revenue for the year ended December 31, 2013. The reduction in selling and administrative expenses as a percentage of revenue reflects: the Company's decision to remain cautious in its store opening and renovation program, introduction of new products, new hires and extension of credit; and the decrease in share of revenue attributable to Singer Thailand, which has the highest S&A expenses relative to revenue of the Sewko operating companies.

Other expenses, representing royalty payments to SVP in both years and expenses relating to a deferred IPO in 2013, amounted to $3.8 million for the year ended December 31, 2014, compared to $5.9 million for the year ended December 31, 2013. Royalty expense is incurred for the use of the Singer trademark by Singer Asia and its subsidiaries and is calculated based on Singer Asia's consolidated U.S. GAAP revenue. IPO expenses of $2.5 million were recognized in the year ended December 31, 2013; nil in the year ended December 31, 2014. Although some of the work product related to these IPO expenses will be of value should the Company pursue an IPO or other strategic transaction in the future, all of the expenses have been recognized and none deferred.

Results from operating activities for the year ended December 31, 2014 were a profit of $39.6 million, compared to a profit of $39.1 million for the same period in 2013. Results from operating activity grew only slightly from the same period last year as the increase in revenue and gross profit was almost offset by an increase in S&A expenses.

Finance income, primarily interest on the Notes, was $3.6 million for the year ended December 31, 2014 compared to finance income of $3.8 million for the year ended December 31, 2013. The reduction in finance income is mainly due to the decision, commencing from July 1, 2014, to change the method by which interest income from the Notes is recognized to a cash basis, excluding the interest received in the form of additional Notes (see Note 16 to the Financial Statements).

Finance costs, which represent interest expense on borrowings at the Sewko operating companies to finance working capital, was $18.4 million and $20.0 million for the years ended December 31, 2014 and December 31, 2013, respectively. Finance costs decreased by $1.6 million compared to the same period in 2013 primarily because of reductions in interest rates, particularly in Sri Lanka. Funded debt increased from $160.8 million at December 31, 2013 to $167.6 million at December 31, 2014.

The Company's profit before income tax was $24.8 million for the year ended December 31, 2014, compared to a profit before income tax of $22.9 million for the same period in 2013. The increase in profit before income tax of $1.9 million, or of 8.3%, reflects the flow through of the slight growth in results from operating activities and the lower net finance costs.

Income tax expense increased to $5.8 million for the year ended December 31, 2014 from $3.5 million for the same period prior year. The effective tax rate, which is calculated based on total income tax expense as a percentage of profit before tax, was 23.4% for the year ended December 31, 2014, compared to an effective tax rate of 15.3% for the year ended December 31, 2013. The effective tax rate for the year ended December 31, 2013 was exceptionally low because of the recognition of a deferred tax asset in respect of accumulated past losses at Singer India, following that company's emergence from BIFR in February 2013.

The Company's profit for the year ended December 31, 2014 was $18.9 million, compared to a $19.4 million profit for the same period in 2013. The decrease in profit of $0.5 million, or by 2.6%, reflects the flow through of the higher profit before tax, more than offset by an increase in income tax expenses.

Total comprehensive income for the year ended December 31, 2014 was $25.6 million compared to $14.1 million for the year ended December 31, 2013. The $11.5 million increase or 81.6% improvement in comprehensive income reflects the results of the Company's biennial revaluation of property, plant and equipment and the much smaller loss from foreign currency translation differences in the twelve months ended December 31, 2014, than in the prior year.

The profit attributable to ReHo shareholders is $6.4 million for the year ended December 31, 2014, compared to $5.7 million for the same period prior year, an increase of 12.3%. A profit of $12.5 million is attributable to non-controlling interests for the year ended December 31, 2014, compared to $13.7 million for the year ended December 31, 2013. ReHo shareholders' share of profit increased to 33.9% of the total for the year ended December 31, 2014 from 29.4% for the year ended December 31, 2013. This increase is due to the relatively weak performance of Singer Thailand where the Company's share of profit is the lowest of the operating companies, the relatively strong performance of Singer Sri Lanka where the Company's share of profit is the highest, and the absence in 2014 of IPO expense which are not shared by the minority interests in the Sewko operating companies.

The profit attributable to equity holders of the Company is equivalent to basic and diluted earnings per Share of $1.20, for the year ended December 31, 2014, compared to $1.07 and $1.06, respectively, for the year ended December 31, 2013.

Liquidity and Capital Resources

Year Ended December 31, 2014

For the year ended December 31, 2014, the Company had a net cash inflow from operations of $5.0 million, including an increase in net working capital of $16.6 million, primarily reflecting a growth in trade and other receivables and in inventory, offset, in part, by the growth in trade payables.

Net cash from investing activities for the year ended December 31, 2014 was an outflow of $1.7 million, primarily reflecting $3.6 million of interest received and $0.3 million from sale of property, plant and equipment, more than offset by capital expenditures of $5.6 million.

Distributions to the Company's shareholders and to non-controlling interests during the year ended December 31, 2014, utilized $5.3 million and $11.2 million of cash, respectively. Net borrowings, excluding bank overdrafts, increased by $6.9 million during the year.

The net effect of the cash flow movements and exchange rate fluctuations was to reduce the Company's net cash and cash equivalents by $0.9 million for the year ended December 31, 2014. As a result, cash and cash equivalents, net of bank overdrafts, were $10.2 million as at December 31, 2014 as compared to $11.1 million as at December 31, 2013.

Current assets less current liabilities at December 31, 2014 were $104.8 million, a decrease of $5.9 million from the corresponding $110.7 million amount at December 31, 2013.

Neither the Company nor Sewko, nor any of the Company's other subsidiaries were in default at December 31, 2014, at December 31, 2013, or at any time during 2014 or 2013 with respect to any interest or principal payments or with respect to any financial covenants under any of their lending arrangements.

For a discussion of liquidity and capital resources during 2013, see the Company's 2013 Annual Report, dated March 2014.

Other

Research and Development

The Company does not carry out significant research and development, thus amounts spent on research and development for the years ended December 31, 2014 and December 31, 2013 were not material.

Environment

The Company is subject to a variety of environmental and pollution control laws and regulations in many jurisdictions in which it operates, and faces exposure from actual and potential claims involving such matters. The Company believes that any costs resulting from environmental matters known to it will not have a material, adverse impact on the Company's results of operation or financial condition. The amount spent on environmental and pollution matters was not material for the years ended December 31, 2014 or December 31, 2013.

Legal Proceedings

The Company is engaged in the ordinary course of business either as a defendant or a plaintiff in a variety of lawsuits or other contested legal proceedings in a number of jurisdictions. Most of these cases relate to claims made by subsidiaries of the Company for delinquent amounts past due under installment purchase contracts. The Company believes that any ultimate, uninsured liability with respect to any litigation known to it, will not have a material adverse impact on the Company's results of operations or financial condition. The amount spent in settlement or for assessed damages was not material for the years ended December 31, 2014 or December 31, 2013.

Market Risks

For a discussion of credit risk, liquidity risk, currency risk and interest rate risk, see Note 26 to the Financial Statements.

The Company does not have any derivative financial instruments outstanding. The Company does not hold or issue financial instruments for trading purposes. The Company does not have any foreign exchange forward contracts outstanding, other than a U.S. Dollar forward contract in Sri Lanka to hedge a U.S. Dollar loan of the same amount and maturity. The Company does not have any interest rate forward contracts outstanding.

Accounting Policies

The Company's financial statements and accompanying notes are prepared in accordance with International Financial Reporting Standards. The significant accounting policies used by the Company in preparing its consolidated financial statements are described in Note 34 to the Financial Statements, which should be read to ensure a proper understanding and evaluation of the estimates and judgments made by management in preparing the Financial Statements. Recent accounting pronouncements are described in Note 35.

Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expense. These estimates are based on management's application of accounting policies, historical experience and assumptions that are believed to be reasonable.

CERTAIN RISK FACTORS

There are a number of important risks to the Company and to Sewko, certain of which are discussed below.

Economic Developments and Exogenous Events May Adversely Impact Results

Purchases of Sewko's products are to a significant extent discretionary. National economic policies could depress consumption in individual markets important to Sewko. Similarly, the sluggish pace of the recovery in Europe and economic uncertainty globally and in certain markets, could depress consumption in Asia generally during 2015 and beyond, including in Sewko's major markets (Bangladesh, Sri Lanka and Thailand). These developments could adversely impact the Company's revenue, results of operations and financial condition. Any adverse impact would likely vary by sector and by country.

The level of consumer spending in Sewko's markets may also be negatively impacted by exogenous, unanticipated political or natural events as was the case, for example, of political events in Bangladesh and Thailand in 2014.

Foreign Exchange Fluctuations May Negatively Impact Results

Local currency denominated financial results in each of Sewko's operations are translated into U.S. Dollars by applying the weighted average market exchange rate during each financial reporting period. Local currency denominated assets and liabilities are translated into U.S. Dollars by applying the market exchange rate at the end of each financial reporting period. Accordingly, the financial results as reported in the consolidated income statement, and the assets and liabilities as reported in the consolidated balance sheet, are subject to foreign exchange rate fluctuations. Currency changes will also affect the cost of imported products and components, impacting margins, prices and affordability. Generally, a strong U.S. Dollar, as was, for example, the pattern in 2014, has a negative influence on the Company's revenue, results of operations and financial condition as measured in U.S. Dollars.

The Notes Owned by the Company are Subject to Non-Performance Risks

The Company is owed principal and interest by SVP, the company that acquired the Singer worldwide sewing business and the Singer trademark in 2004. The obligation of SVP to the Company is in the form of deeply subordinated notes, the SVP Notes, in a highly leveraged capital structure, with a portion of the interest paid in cash and a portion in additional notes. The worldwide economic downturn that began during 2008 and the strengthening of the U.S. Dollar against many foreign currencies during 2014 have negatively impacted SVP's revenue, results of operation and financial condition. As a consequence of this and of other factors, SVP has had to periodically renegotiate the financial covenants in its senior, mezzanine and subordinated debt obligations. While SVP is now current in all of its obligations to the Company, liquidity restraints could make it difficult for SVP to meet its future obligations to ReHo, particularly the obligation to repay all principal in 2018. Any failure by SVP to timely pay principal or interest due to the Company could adversely impact the Company's results of operations and financial condition. (See Note 16 to the Financial Statements.)

There are Intense Competitive Pressures

Sewko's operations face a broad range of competitors and potential competitors, from large international companies to small independent dealers. Some of these competitors have greater financial, technical and marketing resources available to them than does Sewko. Others may be willing to engage in unethical or illegal business practices that may give them at least a temporary advantage. If Sewko is unable to effectively respond to these competitive pressures, this may adversely affect the Company's revenue, results of operations and financial position.

The Consumer Finance Business is Subject to Non-Performance Risks

Extension of consumer credit is an integral part of Sewko's operations. Most accounts receivable are financed by the local operating companies, who rely primarily on bank lending. A significant economic downturn in a market, a sharp drop in the market price of products sold on credit, a negative exogenous shock, a loss of critical personnel, changes in local laws or practice, or civil disorder, among other factors, could reduce collection performance, impairing the value of Sewko's receivables, negatively impacting the Company's results of operations and financial condition.

International Operations Have Special Risks

All of Sewko's operating activities are conducted in emerging markets. There are a number of special risks inherent in doing business in these markets, including, among others, less stable political systems, uncertainty with respect to regulatory and legal procedures, potential breakdowns in civil order, reduced protection for intellectual property rights, and potential adverse changes in tax regimes. If Sewko is unable to manage the risks inherent in its international activities, this may adversely affect the Company's results of operations and financial condition.

ReHo's Incorporation Outside the United States Imposes Additional Risks

As a company incorporated in Curaçao, ReHo is subject to Curaçao law. As a consequence, the rights of shareholders may differ from the rights associated with companies governed by other laws, including the laws of the United States. Holders of the Company's securities could face difficulties in enforcing U.S. judgments against the Curaçao company, its directors and executive officers, and others.

The Company's Shares are Currently Quoted Only on "Pink Sheets"

The Company does not anticipate that its Shares will be listed on any U.S. or overseas securities exchange, the NASDAQ National Market System, the NASDAQ Small Cap Market, the OTC Bulletin Board, or a similar trading system. Price quotations for the Company's Shares currently are only available on the OTC Pink ("Pink Sheets") quotation service, under the symbol "RHDGF". If the Shares cease to be traded on the Pink Sheets quotation service or on an alternative trading system, shareholders seeking to sell or buy Shares will only be able to do so with considerable difficulty and at prices that may not reflect the Shares' inherent value. Even to the extent that quotations on the Pink Sheets quotation service continue, there is no assurance that there will be adequate liquidity or that there may not be wide swings in prices and significant differences between "bid" and "asked" prices, which could make trading difficult and cause prices for the Company's Shares to deviate substantially from their inherent value.

The Company Provides Only Limited Disclosure

Pursuant to the laws and regulations of Curaçao, the Company is required to provide certain information to shareholders on an annual and semi-annual basis. The Company issues only a Summary Annual Report, including audited, full-year, consolidated financial statements and notes, with limited commentary, and a Summary Semi-Annual Report, including unaudited, six-month financial statements, with limited notes and commentary, all prepared in accordance with IFRS. ReHo's decision not to provide quarterly reports and more comprehensive annual and semi-annual reports could make it more difficult for investors to assess the Company and its results and prospects and could result in reduced liquidity for the Company's Shares and prices that may not reflect the Shares' inherent value.

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

Board of Directors

The Board of Directors of the Company at year end consisted of four Directors, with each director serving until the conclusion of the next AGM.

The following table sets forth certain information regarding the Directors of the Company at December 31, 2014:

Name	Age	Position
Stephen H. Goodman................................	70	Director, Chairman of the Board, President and Chief Executive Officer of the Company; Executive Director and Chairman of the Board of Sewko and of Singer Asia
Antonio Costa	72	Director of the Company and of Sewko
Alex Johnston..	50	Director of the Company and of Sewko
Stewart M. Kasen......................................	75	Director, Chairman of the Audit Committee of the Company

Stephen H. Goodman. Mr. Goodman was elected a Director, Chairman, President and Chief Executive Officer of the Company in September 2000. From the beginning of 1998 through that date, he was a Director, President and Chief Executive Officer of Old Singer. Prior to joining Old Singer in 1998, Mr. Goodman was a Managing Director at Bankers Trust Company. Mr. Goodman is an Executive Director and Chairman of the Board of Sewko and of Singer Asia and is a member of the board and serves as Executive Director and President of a Company subsidiary.

Antonio Costa. Mr. Costa is an independent retail consultant and also provides management support to several non-profit social and sports associations in Portugal. From 2000 to 2007, he was the President and a Director of Singer Produtos Electricos S.A. ("Singer Produtos"). Singer Produtos and certain of its affiliates, which operated consumer products distribution businesses in Portugal and Spain, were acquired from Old Singer by an investor group in September 2000. Prior to that acquisition, Mr. Costa was Vice President, Europe, of Old Singer, and was an officer and director of various Old Singer companies in Europe. Mr. Costa was elected a Director of the Company in August 2001. Mr. Costa serves on the Sewko board.

Alex Johnston. Mr. Johnston is a Director of Freuds, a leading UK consumer public relations agency. From 2010-2012, Mr. Johnston was Executive Vice President of Omnicom, a leading international holding company for advertising and marketing service organizations. Prior to joining Omnicon, Mr. Johnston was a senior communications advisor to PepsiCo, Inc. From 2005 to 2008, he was the Managing Partner of Fleming Media, a rights and media acquisition fund backed by the Fleming family. Mr. Johnston was elected a Director of the Company in September 2000. Mr. Johnston serves on the Sewko board.

Stewart M. Kasen. Mr. Kasen is an independent retail consultant. He serves as lead independent director of Markel Corp., a property and casualty insurer, and is on the board of Gordmans. From 2007 to 2011, he was Chairman of the Board of Lenox Group Inc. From 2002 to 2007, he was President and Chief Executive Officer of S&K Famous Brands, Inc. Mr. Kasen was appointed a Director of the Company in September 2000; he serves as Chairman of the Audit Committee of the Company.

The Board of Directors met eight times during 2014 including two joint meetings with the Board of Directors of Sewko.

Messrs. Kasen (Chairman), Costa, and Johnston are members of the Audit Committee of the Board of Directors, which is authorized to act on behalf of the Board in respect to matters relating to the selection of auditors and audit and accounting issues. The Audit Committee of the Board of Directors met three times during 2014 including an executive session without the Company's management present and with the Company's external auditors and separately with the Company's head of internal audit.

Messrs. Costa (Chairman), Kasen, and Johnston are members of the Compensation and Nominating Committee of the Board, which is authorized to act on behalf of the Board in respect of matters relating to compensation and benefits and to select nominees to the Board. The Compensation and Nominating Committee of the Board of Directors met twice during 2014 including an executive session without the Company's management present.

The Board of Directors has determined that at least one member of the Audit Committee of the Company's Board of Directors, Mr. Stewart M. Kasen, Chairman of the Audit Committee, is an audit committee financial expert as that term is defined in Regulations under the United States Securities Exchange Act of 1934, as amended. Each of the Company's directors, other than Mr. Goodman, meet the independence standards contained in the New York Stock Exchange Listed Company Manual, although the Company is not listed on and is not subject to the rules and regulations of the New York Stock Exchange. The Audit Committee and the Compensation and Nominating Committee consist of only independent directors.

In addition to Messrs. Goodman (Chairman), Costa and Johnston, Mr. Tobias Brown and Mr. Peter James O'Donnell, both representatives of the Fund, Mr. Malcolm Matthews, an independent director, and Mr. Gavin Walker, the Chief Executive of Sewko, serve as directors of Sewko. Messrs. O'Donnell (Chairman), Brown, Costa, Johnston and Matthews are members of the Sewko Audit Committee. Messrs. Goodman (Chairman), O'Donnell and Walker serve as directors of Singer Asia.

Executive Officers

The following information sets forth certain information regarding the other executive officers of the Company at December 31, 2014:

Name	Age	Position
Gavin J. Walker	45	Vice President of the Company; Director, President and Chief Executive Officer of Sewko
Joe Kan…………….	48	Controller of the Company; Chief Financial Officer of Sewko
Amy Pappas…………………………….	55	Secretary of the Company

Gavin J. Walker. Mr. Walker was elected a Vice President of the Company in August 2005. Prior to joining the Company, Mr. Walker held offices as Managing Director and Chief Executive Officer of publicly quoted and private companies in the United Kingdom and South Africa. Mr. Walker served as Chief Executive Officer of a multi-brand retailer of electrical appliances and furniture with operations in 16 African countries and Australia (including SINGER brand electrical appliances under license). Mr. Walker is Director, President and Chief Executive Officer of Sewko and serves on the Board of Singer Asia and a number of other Sewko subsidiaries.

Joe Kan. Mr. Kan was appointed Controller of the Company in November 2011. Mr. Kan serves as Chief Financial Officer of Sewko. Prior to joining Singer Asia in September 2010, Mr. Kan was Head of Finance at Octopus Cards Limited, the developer and operator of the largest smart card payment system in the world. Mr. Kan is a member of the Institute of Chartered Accountants of England and Wales and of the Hong Kong Institute of Certified Public Accountants. Mr. Kan serves on the boards of a number of Sewko subsidiaries.

Amy Pappas. Ms. Pappas was appointed Secretary of the Company in August 2007. From August 2006 until that date, she served as Assistant Secretary of the Company. Prior to that time, Ms. Pappas was an executive assistant at Growth Capital Partners, a venture capital firm. Ms. Pappas serves on the board of a Company subsidiary.

In addition to Messrs. Walker and Kan, Mr. Rajeev Bajaj (Vice President, India), Mr. Asoka Pieris (Vice President, Sri Lanka), Mr. Hamim Rahmatullah (Vice President, Bangladesh), Mr. Boonyong Tansakul (Vice President, Thailand), Mr. Gelmart Gellecanao (Vice President, Risk Management), Mr. Ajith Paranavitane (Vice President, Information Services), and Karen Tse (Controller) serve as officers of Singer Asia, and early in 2014, became officers of Sewko.

Employees

At December 31, 2014 the Company had approximately 8,983 employees of whom only three were not employees of Sewko or its subsidiaries. The work locations of all but one of the Sewko employees are in Asia; the three non-Sewko employees work in Mt. Kisco, New York. The Company anticipates that the number of employees will grow modestly over the next several years.

Employees by segment and geographic location are shown in the following table:

	United States	Asia	Total Company
ReHo Administrative Office	3	-	3
Sewko Administrative Office	1	6	7
Bangladesh Management	-	1,020	1,020
Cambodia Management	-	13	13
India Management	-	310	310
Pakistan Management	-	1,022	1,022
Sri Lanka Management	-	2,144	2,144
Thailand Management	-	4,464	4,464
	4	8,979	8,983

Some of the Company's employees in the various field managements belong to unions and are covered by individual or countrywide union contracts. Employee relations are generally very good.

ReHo and its subsidiaries are strongly committed to the personal and career growth of the Company's employees. Various in-house and external management programs provide staff with problem solving and teamwork skills. A wide variety of other training and development programs are offered to employees in every operation and at all levels. An important focus of the Company's training is to improve the quality of customer interaction, particularly in respect of front-line sales staff in the marketing channels.

The Company has adopted a Code of Business Conduct that applies to all of its directors and to all of its employees including its and Sewko's executive officers and other key employees. The text of the Code of Business Conduct is posted on the Corporate/Investor section of the Company's website at www.retailholdings.com.

Executive Compensation

An aggregate of approximately $1.6 million in compensation, including salary and bonus and director fees, was paid by the Company to all of its current directors and executive officers as a group (seven individuals) in the year ended December 31, 2014. The corresponding amount in the year ended December 31, 2013 (paid to seven individuals) was $1.6 million. Such amount does not include amounts expended by the Company for business expenses (including business travel) reimbursed to directors and officers, housing allowances paid to officers in non-U.S. locations, employer paid taxes, and the cost of medical and similar plans available to employees in non-U.S. location.

ReHo has put in place a special bonus program for the Company's Chief Executive Officer which provides a cash award in the event that aggregate dividends and distributions to shareholders exceed a certain threshold amount. No awards have been made under this program. In 2012, the Company introduced a stock award program for the Company's directors and officers (more fully described in the "Share and Shareholder Information" section). The cost for the program (not included above) was $60,000 in 2014; the corresponding amount in 2013 was $113,000.

Sewko had adopted a short-term bonus plan for 2014 (the Executive Bonus Plan "EBP") which provides cash awards to selected senior managers, with the amount of each award based on an assessment of each participant's and their business unit's contribution towards achieving Sewko's objectives for the year. Employees eligible to participate in the EBP include general managers of Sewko business units and other key Sewko managers, but not the Sewko Chief Executive Officer. Awards under the 2014 EBP are up to 120% of each eligible employee's base salary with the bonus pool for key managers in each management, other than the general manager of the business unit, not to exceed 60% of such managers' cumulative base salary. A similar short-term bonus plan has been introduced for 2015. Approximately $0.4 million in bonuses are being distributed in 2015 under the 2014 EBP. Approximately $0.6 million in bonuses were distributed in 2014 under the bonus plan for the year 2013.

In lieu of participation in the EBP, the Sewko Chief Executive Officer participated in a Sewko stock option plan, initiated in 2005, with total options under the plan equal to 4.8% of the Sewko shares on a fully-diluted basis. The plan provided for his pro rata participation in any dividend or distribution, both on his exercised and unexercised options, subject to certain restrictions. The Sewko Chief Executive received $0.3 million in distributions in 2013 on his unexercised options. This distribution was used to exercise a portion of his remaining unexercised options. In October 2013, the Sewko Chief Executive received an interest free loan from Sewko of $1.9 million, which he used to exercise his remaining unexercised options. The loan is repayable on his resignation, termination for cause or after five years (extendable in certain circumstances up to a maximum of seven years). Any dividends or other distributions on the shares received from exercise of these options must be used to repay the loan; during 2014, the Sewko Chief Executive repaid $0.2 million of the loan from the distributions received. The loan would be forgiven (to the extent still outstanding) in three equal annual installments following closing of a transaction (as defined).

In addition to salaries and bonuses, employees also receive a variety of other remuneration and benefits that vary by management, ranging from medical and accident insurance to special programs intended to cover special need and contingencies. These special programs may include: company discounts, death benefits, distress loans, educational aid schemes, housing assistance, professional subscription assistance, subsistence allowances, travel expense reimbursement, uniforms and vehicle loans.

The Sewko Chief Executive and one other employee of Sewko participate in a plan similar to a 401(k) plan that provides for contributions equal to 3% of their base salary. Sewko provided contributions to these plans of less than $20,000 in each of 2014 and 2013.

Neither ReHo nor Sewko have any corporate pension or severance plans for their employees except for a statutory severance plan covering all employees of the Hong Kong office. Some of the individual Sewko operating units have pension, severance or equivalent plans for their executive officers and other employees (see Note 12 to the Financial Statements).

Social Responsibilities

The Company and its subsidiaries take very seriously their responsibility towards their communities and society at large. Established procedures are in place to help ensure compliance with all applicable statutory and regulatory requirements and with the Company's Code of Business Conduct with respect to relations with current, past and potential customers, suppliers and fellow employees.

The Company's operations use energy and materials, generate waste, and otherwise may impact the environment. ReHo and its subsidiaries are committed to keeping this impact as small and as benign as possible. This involves substantial recycling, productivity improvements to reduce the use of energy and other consumables, and the control and treatment of factory waste and pollutants, among other measures. Environmental impact is part of the planning of any activity or project. The Company and its subsidiaries comply with all applicable national and international environmental standards.

In the Indian subcontinent and Thailand, the plight of the disadvantaged, particularly of women, has led the operating companies to set up sewing and fashion academies as well as other schools offering vocational training; this training helps graduates to earn steady incomes. The academies also undertake projects aimed at helping children and the elderly.

Where reasonably possible, underprivileged females and handicapped individuals are employed in the Company's distribution, manufacturing and assembly operations. The Company's subsidiaries also provide training on a continuing basis to young people working as trainees, apprentices and technicians within the network of marketing, manufacturing and service facilities.

ReHo and its subsidiaries operate in many communities. While the needs of the different communities vary, four of the most common needs are addressed through: donations and support for the disadvantaged; donations, sponsorship and support for the elderly; donations and support for medical facilities and programs, particularly in rural and outlying areas; and donations, sponsorship and support for education, sports and youth.

SHARE AND SHAREHOLDER INFORMATION

Shareholding

The following chart summarizes the Company's share capital at December 31, 2014:

Class	Shares Authorized	Shares Issued, Outstanding and Fully-Paid	Shares Issued and Outstanding but not Fully-Paid	Par Value per Share
Preferred Shares				
Series A	40	0	0	$ 0.01
Other Preferred	999,960	0	0	$ 0.01
Shares	20,000,000	5,300,382*	0	$ 0.01

*Excludes 41,317 Treasury Shares

Under the terms of the Reorganization Plan, holders of allowed, general unsecured claims against Old Singer received substantially all of the Shares of the Company. A total of 8,121,828 Shares were distributed, including 2,021,188 Shares received by ReHo subsidiaries or forfeited and subsequently transferred to the Company. In addition, 854,277 options for Shares have been exercised and Shares issued. Pursuant to the terms of the Reorganization Plan, the Company issued 40 shares of Series A Convertible Preferred Stock ("Preferred Shares"), all of which shares were purchased by a subsidiary of the Company in 2003.

ReHo has periodically sought to reduce the number of Shares and options for Shares outstanding. In the 2002-2012 period, the Company, through negotiated transactions and open market purchases, purchased 1,662,468 Shares. In 2013, the Company purchased 1,067 Shares; no shares were purchased in 2014.

The 3,684,723 Shares and 40 Preferred Shares transferred to, or purchased by the Company and its subsidiaries, initially were treated as Treasury Shares. Subsequently, 3,634,406 Shares and the Preferred Shares were cancelled.

During 2014, 3,000 Shares, transferred from treasury, were issued to the four ReHo directors and to the Company Secretary, 600 Shares each, as the final tranche of a three year program. In 2013 and 2012, 3,000 Shares were transferred each year under the program. 41,317 Shares remain as Treasury Shares. None of the cancelled Shares or remaining Treasury Shares is included as outstanding in the Financial Statements.

5,300,382 Shares were issued and outstanding as at December 31, 2014. 5,297,382 Shares were issued and outstanding at December 31, 2013. There are no differences in voting rights among the Shares.

To the knowledge of the Company, it is not directly owned or controlled by any other corporation, by any government, or by any other natural or legal person, severally or jointly. The Company is not aware of any arrangement, which would result in a change of control of the Company. The Company believes that several shareholders may each own more than 5.0% of the Company's outstanding Shares; the shareholders do not believe that they have any obligation to file a Schedule 13G or any other form or notification under the rules and regulations applicable to the Company or its shareholders. The Company has less than 500 shareholders of record corresponding to an estimated 1,200 individual shareholder accounts. The Company does not have sufficient data to accurately estimate the number of outstanding Shares held by residents of the United States.

Director and Employee Share Ownership

At December 31, 2014, the total number of Shares of the Company beneficially owned by the persons listed in the previous section under "Board of Directors" and "Executive Officers" was 899,267, representing approximately 17.0% of the total Shares outstanding. To the knowledge of the Company, none of the persons listed beneficially owns more than 1.0% of the Company's Shares outstanding other than Stephen H. Goodman, who, together with his spouse, beneficially own 876,917 Shares, representing approximately 16.5% of ReHo's total Shares. Three trusts for which Mr. Goodman's spouse is the trustee own an additional 446,828 Shares, representing approximately 8.4% of ReHo's total Shares outstanding.

Trading

The Company's Shares are quoted on the Pink Sheets quotation service under the symbol "RHDGF". A link to the prices for the Company's Shares may also be found at Corporate/Stock Price section of the Company's website: www.retailholdings.com.

The following table sets forth the high and low closing sales prices of ReHo's Shares on the Pink Sheets quotation service for the periods indicated:

	High	Low
Annual highs and lows		
The year ended December 31, 2014	22.00	17.25
The year ended December 31, 2013	21.75	17.35
The year ended December 31, 2012	24.00	15.75
The year ended December 31, 2011	19.90	12.85
The year ended December 31, 2010	19.00	4.00
Quarterly highs and lows		
1st Quarter 2015 (Through March 31, 2015)	20.50	18.40
The year ended December 31, 2014		
4th Quarter	22.00	17.25
3rd Quarter	20.46	18.90
2nd Quarter	19.98	18.50
1st Quarter	20.50	19.19
The year ended December 31, 2013		
4th Quarter	20.00	17.35
3rd Quarter	21.75	19.50
2nd Quarter	21.50	19.10
1st Quarter	21.75	20.00

	High	Low
Monthly highs and lows		
2015		
March	19.65	18.76
February	19.20	19.00
January	20.50	18.40
2014		
December	22.00	17.25
November	19.05	18.75
October	20.25	18.05

The last reported sale price of the Company's Shares on the Pink Sheet quotation service, at March 31, 2015, was $19.30.

Trading volume in the Company's Shares is often low with no Shares trading on many days. In the fourth quarter of the last several years, however, trading volume had jumped substantially, with 172,963 Shares trading in the fourth quarter of 2014, 1,234,631 Shares trading in the fourth quarter of 2013 and 1,584,317 Shares trading in the fourth quarter of 2012.

Distributions

During 2014, the Company made a distribution to shareholders of $1.00 per Share. The distribution, totalling $5.3 million, was made on October 6, 2014 to shareholders of record on September 16, 2014.

During 2008, 2009, 2010, 2011, 2012 and 2013, the Company made distributions to shareholders of $0.75, of $0.20, of $0.80 of $2.50, of $2.50 and of $1.00 per Share, respectively. All of these distributions were classified as non-dividend distributions reflecting a return of capital for U.S. Federal income tax purposes. During 2007, the Company paid a special dividend to shareholders of $1.00 per Share. This distribution was classified as an ordinary dividend for U.S. Federal income tax purposes.

A total of $9.75 per Share has been paid to shareholders since inception of the dividend/distribution program in 2007. It is ReHo's current intention to maintain a regular dividend/distribution program. The Company's Board of Directors anticipates recommending a dividend/distribution of $1.00 per Share for 2015.

During 2014, the Company returned to equity $49,000 of the 2009 distribution, representing unclaimed distributions of non U.S. shareholders; an additional $13,000 was escheated. During 2013, the Company returned to equity $175,000 of the 2008 distribution, representing unclaimed distributions of non U.S. shareholders; an additional $3,000 was escheated.

Additional Shareholder Information

Articles of Association; Shareholders' Meetings

The Company is a corporation registered with the Curaçao Chamber of Commerce Commercial Register in Willemstad, Curaçao, under the registration number 83676.

The rights of holders of Shares in the Company are laid down and described in the Company's Articles of Association (the "Articles"). The Company has posted the text of the Articles on the Corporate/Investor section of the Company's website, at www.retailholdings.com. There are no restrictions in the Articles that might have the effect of delaying, deferring or preventing a change in control of the Company other than the requirement that any resolution presented at a shareholders meeting, that has not been included in the notice of that meeting, may only be approved if all of the Company's shareholders are present at the meeting.

The Articles require that all shareholders' meetings be held in Curaçao. An AGM must be held to adopt the financial statements of the Company within nine months after the end of the preceding fiscal year. Such financial statements and the annual financial report must be prepared within six months after the close of the preceding fiscal year and made available to the shareholders of the Company. The financial statements and the annual financial report must be presented at the AGM.

Enforceability of Foreign Judgments

The Company has been advised by its Curacao counsel, that in the absence of an applicable treaty between the United States and Curacao, a judgment rendered by a court in the United States will not be enforceable in Curacao. In order to obtain a judgment that is enforceable in Curacao the claim must be re-litigated before a competent Curacao court. A judgment rendered by a court in the United States will be recognized by a Curacao court if: (i) the competency of the court in the United States is based on internationally accepted standards; (ii) the judgment results from proceedings compatible with Curacao concepts of due process; (iii) the judgment does not contravene public order of Curacao; and (iv) the judgment is not incompatible with a court ruling between the same parties rendered by a Curacao court, or with a previous court ruling by a foreign court, rendered in proceedings between the same parties and in relation to the same circumstances, in case such previous foreign court ruling is susceptible to recognition in Curacao.

If the judgment is recognized by a Curacao court, it will generally grant the same award without review of the merits of the case.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2014
(WITH INDEPENDENT AUDITORS' REPORT THEREON)

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2014

Independent auditors' report

To the Board of Directors of
Retail Holdings N.V.

We have audited the accompanying consolidated financial statements of Retail Holdings N.V. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2014, the consolidated statement of income, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2014, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG Phoomchai Audit Ltd.
March 31, 2015
Bangkok

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
In thousands of U.S. Dollars

	Note	31 December 2014	31 December 2013 Restated
ASSETS			
Property, plant and equipment	*18*	70,712	61,306
Intangible assets and goodwill	*19*	6,810	6,741
Trade and other receivables	*16*	83,156	80,950
Deferred tax assets	*14*	7,397	5,846
Employee benefits	*12*	-	34
Other non-current assets		10,690	10,005
Total non-current assets		**178,765**	**164,882**
Inventories	*15*	85,484	78,140
Trade and other receivables	*16*	150,964	141,410
Cash and cash equivalents	*17*	30,150	31,118
Other current assets		19,556	18,010
Total current assets		**286,154**	**268,678**
Total assets		**464,919**	**433,560**
EQUITY	*20*		
Share capital		53	53
Share premium		41,961	47,152
Reserves		(3,821)	(6,340)
Retained earnings		50,687	44,092
Total equity attributable to owners of the Company		**88,880**	**84,957**
Non-controlling interest		**109,823**	**104,512**
Total equity		**198,703**	**189,469**
LIABILITIES			
Loans and borrowings	*22*	60,180	63,971
Employee benefits	*12*	14,427	13,410
Deferred income	*24*	553	158
Warranty provision	*25*	438	532
Deferred tax liabilities	*14*	1,968	1,340
Other non-current liabilities		7,302	6,680
Total non-current liabilities		**84,868**	**86,091**
Bank overdrafts	*17*	19,908	20,008
Current tax liabilities		2,476	1,428
Loans and borrowings	*22*	87,521	76,824
Trade and other payables	*23*	67,067	57,259
Deferred income	*24*	2,468	764
Warranty provision	*25*	1,908	1,717
Total current liabilities		**181,348**	**158,000**
Total liabilities		**266,216**	**244,091**
Total equity and liabilities		**464,919**	**433,560**

The notes on pages 40 to 88 are an integral part of these consolidated financial statements.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER
In thousands of U.S. Dollars

	Note	2014	2013 Restated
Revenue	*7*	486,993	452,149
Cost of sales	*8*	(309,838)	(281,029)
Gross profit		**177,155**	**171,120**
Other income	*8*	1,990	2,163
Selling and administrative expenses	*8*	(135,732)	(128,309)
Other expenses	*8*	(3,814)	(5,922)
Results from operating activities		**39,599**	**39,052**
Finance income		3,568	3,779
Finance costs		(18,412)	(19,966)
Net finance costs	*9*	**(14,844)**	**(16,187)**
Profit before tax		**24,755**	**22,865**
Tax expense	*14*	(5,836)	(3,515)
Profit for the year		**18,919**	**19,350**
Attributable to:			
Owners of the Company		6,375	5,643
Non-controlling interests		12,544	13,707
Profit for the year		**18,919**	**19,350**
Earnings per share (U.S. Dollars)	*10*		
Basic earnings per share		1.20	1.07
Diluted earnings per share		1.20	1.06

The notes on pages 40 to 88 are an integral part of these consolidated financial statements.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER
In thousands of U.S. Dollars

	Note	2014	2013 Restated
Profit for the year		**18,919**	**19,350**
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Revaluation of property, plant and equipment	*18*	8,424	-
Remeasurement of defined benefit asset / (liability)	*12*	255	5
Related tax		(619)	(1)
		8,060	**4**
Items that are or may be reclassified to profit or loss			
Foreign operations – foreign currency translation differences		(1,339)	(5,238)
Other comprehensive income, net of tax		**6,721**	**(5,234)**
Total comprehensive income		**25,640**	**14,116**
Total comprehensive income attributable to:			
Owners of the Company		9,114	2,001
Non-controlling interests		16,526	12,115
		25,640	**14,116**

The notes on pages 40 to 88 are an integral part of these consolidated financial statements.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

In thousands of U.S. Dollars

		Attributable to owners of the Company								
	Note	**Share capital**	**Share premium**	**Translation reserve**	**Revaluation reserve**	**Legal reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Restated Balance at 31 December 2013		53	47,152	(18,217)	11,616	261	44,092	84,957	104,512	189,469
Total comprehensive income										
Profit for the year		-	-	-	-	-	6,375	6,375	12,544	18,919
Other comprehensive income	*20*	-	-	4	2,532	(17)	220	2,739	3,982	6,721
Total comprehensive income		-	-	4	2,532	(17)	6,595	9,114	16,526	25,640
Transactions with owners of the Company										
Contributions and distributions										
Issuance of shares		-	60	-	-	-	-	60	-	60
Unclaimed dividend		-	49	-	-	-	-	49	-	49
Dividends to owners of the Company	*20*	-	(5,300)	-	-	-	-	(5,300)	-	(5,300)
Dividends to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	(11,215)	(11,215)
Total transactions with owners of the Company		-	(5,191)	-	-	-	-	(5,191)	(11,215)	(16,406)
Balance at 31 December 2014		53	41,961	(18,213)	14,148	244	50,687	88,880	109,823	198,703

The notes on pages 40 to 88 are an integral part of these consolidated financial statements.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) (RESTATED)

For the year ended 31 December 2013

In thousands of U.S. Dollars

		Attributable to owners of the Company								
	Note	**Share capital**	**Share premium**	**Translation reserve**	**Revaluation reserve**	**Legal reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2013		53	50,758	(14,457)	11,789	166	37,559	85,868	98,335	184,203
Total comprehensive income (restated)										
Profit for the year		-	-	-	-	-	5,643	5,643	13,707	19,350
Other comprehensive income	*20*	-	-	(3,607)	(141)	95	11	(3,642)	(1,592)	(5,234)
Total comprehensive income (restated)		-	-	(3,607)	(141)	95	5,654	2,001	12,115	14,116
Transactions with owners of the Company										
Contributions and distributions										
Buy-back of shares	*20*	-	(21)	-	-	-	-	(21)	-	(21)
Issuance of shares	*11*	-	60	-	-	-	-	60	-	60
Share options exercised by Singer Asia employee	*11*	-	1,163	-	-	-	-	1,163	987	2,150
Unclaimed dividend		-	175	-	-	-	-	175	-	175
Dividends to owners of the Company	*20*	-	(5,297)	-	-	-	-	(5,297)	-	(5,297)
Dividends to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	(7,743)	(7,743)
Total contributions and distributions		-	(3,920)	-	-	-	-	(3,920)	(6,756)	(10,676)
Changes in ownership interests										
Divestment of interests in subsidiaries		-	314	(153)	(32)	-	879	1,008	818	1,826
Total change in ownership interests		-	314	(153)	(32)	-	879	1,008	818	1,826
Total transactions with owners of the Company		-	(3,606)	(153)	(32)	-	879	(2,912)	(5,938)	(8,850)
Restated balance at 31 December 2013		53	47,152	(18,217)	11,616	261	44,092	84,957	104,512	189,469

The notes on pages 40 to 88 are an integral part of these consolidated financial statements.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER
In thousands of U.S. Dollars

	Note	2014	2013 Restated
Cash flows from operating activities			
Profit for the year		18,919	19,350
Adjustments for:			
Amortization of intangible assets and goodwill	*19*	133	325
Depreciation	*18*	4,502	3,980
Impairment loss of property, plant and equipment	*18*	31	-
Loss / (gain) on sale of property, plant and equipment	*8*	41	(153)
Net finance costs	*9*	14,844	16,187
Income tax expense	*14*	5,836	3,515
		44,306	**43,204**
Change in			
- inventories		(7,550)	6,929
- trade and other receivables		(10,379)	(31,795)
- other current and non-current assets		(3,458)	(4,689)
- trade and other payables		7,894	3,708
- provision and employee benefits		(1,051)	(873)
- deferred income		(2,099)	261
Cash from operating activities		**27,663**	**16,745**
Interest paid		(17,802)	(18,503)
Income tax paid		(4,846)	(6,246)
Net cash from / (used in) operating activities		**5,015**	**(8,004)**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(5,405)	(8,149)
Acquisition of intangible assets		(209)	(367)
Interest received		3,568	3,779
Proceeds from sale of property, plant and equipment		326	1,679
Proceeds from sale of interests in subsidiaries and associate		-	1,845
Net cash used in investing activities		**(1,720)**	**(1,213)**
Cash flows from financing activities			
Distribution to non-controlling interest		(11,215)	(7,743)
Distribution to owners	*20*	(5,300)	(5,297)
Proceeds from borrowings		27,315	33,141
Proceeds from share options exercised	*11*	-	2,150
Repayment of borrowings		(19,978)	(5,444)
Repurchase of own shares		-	(21)
Unclaimed dividend		49	175
Net cash (used in) / from financing activities		**(9,129)**	**16,961**
Net (decrease) / increase in cash and cash equivalents		**(5,834)**	**7,744**
Cash and cash equivalents at 1 January		11,110	(2,822)
Effect of exchange rate fluctuations on cash held		4,966	6,188
Cash and cash equivalents at 31 December	*17*	**10,242**	**11,110**

The notes on pages 40 to 88 are an integral part of these consolidated financial statements.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting entity

(a) Introduction

Retail Holdings N.V. ("ReHo" or the "Company") is a company domiciled in Curaçao (formerly part of the Netherlands Antilles). The address of the Company is at Kaya W.F.G. (Jombi) Mensing 36, Willemstad, Curaçao. These consolidated financial statements comprise the Company and its subsidiaries (collectively the "Group" and individually "Group entities"). The Group is engaged principally in the distribution of consumer durable products primarily for the home in selected emerging markets in Asia, with supportive manufacturing and with consumer credit and other financial services.

The Company is a holding company with three principal assets:

1. A 54.1% equity interest in Sewko Holdings Limited ("Sewko"). Sewko was formed in May 2013 to acquire and to become the parent company of Singer Asia Limited ("Singer Asia") and to pursue additional opportunities in Asia outside the "Singer" umbrella. Sewko currently has operations in Bangladesh, Cambodia, India, Pakistan, Sri Lanka and Thailand;
2. Seller notes, arising from the sale of the Singer worldwide sewing business and trademark in September 2004; and
3. Cash and cash equivalents.

(b) The reorganizing exercise

Pursuant to a resolution dated 16 September 2013, Sewko acquired the entire issued share capital of Singer Asia from ReHo Limited, UCL Asia Holdings VII Limited and Gavin Walker. The purchase consideration of USD 110,761 thousands was arrived at based on the carrying value of Singer Asia's assets and liabilities as at 31 August 2013, and was satisfied by the allotment and issue of 568,000 ordinary shares, 432,000 ordinary shares and 16,666 ordinary shares in the capital of Sewko, credited as fully paid, to ReHo Limited, UCL Asia Holdings VII Limited and Gavin Walker, respectively.

On 18 September 2013, Gavin Walker exercised his remaining options in one of the Group entities, Singer Asia, and 33,334 ordinary shares in Singer Asia were issued to him pursuant to such exercise. Sewko acquired the 33,334 ordinary shares in Singer Asia held by Gavin Walker in consideration for allotting and issuing to him on the same date 33,334 ordinary shares in the capital of the Sewko, credited as fully paid. On the same date, each ordinary share with a par value of USD 0.01 in the issued and unissued but authorised share capital of Sewko was subdivided into 400 ordinary shares with a par value of US$0.000025 each. As a result, ReHo Limited, UCL Asia Holdings VII Limited and Gavin Walker hold 227,200,000 ordinary shares, 172,800,000 ordinary shares and 20,000,000 ordinary shares, respectively (54.1%, 41.1% and 4.8%, respectively).

2. Restatement of previously issued financial statements

Subsequent to the issue of the Company's 2013 annual report in March 2014, certain misstatements were discovered at one of the Company's subsidiaries, Singer Pakistan Limited. The misstatements mainly relate to overstatements of inventory as at 31 December 2013, as measured under IFRS and the Company's accounting policies, amounting to $3.1 million. The restatement of the Company's Statement of Financial Position as at 31 December 2013, and the Company's Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended 31 December 2014 reflect the correction of these misstatements.

The following table summarizes the effect of the misstatements on the Company's financial position as at 31 December 2013:

2. Restatement of previously issued financial statements (continued)

31 December 2013

	As previously reported	**Misstatements**	**Restated**
Other non-current assets	10,013	(8)	10,005
Inventories	81,256	(3,116)	78,140
Trade and other receivables	141,603	(193)	141,410
Other current assets	18,284	(274)	18,010
Others	185,995	-	185,995
Total assets	**437,151**	**(3,591)**	**433,560**
Reserves	(6,329)	(11)	(6,340)
Retained earnings	45,917	(1,825)	44,092
Non-controlling interests	106,906	(2,394)	104,512
Others	47,205	-	47,205
Total equity	**193,699**	**(4,230)**	**189,469**
Deferred tax liabilities	2,205	(865)	1,340
Current tax liabilities	775	653	1,428
Trade and other payables	56,408	851	57,259
Others	184,064	-	184,064
Total liabilities	**243,452**	**639**	**244,091**

3. Basis of accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). They were authorised for issue by the Company's Board of Directors on 31 March 2015.

Details of the Group's accounting policies, including changes during the year, are included in Notes 33 and 34.

4. Functional and presentation currency

These consolidated financial statements are presented in U.S. Dollars which is the Company's functional currency. All amounts have been rounded to the nearest thousands, unless otherwise indicated.

5. Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

5. Use of judgements and estimates (continued)

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following note:

- Note 27 and 34(a)(iii) – consolidation: whether the Group has de facto control over an investee

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2015 is included in the following notes:

- Note 12(d)(i) and 34(d)(iv)– measurement of defined benefit obligations: key actuarial assumptions;
- Note 14(e) and 34(f)(ii)– recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used;
- Note 16 and 34(k)(i)– recoverability of trade and other receivables;
- Note 19 and 34(k)(ii)– impairment test: key assumptions underlying recoverable amounts; and
- Note 25, 31 and 34(l)– recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The finance and accounting department in each subsidiary has responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO and the Audit Committee of each subsidiary.

The finance and accounting department regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance and accounting department assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group CFO and Group Audit Committee.

When measuring the fair value of an assets or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

5. Use of judgements and estimates (continued)

(b) Assumptions and estimation uncertainties (continued)

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 11 – share based payment arrangements
- Note 18 – land and buildings
- Note 26(b) – financial instruments

6. Operating segments

The Group's operating segment reporting format is geographical because the risks and return are affected predominantly by the different geographical areas in which it operates and the Group's management structure and internal reporting system to the CEO is set up accordingly. A geographical segment is a distinguishable component of the Group that is engaged in providing products and services within a particular economic environment, which is subject to risks and return that are different from those of other segments.

Operating segments that are considered significant in terms of their risks and returns are presented on a standalone basis as reportable segments. Other business units including the corporate administrative and management office and investment holding are aggregated and presented as "Unallocated Amounts".

The following is a summary of the Group's consolidated results and financial position by operating segments:

6. Operating segments (continued)
31 December 2014

In thousands of U.S. Dollars	**Bangladesh**	**India**	**Pakistan**	**Sri Lanka**	**Thailand**	**Cambodia**	**Unallocated Amounts**	**Inter-segment Elimination**	**Total**
External revenue	92,852	42,462	17,860	226,560	105,623	53	1,583	-	486,993
Inter-segment revenue	-	1,080	-	-	-	-	-	(1,080)	-
Depreciation and amortization	837	93	447	2,801	447	3	7	-	4,635
Impairment loss / (credit) on accounts receivable	479	40	1,341	2,830	6,093	-	-	-	10,783
Impairment (credit) / loss on inventory	(91)	(4)	(907)	708	(173)	-	-	-	(467)
Profit / (loss) from operating activities	6,730	1,460	(682)	23,620	10,813	(159)	(2,183)	-	39,599
Interest income	514	78	48	680	16	-	2,619	(387)	3,568
Interest expenses	1,440	15	1,980	13,641	1,807	-	-	(387)	18,496
Income tax charge / (credit)	1,698	435	(1,119)	3,773	-	(31)	1,080	-	5,836
Profit / (loss) before tax	5,816	1,530	(2,541)	10,642	9,022	(159)	19,736	(19,291)	24,755
Capital expenditure	1,531	-	206	3,008	500	187	182	-	5,614
Total assets	50,550	16,704	28,680	226,122	106,357	900	121,699	(86,093)	464,919
Total liabilities	29,611	9,798	21,500	166,149	53,471	1,027	4,167	(19,507)	266,216
Net assets	20,939	6,906	7,180	59,973	52,886	(127)	117,532	(66,586)	198,703

6. Operating segments (continued)
31 December 2013

In thousands of U.S. Dollars	**Bangladesh**	**India**	**Pakistan**	**Sri Lanka**	**Thailand**	**Unallocated Amounts**	**Inter-segment Elimination**	**Total**
External revenue	83,853	36,428	23,667	196,620	109,981	1,600	-	452,149
Inter-segment revenue	-	-	4	-	-	59	(63)	-
Depreciation and amortization	788	80	326	2,485	621	5	-	4,305
Impairment loss / (credit) on accounts receivable	416	18	2,251	2,162	3,555	-	-	8,402
Impairment loss on inventory	130	8	1,268	98	135	-	-	1,639
Profit / (loss) from operating activities	6,550	1,486	(852)	22,285	14,495	(4,912)	-	39,052
Interest income	302	68	39	649	20	3,025	(324)	3,779
Interest expenses	857	13	1,844	15,685	1,768	-	(324)	19,843
Income tax charge / (credit)	1,492	(1,556)	(353)	2,423	-	1,509	-	3,515
Profit / (loss) before tax	6,037	1,560	(2,769)	7,202	12,747	8,706	(10,618)	22,865
Capital expenditure	1,135	137	261	5,632	1,347	4	-	8,516
Total assets	55,335	15,168	25,608	201,963	102,386	113,304	(80,204)	433,560
Total liabilities	20,675	8,968	20,286	147,856	55,260	5,518	(14,472)	244,091
Net assets	34,660	6,200	5,322	54,107	47,126	107,786	(65,732)	189,469

Intra-group sales and other transactions were made on an arm's length basis or at market prices.

7. Revenue

See accounting policies in Note 34(c).

In thousands of U.S. Dollars	**2014**	**2013**
Finance charges	57,779	58,916
Rendering of services	6,589	3,515
Sale of goods	419,705	387,142
Others	2,920	2,576
	486,993	452,149

As at 31 December 2014, the Group has deferred revenue of USD 2,295 thousand (2013: USD 1,599 thousand) mainly relating to its extended warranty and customer protection program (see Note 24).

8. Income and expenses

(a) Other income

In thousands of U.S. Dollars	**2014**	**2013**
Commission income on financial services	668	662
(Loss) / gain on sale of property, plant and equipment	(41)	153
Penalty charge on late payment	828	915
Others	535	433
	1,990	2,163

(b) Other expenses

In thousands of U.S. Dollars	**2014**	**2013**
Expenses for deferred IPO	-	2,500
Royalty expense	3,814	3,422
	3,814	5,922

Royalty is for the use of the SINGER trademark by Singer Asia and its subsidiaries.

(c) Expenses by nature

In thousands of U.S. Dollars	***Note***	**2014**	**2013**
Changing in inventories of finished goods and work-in-progress	*15*	(5,776)	7,878
Semi-finished goods and materials used	*15*	304,268	261,321
Advertising and promotion		14,928	16,732
Depreciation and amortization expenses	*18,19*	4,635	4,305
Employee benefits expenses	*13*	66,434	70,586
Rental and occupancy		14,228	12,609
Warranty expenses	*25*	3,782	3,871
Others		43,071	32,036
Total cost of sales, selling and administrative expenses		445,570	409,338

9. Net finance costs

See accounting policies in Notes 34(e) and (j).

In thousands of U.S. Dollars	**2014**	**2013**
Interest from SVP Notes	2,230	2,690
Interest income on bank deposits	676	475
Interest income from Treasury Bills	360	328
Other	302	286
Finance income	3,568	3,779
Interest expense	18,496	19,843
Net foreign exchange (gain) / loss	(84)	123
Finance costs	18,412	19,966
Net finance costs recognized in profit or loss	14,844	16,187

10. Earnings per share

Basic earnings per share

The calculation of basic earnings per share has been based on the profit attributable to ordinary shareholders of USD 6,375 thousand (2013: USD 5,643 thousand) and a weighted average number of ordinary shares outstanding of 5,298 thousand (2013: 5,296 thousand).

Weighted average number of ordinary shares

In thousands of shares	***Note***	**2014**	**2013**
Issued ordinary shares at 1 January	*20*	5,297	5,295
Effect of ordinary shares granted		1	1
Weighted average number of ordinary shares at 31 December		5,298	5,296

Diluted earnings per share

The calculation of diluted earnings per share has been based on the earnings attributable to ordinary shareholders of USD 6,375 thousand (2013: USD 5,643 thousand) and a weighted average number of ordinary shares outstanding of 5,300 thousand (2013: 5,299 thousand), calculated as shown below.

Weighted average number of ordinary shares

In thousands of shares	***Note***	**2014**	**2013**
Weighted average number of ordinary shares (basic)		5,298	5,296
Effect of Director Share Incentive Scheme	*11*	2	3
Weighted average number of ordinary shares at 31 December		5,300	5,299

11. Share-based payment arrangements

See accounting policies in Note 34(d)(ii).

Directors Share Incentive Scheme

In September 2012, a Directors Share Incentive Scheme was approved whereby 9,000 of the Company's Treasury Shares were to be distributed as part of a three year program. During 2013, 3,000 Shares were issued to the four ReHo directors and to the Company Secretary, 600 Shares each, as the second tranche of the program. During 2014, the remaining 3,000 shares were issued to the four directors and to the Company Secretary, 600 shares each, as the third and final tranche of the program. The Company recognized stock-based compensation expense of USD 60 thousands in 2014 (2013: USD 113 thousand), based on the fair value of the awards.

Singer Asia

In 2005 Singer Asia granted stock options to Singer Asia employees to purchase 60,000 shares of Singer Asia stock. The options were exercisable at 40% of the number of options granted on the second anniversary of the date of grant and 20% of the number of options granted on each successive anniversary of the date of grant so that they were fully exercisable within 5 years from date of grant. During 2008, 10,000 options were forfeited. During 2013, the final remaining unexercised 33,334 stock options were exercised at USD 2,150 thousand.

12. Other employee benefits

See accounting policies in Notes 34(d)(i), (d)(iii), (d)(iv), (d)(v) and (d)(vi).

In thousands of U.S. Dollars	**2014**	**2013**
Net defined benefit asset	-	(34)
Total employee benefit asset	-	(34)

In thousands of U.S. Dollars	**2014**	**2013**
Net defined benefit liability	11,110	10,134
Liability for long service leave	176	135
Gratuity	3,141	3,141
Total employee benefit liability	14,427	13,410

For details on the related employee benefit expenses, see note (b).

The Group makes contributions to non-contributory defined benefit plans that provide benefits for employees upon retirement. Plans vary from location to location. Most plans entitle a retired employee to receive a lump sum payment equal to 10 to 45 days of the final salary for each year of service that the employee provided. Other plans entitle a retired employee to receive an annual payment equal to a percentage of final salary, based on the years of service.

(a) Funding

Some of the plans are fully funded by the Groups' subsidiaries and some are unfunded. The funding requirements for the fully funded plans are based on the pension funds' actuarial measurement framework set out in the funding policies of the plan. For the unfunded plans, the employee benefit liability is recognized as a liability in the subsidiary's balance sheet.

The Group expects to pay USD 735 thousand to its funded plans and USD 4,638 thousand to its unfunded plans in 2015.

12. Other employee benefits (continued)

(b) Movement in net defined benefit (asset) / liability

In thousands of U.S. Dollars	**Defined benefit obligations**		**Fair value of plan assets**		**Net defined benefit liability**	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Balance at 1 January	**11,233**	**10,132**	**(1,133)**	**(1,144)**	**10,100**	**8,988**
Included in profit or loss						
Current service cost	1,015	956	-	-	1,015	956
Past service debit	-	511	-	-	-	511
Interest cost / (income)	836	691	(126)	(116)	710	575
	1,851	2,158	(126)	(116)	1,725	2,042
Included in Other Comprehensive Income						
Remeasurement loss / (gain)						
- Actuarial loss / (gain) arising from:						
- financial assumptions	575	30	(260)	(23)	315	7
- experience adjustment	(416)	-	-	-	(416)	-
- Return on plan assets excluding interest income	-	-	(154)	(12)	(154)	(12)
Effect of movement in exchange rates	55	(470)	(42)	95	13	(375)
	214	(440)	(456)	60	(242)	(380)
Other						
Contribution paid by the employer	-	-	12	(94)	12	(94)
Benefits paid	(897)	(617)	412	161	(485)	(456)
	(897)	(617)	424	67	(473)	(550)
Balance at 31 December	**12,401**	**11,233**	**(1,291)**	**(1,133)**	**11,110**	**10,100**
Represented by:						
Net defined benefit asset					-	(34)
Net defined benefit liability					11,110	10,134
					11,110	10,100

(c) Plan assets

Plan assets comprise:

In thousands of U.S. Dollars	**2014**	**2013**
Cash and cash equivalents	943	10
Government securities	178	972
Others	170	150
	1,291	1,132

12. Other employee benefits (continued)

(c) Plan assets (continued)

The plan assets relate to a pension fund managed in Pakistan. At each reporting date, an Asset-Liability Matching study is performed by the pension fund's asset manager, in which the consequences of the strategic investment policies are analysed. The strategic investment policy of the pension fund can be summarised as follows:

- Total investment in listed securities shall not exceed 30% of the fund;
- Investment in shares or other listed securities of a particular company shall not exceed 5% of its paid up capital;
- In the case of investment in the shares of listed companies, it shall be made only where such companies :
  i. Have a minimum operational record of 5 years; and
  ii. Have paid not less than 15% dividend to their shareholders during the 3 preceding consecutive years.
- In the case of investment in securities other than shares of listed companies, it shall not be made unless such securities have been rated as an investment grade with minimum rating of "BBB" by a credit rating company registered with the Securities and Exchange Commission of Pakistan, and with rating is maintained as such at the time of investment; and
- Investment shall not be made in a security if it is publically known that the issuer of the security has committed default while availing of any financing facility.

(d) Defined benefit obligation

(i) Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2014	**2013**
Discount rate	8.7%	9.8%
Future salary growth	7.7%	7.7%
Future pension growth	8.8%	9.3%

Assumptions regarding future mortality are based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligations at the reporting date were as follows:

	2014	**2013**
Longevity at age 65 for current pensioners		
Male	21	19
Female	24	25
Longevity at age 65 for current members aged 45		
Male	21	21
Female	24	26
Weighted-average duration of the defined benefit obligation at reporting date	26	26

12. Other employee benefits (continued)

(d) Defined benefit obligation (continued)

(ii) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Defined benefit obligation	
	Increase	**Decrease**
Discount rate (1% movement)	(347)	400
Future salary growth (1% movement)	575	(521)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

13. Employee benefit expenses

See accounting policy in Note 34(d).

In thousands of U.S. Dollars	**Note**	**2014**	**2013**
Social security contributions		722	615
Contributions to defined contribution plans		3,361	2,687
Expenses related to post-employment defined benefit plans	*12*	1,725	2,042
Wages and salaries		59,159	61,863
Others		1,467	3,379
		66,434	70,586

14. Income taxes

See accounting policy in Note 34(f).

(a) Amounts recognized in profit or loss

In thousands of U.S. Dollars	**2014**	**2013**
Current tax expense		
Current period	9,390	7,650
Adjustment for prior periods	539	(309)
	9,929	7,341
Deferred tax expense		
Change in previously unrecognized tax losses	(107)	(25)
Change in tax rate	(95)	-
Origination and reversal of temporary differences	(3,918)	(4,254)
Other	27	453
	(4,093)	(3,826)
Total income tax expense	5,836	3,515

14. Income taxes (continued)

(b) Amounts recognized in Other Comprehensive Income

In thousands of U.S. Dollars	**2014** Before tax	Tax (expenses) / benefit	Net of tax	**2013 Restated** Before tax	Tax (expenses) / benefit	Net of tax
Revaluation of property, plant and equipment	8,424	(553)	7,871	-	-	-
Remeasurement of defined benefit liability / (asset)	255	(66)	189	5	(1)	4
	8,679	(619)	8,060	5	(1)	4

(c) Reconciliation of effective tax rate

In thousands of U.S. Dollars	**2014** %	**2014**	**2013** %	**2013**
Profit before tax		24,755		22,865
Weighted average tax using the tax rates in the jurisdictions where the Group operates	24.02%	5,946	27.11%	6,198
Withholding tax on dividends paid	7.08%	1,754	6.36%	1,455
Adjustment for prior periods	2.18%	539	(1.35%)	(309)
Change in tax rate	(0.38)%	(95)	0.00%	-
Change in unrecognized temporary differences and effect of tax expense on loss before tax	(8.24)%	(2,040)	(0.27%)	(62)
Permanent differences	4.19%	1,038	(10.64%)	(2,432)
Changes in valuation allowance	(5.43)%	(1,345)	(7.52)%	(1,720)
Tax on pension scheme reclassified to OCI	(0.27)%	(66)	(0.00)%	(1)
Exchange differences	0.43%	105	1.68%	386
	23.58%	5,836	15.37%	3,515

The weighted average tax rate for the Group is dependent on the prevailing income tax rates in the countries in which the Group operates and the proportion of each of these countries' profit in relation to the Group's total profit.

14. Income taxes (continued)

(d) Movement in deferred tax balances

2014

In thousands of U.S. Dollars	**Net balance at 1 January**	**Recognized in profit or loss**	**Recognized in OCI**	**Effect from movements of exchange rate**	**Balance at 31 December**		
					Net	**Deferred tax assets**	**Deferred tax liabilities**
Employee benefit plans	2,682	287	(66)	(66)	2,837	2,837	-
Finance charges on installment sales	(90)	288	-	(177)	21	21	-
Inventories	964	141	-	(27)	1,078	1,078	-
Property, plant and equipment	(5,762)	(1,747)	(553)	(1,680)	(9,742)	-	(9,742)
Provision	482	84	-	-	566	566	-
Receivables	3,520	915	-	(204)	4,231	4,231	-
Tax loss carried forward	(532)	(464)	-	2	(994)	-	(994)
Others	3,242	4,589	-	(399)	7,432	7,432	-
Tax assets / (liabilities) before set-off	4,506	4,093	(619)	(2,551)	5,429	16,165	(10,736)
Set off of tax						(8,768)	8,768
Net tax assets / (liabilities)						7,397	(1,968)

14. Income taxes (continued)

(d) Movement in deferred tax balances (continued)

2013

					Balance at 31 December		
In thousands of U.S. Dollars	Net balance at 1 January	Recognized in profit or loss	Recognized in OCI	Effect from movements of exchange rate	Net	Deferred tax assets	Deferred tax liabilities
Employee benefit plans	2,433	364	(1)	(114)	2,682	2,682	-
Finance charges on installment sales	(276)	190	-	(4)	(90)	-	(90)
Inventories	869	132	-	(37)	964	964	-
Property, plant and equipment	(6,850)	793	-	295	(5,762)	-	(5,762)
Provision	570	(49)	-	(39)	482	482	-
Receivables	2,870	813	-	(163)	3,520	3,520	-
Tax loss carried forward	1,720	(2,242)	-	(10)	(532)	-	(532)
Others	(681)	3,825	-	98	3,242	3,242	-
Tax assets / (liabilities) before set-off	655	3,826	(1)	26	4,506	10,890	(6,384)
Set off of tax						(5,044)	5,044
Net tax assets / (liabilities)						5,846	(1,340)

14. Income taxes (continued)

(e) Unrecognized deferred tax liabilities

The Group does not provide for deferred taxes on the accumulated, undistributed earnings of subsidiaries and affiliates as the amounts of dividend to be declared are subject to approvals by the Boards of Directors, and in some cases, by shareholders at the Annual General Meeting of these subsidiaries and affiliates. The aggregate amount of the unrecognized deferred tax liabilities in this respect amounted to USD 3,286 thousand as at 31 December 2014 (2013: USD 4,097 thousand).

(f) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

In thousands of U.S. Dollars	**2014**	**2013**
Deductible temporary differences	1,682	3,115

15. Inventories

See accounting policy Note 34(g).

In thousands of U.S. Dollars	**2014**	**2013**
Raw materials and consumables	7,337	6,061
Work in progress	1,148	1,264
Finished goods	76,999	70,815
	85,484	78,140

In 2014, raw materials, consumables and changes in finished goods and work in progress recognized as cost of sales amounted to USD 298,492 thousand (2013: USD 269,199 thousand).

Impairment losses, their reversal and other write-offs are included in cost of sales.

At 31 December 2014, trade receivables with a carrying amount of USD 52 thousand (2013: USD 78 thousand) are collateralized to secure bank loans (see Note 22).

16. Trade and other receivables

See accounting policy Notes 34(j)(i) and (j)(ii).

In thousands of U.S. Dollars	**2014**	**2013**
Trade receivables	269,525	261,327
Others	12,506	10,051
Less: Unearned finance charges	(47,911)	(49,018)
	234,120	222,360
Non-current	83,156	80,950
Current	150,964	141,410
	234,120	222,360

16. Trade and other receivables (continued)

Other receivables (non-current) include unsecured, subordinated promissory notes due from KSIN Holdings, Ltd. received as part of the consideration for the sale in 2004 of the Singer worldwide sewing business and of the ownership of the Singer and related trademarks (the "Notes"). The Notes are guaranteed by SVP Holdings Ltd ("SVP"), the ultimate parent company of the Singer/Viking/Husqvarna and Pfaff international sewing business, and owner of the related trademarks. The interest rate on the Notes is 12.0% each year, payable semi-annually in arrears. A minimum of 7.0% of principal is payable in cash and the balance of up to 5.0% is payable in additional Notes.

Concurrent with a refinancing in 2012, SVP used a portion of the additional liquidity that had been created to make a cash payment to the Company of USD 5,000 thousand in consideration for a reduction in the outstanding principal amount of the Notes by USD 5,882 thousand, representing a 15.0% discount to notional value.

SVP is current in all of its obligations to the Company. For the June and December 2014 and June and December 2013 interest payments, SVP elected to make the minimum cash interest payments and to accrete the balance of the interest due.

Reflecting the subordinated character of the Notes in the highly leveraged SVP capital structure, the Company's management determined, effective 1 July 2014, to recognize in income only the cash interest received from the Notes, and to defer recognition of the income received in the form of additional Notes. The Notes at 31 December 2014 had a fair value of USD 23,841 thousand and a notional value of USD 24,437 thousand, with deferred interest income representing the amount received in the form of additional Notes from 1 July 2014 to 31 December 2014 of USD 596 thousand.

At 31 December 2014, trade receivables with a carrying amount of USD 2,803 thousand (2013: USD 2,551 thousand) are collateralized to secure bank loans (see Note 22).

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 26.

17. Cash and cash equivalents

See accounting policy Note 34(j)(ii).

In thousands of U.S. Dollars	**2014**	**2013**
Bank balances	28,712	21,144
Call deposits	1,438	972
Short term investment	-	9,002
Cash and cash equivalents	30,150	31,118
Bank overdrafts	(19,908)	(20,008)
Cash and cash equivalents in the statement of cash flows	10,242	11,110

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 26.

18. Property, plant and equipment

See accounting policy Notes 34(h),(k)(ii) and (m).

In thousands of U.S. Dollars	**Land and buildings**	**Leasehold improvements**	**Plant and equipment**	**Fixtures and fittings**	**Under Construction**	**Total**
Cost or revalued						
Balance at 1 January 2013	43,737	9,792	22,577	8,747	792	85,645
Additions	75	2,222	2,836	3,016	-	8,149
Disposals	(122)	(473)	(3,585)	(703)	-	(4,883)
Effect of movements in exchange rates	(1,967)	(98)	(1,299)	(305)	-	(3,669)
Balance at 31 December 2013	41,723	11,443	20,529	10,755	792	85,242
Balance at 1 January 2014	41,723	11,443	20,529	10,755	792	85,242
Additions	67	1,569	2,275	1,494	-	5,405
Disposals	(201)	(382)	(892)	(203)	-	(1,678)
Transfers	-	-	-	792	(792)	-
Revaluation of land and buildings	7,903	-	-	-	-	7,903
Effect of movements in exchange rates	678	(112)	31	(28)	-	569
Balance at 31 December 2014	50,170	12,518	21,943	12,810	-	97,441
Depreciation and impairment losses						
Balance at 1 January 2013	30	5,848	14,256	5,016	-	25,150
Depreciation charge for the year	544	1,080	1,363	993	-	3,980
Disposals	-	(470)	(2,247)	(641)	-	(3,358)
Effect of movements in exchange rates	(407)	(191)	(1,055)	(183)	-	(1,836)
Balance at 31 December 2013	167	6,267	12,317	5,185	-	23,936

18. Property, plant and equipment (continued)

In thousands of U.S. Dollars	**Land and buildings**	**Leasehold improvements**	**Plant and equipment**	**Fixtures and fittings**	**Under Construction**	**Total**
Depreciation and impairment losses						
Balance at 1 January 2014	167	6,267	12,317	5,185	-	23,936
Depreciation charge for the year	381	1,224	1,713	1,184	-	4,502
Disposals	-	(336)	(736)	(193)	-	(1,265)
Impairment loss	31	-	-	-	-	31
Revaluation of land and buildings	(521)	-	-	-	-	(521)
Effect of movements in exchange rates	42	10	(1)	(5)	-	46
Balance at 31 December 2014	100	7,165	13,293	6,171	-	26,729
Carrying amounts						
At 1 January 2013	43,707	3,944	8,321	3,731	792	60,495
At 31 December 2013	41,556	5,176	8,212	5,570	792	61,306
At 31 December 2014	50,070	5,353	8,650	6,639	-	70,712

18. Property, plant and equipment (continued)

Measurement of fair values

(a) Fair value hierarchy

The fair value of property was determined by external independent property valuers, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for all of properties has been categorised as Level 3 fair value based on the inputs to the valuation technique used.

(b) Valuation Technique and Significant Unobservable Inputs

The following table shows the valuation technique used in measuring the fair value of property, as well as the significant unobservable inputs used.

Valuation Technique	Significant Unobservable Inputs	Interrelationship between key unobservable inputs and fair value measurements
Contractors Method: The contractor's method works on the basis that a property's value can be equated to its cost. Valuer assesses the cost of the building if it would have constructed in current year, and deduct margin for usage of the property based on their year of construction. Land value is based on the market prices of each land respectively. Value of property is considered as summation of land & building value.	• Market value of land: valuer has used a range of prices for respective lands based on their recently transacted cost • Construction cost per square feet of a building • Depreciation rate for the usage of assets	The estimated fair value would increase / (decrease) if: • Market Value was higher / (lower) • Cost per square feet was higher / (lower) • Depreciation rate for usage lower / (higher)

Land and buildings were revalued as at 31 December 2014 by qualified independent valuers on an open market value for existing use basis. The surplus arising from the revaluation was transferred to the revaluation reserve. As at 31 December 2014, the carrying amounts of land and buildings measured under historical cost was USD 14,454 thousand. (2013: USD 14,015 thousand).

Lease plant and machinery

The Group leases production equipment under a number of finance lease agreements. At 31 December 2014 the net carrying amount of leased plant and machinery was USD 389 thousand (2013: USD 357 thousand).

Security

As at 31 December 2014, properties with a carrying amount of USD 9,788 thousand (2013: USD 4,938 thousand) were collateralized to secure bank loans (see Note 22).

19. Intangible assets and goodwill

See accounting policy Notes 34(i) and (k)(ii).

In thousands of U.S. Dollars	Trademarks and Trading License	Goodwill	Software License	Total
Cost				
Balance at 1 January 2013	3,936	15,031	942	19,909
Acquisitions	-	-	367	367
Effect of movements in exchange rates	(21)	-	(28)	(49)
Balance at 31 December 2013	3,915	15,031	1,281	20,227
Balance at 1 January 2014	3,915	15,031	1,281	20,227
Acquisitions	-	-	209	209
Effect of movements in exchange rates	(3)	-	(4)	(7)
Balance at 31 December 2014	3,912	15,031	1,486	20,429
Impairment losses				
Balance at 1 January, 31 December 2013	-	12,760	-	12,760
Balance at 1 January, 31 December 2014	-	12,760	-	12,760
Amortization				
Balance at 1 January 2013	-	-	414	414
Amortization for the year	-	-	325	325
Effect of movements in exchange rates	-	-	(13)	(13)
Balance at 31 December 2013	-	-	726	726
Balance at 1 January 2014	-	-	726	726
Amortization for the year	-	-	133	133
Balance at 31 December 2014	-	-	859	859
Carrying amounts				
At 1 January 2013	3,936	2,271	528	6,735
At 31 December 2013	3,915	2,271	555	6,741
At 31 December 2014	3,912	2,271	627	6,810

The carrying values of intangible assets are tested for impairment loss annually. The recoverable amounts of intangible assets were based on fair values less costs to sell, and were determined by comparing the closing prices of the shares of the operating companies listed on their respective stock exchanges at the reporting date. The fair value measurement was categorized as a Level 1 fair value based on the inputs in the valuation technique used.

In 2014, management, after review, considers that the trademarks and trading license, which have indefinite useful lives and a value of USD 3,912 thousand (2013: USD 3,915 thousand), are unimpaired.

20. Capital and reserves

See accounting policies in Note 34(j)(iv).

(a) Ordinary shares and preferred shares

In thousands of shares	Ordinary shares		Preferred shares	
	2014	**2013**	**2014**	**2013**
On issue at 1 January	5,297	5,295	-	-
Purchased	-	(1)	-	-
Issued	3	3	-	-
On issue at 31 December	5,300	5,297	-	-

As at 31 December 2014, the authorized capital of the Company comprised USD 210 thousand (2013: USD 210 thousand) divided into (a) 20,000,000 ordinary shares with a par value of USD 0.01 per share (the "Shares") and (b) 1,000,000 preferred shares with a par value of USD 0.01 per share.

Preferred shares can be issued in series. To date, the Company has issued Series A Convertible Preferred Stock, consisting of 40 preferred shares. The Company repurchased the outstanding preferred shares in 2003 and cancelled them in 2006.

To date, the Company has issued 8,976,105 Shares, and has acquired 3,684,723 Shares through purchase and pursuant to the terms of the original share distribution plan (including nil and 1,067 Shares purchased in 2014 and 2013 respectively). All Shares purchased have been cancelled other than the Shares purchased in 2010, 2012 and 2013. Of the Shares remaining, a total of 9,000 shares were granted to Directors in 2012, 2013 and 2014 as part of a Directors Share Incentive Scheme (see Note 11). The residual 41,317 Shares remain as Treasury Shares and are not included as outstanding in the Financial Statements.

All Shares have equal voting rights.

(b) Nature and purpose of reserves

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Revaluation reserve

The revaluation reserve relates to the increase in the carrying amount of land and buildings.

(c) Distributions

The following returns of capital were made to owners.

In thousands of U.S. Dollars	**2014**	**2013**
USD 1.00 per ordinary share (2013: USD 1.00)	5,300	5,297

20. Capital and reserves (continued)

(d) Other Comprehensive Income accumulated in reserves, net of tax

In thousands of U.S. Dollars	**Attributable to owners of the Company**						
	Translation reserve	**Revaluation reserve**	**Legal reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total OCI**
2014							
Remeasurement of defined benefit (liability)/ asset	-	-	-	74	74	115	189
Revaluation of property, plant and equipment	-	3,059	-	-	3,059	4,812	7,871
Foreign operations – foreign currency translation differences	4	(398)	-	-	(394)	(945)	(1,339)
Transfers	-	(129)	(17)	146	-	-	-
Total	4	2,532	(17)	220	2,739	3,982	6,721
2013							
Remeasurement of defined benefit (liability)/ asset	-	-	-	(1)	(1)	5	4
Foreign operations – foreign currency translation differences	(3,607)	(33)	(1)	-	(3,641)	(1,597)	(5,238)
Transfers	-	(108)	96	12	-	-	-
Total	(3,607)	(141)	95	11	(3,642)	(1,592)	(5,234)

21. Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to facilitate development of the business. The Board of Directors monitors the return on capital, which the Group defines as the profit for the reporting period divided by the total equity at the reporting date, as well as the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's return on capital in 2014 was 9.7% (2013: 10.4%). The weighted-average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) in 2014 was 11.3% (2013: 13.1%).

The Group monitors capital using a ratio of adjusted net debt to adjusted equity. For this purpose, adjusted net debt is defined as total interest-bearing loans and borrowings, and obligations under finance leases, excluding bank overdrafts, less cash and cash equivalents.

In thousands of U.S. Dollars	**2014**	**2013**
Total loans, borrowing and obligations under finance lease, excluding bank overdrafts	147,701	140,795
Less: cash and cash equivalents	(10,242)	(11,110)
Net debt	137,459	129,685
Total equity	198,703	189,469
Net debt to adjusted equity ratio	**0.69**	**0.68**

22. Loans and borrowings

See accounting policies in Notes 34(j)(i), (j)(iii) and (m).

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortized cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see Note 26.

In thousands of U.S. Dollars	**2014**	**2013**
Non-current liabilities		
Finance lease liabilities	133	141
Promissory notes	-	1,910
Public deposits	6,083	5,781
Secured bank loans	1,011	2,083
Unsecured bank loans	10,515	-
Unsecured debentures	42,438	54,056
	60,180	63,971
Current liabilities		
Current portion of finance lease liabilities	79	62
Promissory notes	13,332	-
Public deposits	26,854	21,886
Current portion of secured bank loans	2,343	2,031
Current portion of unsecured bank loans	22,091	48,273
Current portion of unsecured debentures	22,822	4,572
	87,521	76,824

Information about the Group's exposure to credit and market risks, and fair value measurement, is included in Note 26(c).

22. Loans and borrowings (continued)

(a) Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

In thousands of U.S. Dollars	Currency	Nominal interest rate	Year of maturity	31 December 2014 Face value	31 December 2014 Carrying amount	31 December 2013 Face value	31 December 2013 Carrying amount
Finance lease liabilities	PKR	14.0	2014-2019	212	212	203	203
Promissory notes	SLR	9.0	2014-2015	13,332	13,332	1,910	1,910
Public deposits	INR	12.0	2014-2015	4	4	4	4
Public deposits	SLR	10.1	2014-2019	32,933	32,933	27,663	27,663
Secured bank loans	PKR	10.9	2014-2019	1,669	1,669	1,502	1,502
Secured bank loans	SLR	9.1	2014-2017	1,685	1,685	2,612	2,612
Unsecured bank loans	SLR	6.7	2014-2017	24,769	24,769	41,720	41,720
Unsecured bank loans	THB	4.5	2014-2017	7,837	7,837	6,553	6,553
Unsecured debentures	SLR	13.1	2014-2018	41,898	41,898	30,588	30,588
Unsecured debentures	THB	5.4	2014-2016	23,362	23,362	28,040	28,040
Total interest-bearing liabilities				147,701	147,701	140,795	140,795

Security

Certain bank loans are secured by plant and equipment and receivables with the following carrying amounts:

In thousands of U.S. Dollars	2014	2013
Property, plant and equipment	9,788	4,938
Inventories	52	78
Receivables	2,803	2,551
	12,643	7,567

(b) Finance lease liabilities

Finance lease liabilities are payable as follows:

In thousands of U.S. Dollars	Future minimum lease payments 2014	Interest 2014	Present value of minimum lease payments 2014	Future minimum lease payments 2013	Interest 2013	Present value of minimum lease payments 2013
Less than one year	98	19	79	78	16	62
Between one and five years	155	22	133	162	21	141
	253	41	212	240	37	203

23. Trade and other payables

See accounting policies in Notes 34(j)(i) and (j)(iii).

In thousands of U.S. Dollars	**2014**	**2013**
Trade payables	29,734	24,098
Non-trade payables and accrued expenses	37,333	33,161
	67,067	57,259

The Group's exposure to currency and liquidity risks related to trade and other payables is disclosed in Note 26.

24. Deferred income

See accounting policies in Note 34(c)(iii).

Deferred income relates mainly to the extended warranty that the Group entities sell to their customers. The income is deferred and recognized as income over the additional warranty period on a straight line basis.

25. Warranty provision

See accounting policies in Note 34(l).

In thousands of U.S. Dollars	**2014**	**2013**
Balance at 1 January	2,249	2,312
Provisions made during the year	3,782	3,871
Provisions used during the year	(3,685)	(3,934)
Balance at 31 December	2,346	2,249
Non-current	438	532
Current	1,908	1,717
	2,346	2,249

The provision for warranty relates mainly to products sold during 2013 and 2014. The provision has been estimated based on historical warranty data associated with similar products.

26. Financial instruments – Fair values and risk management

(a) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2014

	Carrying amount			Fair value	
	Loans and receivables	Other financial liabilities	Total	Level 2	Total
Financial assets not measured at fair value					
Trade and other receivables	234,120	-	234,120		
Cash and cash equivalents	30,150	-	30,150		
	264,270	-	264,270		
Financial liabilities not measured at fair value					
Bank overdrafts	-	19,908	19,908		
Finance lease liabilities	-	212	212	217	217
Promissory notes	-	13,332	13,332	13,332	13,332
Public deposits	-	32,937	32,937	32,937	32,937
Secured bank loans	-	3,354	3,354	3,536	3,536
Trade and other payables *	-	40,238	40,238		
Unsecured bank loans	-	32,606	32,606	32,606	32,606
Unsecured debentures	-	65,260	65,260	65,260	65,260
	-	207,847	207,847		

***** Accrued expenses that are not financial liabilities (USD 26,829 thousand) are not included.

26. Financial instruments – Fair values and risk management (continued)
(a) Accounting classifications and fair values (continued)

31 December 2013

	Carrying amount			Fair value	
	Loans and receivables	Other financial liabilities	Total	Level 2	Total
Financial assets not measured at fair value					
Trade and other receivables	222,360	-	222,360		
Cash and cash equivalents	31,118	-	31,118		
	253,478	-	253,478		
Financial liabilities not measured at fair value					
Bank overdrafts	-	20,008	20,008		
Finance lease liabilities	-	203	203	240	240
Promissory notes	-	1,910	1,910	1,910	1,910
Public deposits	-	27,667	27,667	27,667	27,667
Secured bank loans	-	4,114	4,114	4,289	4,289
Trade and other payables *	-	32,986	32,986		
Unsecured bank loans	-	48,273	48,273	48,528	48,528
Unsecured debentures	-	58,628	58,628	58,628	58,628
	-	193,789	193,789		

***** Accrued expenses that are not financial liabilities (USD 24,273 thousand) are not included.

(b) Measurement of fair values
Valuation techniques and significant unobservable inputs
The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments not measured at fair value:

Type	**Valuation technique**	**Significant unobservable inputs**
Other financial liabilities	Discounted cash flow	Not applicable

26. Financial instruments – Fair values and risk management (continued)

(c) Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk (see (c) (ii))
- liquidity risk (see (c) (iii))
- market risk (see (c) (iv))

(i) Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables.

The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables

The Group's exposure to credit risk relates to sale of products on installment credit / hire purchase which is an integral part of the business of the Group.

The Group's exposure to credit risk on installment credit / hire purchase contracts is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the country in which customers reside, has a lesser influence on credit risk. Geographically there is no concentration of credit risk.

Goods are sold subject to collateral undertakings so that in the event of non-payment, the Group can have a secured claim.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

26. Financial instruments – Fair values and risk management (continued)

(c) Financial risk management (continued)

(ii) Credit risk (continued)

Trade and other receivables (continued)

At 31 December 2014, the maximum exposure to credit risk for receivables by geographic region was as follows.

	Carrying amount	
In thousands of U.S. Dollars	**2014**	**2013**
Asian countries	210,279	199,101
Other countries	23,841	23,259
	234,120	222,360

At 31 December 2014, the maximum exposure to credit risk for receivables by type of counterparty was as follows.

	Carrying amount	
In thousands of U.S. Dollars	**2014**	**2013**
Retail customers	110,908	113,178
Wholesale customers	25,268	14,894
Direct sale customers	60,532	63,708
Others	37,412	30,580
Total	234,120	222,360

Impairment

At 31 December 2014, the aging of receivables that were not impaired was as follows.

In thousands of U.S. Dollars	**2014**	**2013**
Neither past due nor impaired	161,305	104,988
Past due 0-30 days	5,167	11,249
Past due 31-90 days	2,352	14,063
Past due 91-120 days	507	2,111
Past due more than 120 days	7,567	2,943
	176,898	135,354

Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due; the balances relate to customers that have a good track record with the Group.

An analysis of the credit quality of trade and other receivables that are neither past due nor impaired is as follows.

In thousands of U.S. Dollars	**2014**	**2013**
Retail and direct sale customers, and others	158,237	102,375
Wholesale customers with four or more years of trading history with the Group	1,882	1,545
Wholesale customers with less than four years of trading history with the Group	1,186	1,068
	161,305	104,988

26. Financial instruments – Fair values and risk management (continued)

(c) Financial risk management (continued)

(ii) Credit risk (continued)

Impairment (continued)

The movement in the allowance for impairment in respect of receivables during the year was as follows.

In thousands of U.S. Dollars	**Individual impairments**	**Collective impairments**
Balance at 1 January 2013	2,443	9,683
Impairment loss recognized	1,816	6,586
Amounts written off	(726)	(4,996)
Balance at 31 December 2013	3,533	11,273
Impairment loss recognized	2,830	7,953
Amounts written off	(1,411)	(9,078)
Balance at 31 December 2014	4,952	10,148

The Group believes that the unimpaired amounts that are past due are still collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

Cash and cash equivalents

The Group held cash and cash equivalents, net of bank overdrafts, of USD 10,242 thousand at 31 December 2014 (2013: USD 11,110 thousand).

Guarantees

The Group's policy is not to provide financial guarantees to subsidiaries.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

26. Financial instruments – Fair values and risk management (continued)

(c) Financial risk management (continued)

(iii) Liquidity risk (continued)

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

31 December 2014

			Contractual cash flow				
In thousands of U.S. Dollars	**Carrying amount**	**Total**	**2 months or less**	**2-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Bank overdrafts	19,908	19,908	6,536	13,372	-	-	-
Finance lease liabilities	212	253	16	82	66	89	-
Promissory notes	13,332	13,533	11,592	1,941	-	-	-
Public deposits	32,937	37,555	5,076	25,542	4,794	2,078	65
Secured bank loans	3,354	3,601	130	2,304	691	476	-
Trade and other payables	40,238	40,238	11,650	28,588	-	-	-
Unsecured bank loans	32,606	34,670	9,445	13,328	10,105	1,792	-
Unsecured debentures	65,260	77,750	11,986	8,482	33,783	23,499	-
	207,847	227,508	56,431	93,639	49,439	27,934	65

31 December 2013

			Contractual cash flow				
In thousands of U.S. Dollars	**Carrying amount**	**Total**	**2 months or less**	**2-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Bank overdrafts	20,008	20,008	19,274	734	-	-	-
Finance lease liabilities	203	240	13	65	78	84	-
Promissory notes	1,910	2,225	-	-	2,225	-	-
Public deposits	27,667	32,624	2,635	21,162	5,223	3,562	42
Secured bank loans	4,114	4,501	1,173	1,837	1,310	181	-
Trade and other payables	32,986	32,986	11,094	21,892	-	-	-
Unsecured bank loans	48,273	49,433	36,837	11,602	819	175	-
Unsecured debentures	58,628	69,407	125	5,783	26,319	37,180	-
	193,789	211,424	71,151	63,075	35,974	41,182	42

26. Financial instruments – Fair values and risk management (continued)

(c) Financial risk management (continued)

(iv) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Group is exposed to currency risk on purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currency in which these transactions primarily are denominated is U.S. Dollars. The currency risk is limited by the short-term nature of the period between the dates of the purchase and the settlements of the related liability.

Exposure to currency risk

The significant foreign currency during the year for the Group was the U.S. Dollar held at Bangladesh, Pakistan and Sri Lanka, where the functional currencies of the Group entities are the Bangladesh Taka (BDT), Pakistan Rupee (PKR) and Sri Lanka Rupee (SLR), respectively. The Group's exposure to foreign currency risk in terms of notional amounts was as follows:

Net exposure consists of:

In thousands of U.S. Dollars	**2014**			**2013**		
	U.S. Dollar held at			U.S. Dollar held at		
	Bangladesh	Pakistan	Sri Lanka	Bangladesh	Pakistan	Sri Lanka
Secured and unsecured bank loans	-	-	(10,171)	-	-	-
Trade payables	(844)	(1,054)	(539)	(1,076)	(887)	(1,008)
Net statement of financial position exposure	**(844)**	**(1,054)**	**(10,710)**	**(1,076)**	**(887)**	**(1,008)**
Next six months forecast purchase	(600)	-	-	(655)	-	-
Net forecast transaction exposure	**(600)**	**-**	**-**	**(655)**	**-**	**-**
Forward exchange contracts	**-**	**-**	**(712)**	**-**	**-**	**-**
Net exposure	**(1,444)**	**(1,054)**	**(11,422)**	**(1,731)**	**(887)**	**(1,008)**

The following significant exchange rates applied during the year.

U.S. Dollar	**Average rate**		**Reporting date Spot rate**	
	2014	**2013**	**2014**	**2013**
BDT 1	77.61	78.10	77.95	77.76
PKR 1	101.04	101.59	100.97	105.31
SLR 1	130.60	129.12	131.26	130.83

26. Financial instruments – Fair values and risk management (continued)

(c) Financial risk management (continued)

(iv) Market risk (continued)

Sensitivity analysis

A 10 percent strengthening of the U.S. Dollar against the following currencies at 31 December would have increased / (decreased) equity and profit by the amounts shown below. This analysis assumes that other variables, in particular interest rates and purchases of inventory denominated in U.S. Dollars, remain constant. This analysis is performed on the same basis for 2013 and 2014 as indicated below:

In thousands of U.S. Dollars	**Equity**	**Profit**
31 December 2014		
BDT	(61)	(84)
PKR	(69)	(105)
SLR	(1,071)	(1,071)
31 December 2013		
BDT	(78)	(108)
PKR	(59)	(89)
SLR	(101)	(101)

A 10 percent weakening of the U.S. Dollars against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group manages interest rate risk on borrowings by using a combination of fixed and floating interest rates.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to management of the Group is as follows.

In thousands of U.S. Dollars	**2014**	**2013**
Fixed rate instruments		
Financial assets	145,628	138,992
Financial liabilities	(136,579)	(103,561)
	9,049	35,431
Variable rate instruments		
Financial assets	6,577	4,499
Financial liabilities	(33,063)	(25,209)
	(26,486)	(20,710)

Fair value flow sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rate at the reporting date would not affect the consolidated statement of income.

A change of 100 basis points in interest rates would have increased or decreased total equity by USD 90 thousand (2013: USD 354 thousand).

26. Financial instruments – Fair values and risk management (continued)

(c) Financial risk management (continued)

(iv) Market risk (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit by the amounts shown below. This analysis assumes that other variables, in particular foreign currency rates, remain constant.

	Profit		**Equity, net of tax**	
In thousands of U.S. Dollars	**100 bp increase**	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
31 December 2014				
Variable rate instruments	(178)	178	319	(319)
Cash flow sensitivity	(178)	178	319	(319)
31 December 2013				
Variable rate instruments	(207)	207	603	(603)
Cash flow sensitivity	(207)	207	603	(603)

27. List of group entities

See accounting policy in Note 34(a).

Significant group entities	**Country of Country of incorporation**	**Company's Ownership Interest Singer Asia's Ownership Interest**	
		2014	**2013**
Singer Bangladesh Limited	Bangladesh	75.0	75.0
Singer India Limited	India	75.0	75.0
Singer Pakistan Limited	Pakistan	70.3	70.3
Singer (Sri Lanka) PLC	Sri Lanka	86.1	86.1
Singer Thailand PCL	Thailand	40.0	41.1

Brand Trading (Cambodia) Limited was incorporated in May 2014 to engage in retail operations in Cambodia.

Although the Group owns less than half of Singer Thailand PCL and has less than half of its voting power, management has determined that the Group controls this entity. The Group has control over Singer Thailand PCL, on a de facto power basis, because the remaining voting rights in the investee are widely dispersed and there is no indication that all other shareholders exercise their votes collectively.

27. List of group entities (continued)

There are no significant restrictions on the ability of the Group's subsidiaries to transfer funds to the parent except for Singer Bangladesh Limited, where, pursuant to an agreement with the Department of Industries of Bangladesh in 1979 when Singer Bangladesh Limited was incorporated, the Company agreed not to remit from Bangladesh any distributions received from certain shares, representing 20% of the capital stock of the Bangladesh company. The accumulated unremitted distributions on these shares, totaling USD 13,611 thousand at 31 December 2014, are presently held by the Company in Bangladesh and are lent by the Company to Singer Bangladesh Limited at an interest rate of LIBOR plus 3% per annum.

28. Acquisition and disposal of interests in group entities

See accounting policy in Note 34(a).

In January 2013, the Company sold down its interest in STL from 41.1% to 40.0% for a cash consideration of USD 1,845 thousand. The Company's share of STL's assets on the date of disposal was USD 425 thousand.

29. Operating leases

See accounting policy in Note 34(m).

Leases as lessee

The Group leases a number of shop, warehouses and factory facilities under operating leases. The lease periods vary and may contain an option to renew after the end of the lease term. Some lease payments increase at regular intervals to reflect market rentals.

During the year ended 31 December 2014, USD 2,013 thousand was recognized as an expense in the income statement in respect of operating leases (2013: USD 1,848 thousand).

(i) Future minimum lease payments

At 31 December, the future minimum lease payments under non-cancellable lease rentals are payable as follows.

In thousands of U.S. Dollars	**2014**	**2013**
Less than one year	1,748	1,939
Between one and five years	1,267	1,772
	3,015	3,711

(ii) Amounts recognized in profit or loss

In thousands of U.S. Dollars	**2014**	**2013**
Lease expense	2,013	1,848

30. Capital commitments

As at 31 December 2014, the Group was committed to incur capital expenditure of USD 212 thousand to acquire plant and equipment (2013: USD 189 thousand).

31. Contingencies

See accounting policy in Note 34(l).

The Company is subject to a number of environmental and pollution control laws and regulations in some jurisdictions in which it operates and has operated, and may face exposure from actual or potential claims involving such matters. The Company believes that any costs resulting from environmental matters known to it will not have a material adverse impact on the Company's financial position, results of operations or liquidity.

32. Related parties

Transactions with key management personnel

(a) Loan to key management personnel

During 2013, an unsecured loan of US$1,864 thousand was made to an officer to exercise his remaining 28,904 of outstanding stock options in Singer Asia Limited, subsequently converted to shares in Sewko Holdings Limited. The loan is repayable at the earlier of his resignation, termination of employment for cause or at the fifth anniversary of the grant of the loan (extendable in certain circumstances up to a maximum of seven years). Any dividends on the shares received from the exercise of these options must be used to repay the loan. The loan would be forgiven (to the extent still outstanding) in three equal installments following closing of a transaction (as defined).

At 31 December 2014, the balance outstanding was USD 1,644 thousand (2013: 1,864 thousand) and is included in "trade and other receivables" (see Note 16).

(b) Key management personnel compensation

In addition to their salaries, the Group also provides other benefits to directors and executive officers. Key management compensation comprised:

In thousands of U.S. Dollars	**2014**	**2013**
Short-term employee salaries and benefits	2,410	2,375
Other long-term benefits	68	56
	2,478	2,431

Key management personnel and directors of the company hold 17.0% of the voting shares of the Company.

33. Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies set out in Note 34 to all periods presented in these consolidated financial statements.

The Group has adopted the following amendments to standards and new interpretation with a date of initial application of 1 January 2014.

Recoverable Amounts Disclosures for Non-Financial Assets (Amendments to IAS 36)

As a result of the amendments to IAS 36, the Group has expanded its disclosures of recoverable amounts when they are based on fair value less costs of disposals and recognised an impairment (see Note 19).

34. Significant accounting policies

Except for the changes explained in Note 33, The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

Certain comparative amounts in the statement of profit or loss and OCI have been reclassified or re-presented, either as a result of a change in the accounting policy regarding the presentation of items of OCI (see Note 33).

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow.

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see (a)(iii)). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see (k)(ii)). Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognized in the consolidated financial statements at the carrying amounts recognized previously in the entities' financial statements. The components of equity of the acquired entities are added to the same components within Group equity. Any difference between the cash paid for the acquisition and net assets acquired is recognized in equity.

(ii) Non-controlling interests ("NCI")

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

34. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) ***Subsidiaries***

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Transactions that result in changes in ownership interests while retaining control are accounted for as transactions with owners in their capacity as owners. Any gain or loss on such changes is recognized in equity.

(iv) ***Loss of control***

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) ***Transactions eliminated on consolidation***

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) ***Foreign currency transactions***

Transactions in foreign currencies are translated to the respective functional currencies of Group companies at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognized in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(ii) ***Foreign operations***

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to U.S. Dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to U.S. Dollars at the average monthly exchange rate in the month of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary, but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

34. Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) ***Foreign operations (continued)***

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, then foreign currency differences arising from such item form part of the net investment in the foreign operation. Accordingly, such differences are recognized in OCI and accumulated in the translation reserve.

(c) Revenue

(i) ***Sale of goods***

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

(ii) ***Finance charges***

Finance charges on installment sales are recognized using the effective interest method.

(iii) ***Services***

Revenue from rendering of services is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed with reference to surveys of work performed.

(iv) ***Commissions***

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the net amount of commission made by the Group.

(v) ***Royalty and license income***

Royalty and license fees paid by third parties and affiliates for the right to use the SINGER name for certain products, services and locations in selected markets are included in revenue.

(d) Employee benefits

(i) ***Short-term employee benefits***

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) ***Share-based payment transactions***

The grant-date fair value of options granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the options. The amount recognized as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are met, such that the amount ultimately recognized is based on the number of options that meet the related service and non-market performance conditions at the vesting date.

(iii) ***Defined contribution plans***

Obligations for contributions to defined contribution pension plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

34. Significant accounting policies (continued)

(d) Employee benefits (continued)

(iv) ***Defined benefit plans***

The Group's 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 the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to 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. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group determines the net interest expense /(income) on the net defined benefit liability / (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability / (asset), taking into account any changes in the net defined benefit liability / (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(v) ***Other long-term employee benefits***

The Group's net obligation in respect of long-term employee benefits is 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. Remeasurements are recognized in profit or loss in the period in which they arise.

(vi) ***Termination benefits***

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled within 12 months of the end of the reporting period, then they are discounted.

(e) Finance income and finance costs

The Group's finance income and finance costs include:

- Interest income;
- Interest expense;
- dividend income;
- the foreign currency gain or loss on financial assets and financial liabilities

Interest income or expense is recognized using the effective interest method.

34. Significant accounting policies (continued)

(f) Income tax

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

(i) ***Current tax***

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

(ii) ***Deferred tax***

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:

- temporary differences on 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;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credit and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. 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.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value.

The cost of inventory is based on the weighted average principle.

Cost includes expenditure incurred in acquiring the inventories, production or conversion 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.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated costs necessary to make the sale.

34. Significant accounting policies (continued)

(h) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses except for land and buildings which are measured at fair value. Revaluations are made with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair values at the reporting date.

When an asset is revalued, any increase in the carrying amount is credited directly to a revaluation reserve within equity unless it reverses a previous impairment relating to the same asset, which was recognized as an expense at the time. In these circumstances, the increase is recognized as income to the extent of the previous write down. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized as an expense unless it reverses a previous surplus relating to that asset, in which case it is charged against any related revaluation reserve, to the extent that the decrease does not exceed the amount held in the revaluation reserve in respect of that same asset. Any balance remaining in the revaluation reserve in respect of an asset, is transferred directly to retained earnings on retirement or disposal of the asset.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- The cost of materials and direct labour;
- Any other costs directly attributable to bringing the assets to a working condition for their intended use;
- When the Group has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- Capitalized borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

If significant 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.

Any gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

34. Significant accounting policies (continued)

(h) Property, plant and equipment (continued)

(iii) ***Depreciation***

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognized in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Buildings and leasehold improvements	10 - 50 years
Plant and equipment	2 - 20 years
Fixtures and fittings	2 - 10 years

(i) Intangible assets

(i) ***Goodwill***

Goodwill that arises upon the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see note 34(a)(i).

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

(ii) ***Trademarks and trading license***

The useful lives of the trademarks and trading license are determined after considering the specific facts and circumstances related to each trademark and license. Factors that are taken into account when determining useful lives include the contractual term of any agreement related to the trademark and the license, its historical level of acceptance and performance, the Company's long-term strategy for using the trademark and the license, any laws or other local regulations which could impact its useful life, and other economic factors, including competition and specific market conditions.

Trademarks and trading license which have indefinite useful lives are measured at cost less accumulated impairment losses.

(iii) ***Other intangible assets***

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(iv) ***Subsequent expenditure***

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

34. Significant accounting policies (continued)

(i) Intangible assets and goodwill (continued)

(v) Amortization

Except for goodwill and trademark, intangible assets are amortized on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follow:

- Software 10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Financial instruments

The Group classifies non-derivative financial assets into following categories: receivables and cash and cash and equivalents.

(i) ***Non-derivative financial assets and financial liabilities – recognition and derecognition***

The Group initially recognizes loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred assets. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(ii) ***Non-derivative financial assets - measurement***

Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

34. Significant accounting policies (continued)

(j) Financial instruments (continued)

(iii) Non-derivative financial liabilities - measurement

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

(iv) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

(k) Impairment

(i) Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

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

Financial assets measured at amortized cost

The Group considers evidence of impairment of receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

At each reporting date, the Group reviews carrying amounts of its non-financial assets, other than inventories and deferred tax assets, 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 or that are not yet available for use, the recoverable amount is estimated each year at the same time.

For impairment testing, assets 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", or "CGU"). Goodwill arising from a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

34. Significant accounting policies (continued)

(k) Impairment (continued)

(ii) Non-financial assets (continued)

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. For other assets, 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.

(l) Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Warranties

A provision for warranties is recognized when the underlying products are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

(m) Leases

(i) Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the Group's incremental borrowing rate.

(ii) **Leased assets**

Assets held by the Group under leases that transfer to the Group substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognized in the Group's consolidated statement of financial position.

(iii) **Lease payments**

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payment made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

35. New standard and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, however, the Group has not applied the following new or amended standards in preparing these consolidated financial statements.

New or amended standards	**Summary of the requirements**	**Possible impact on consolidated financial statements**
IFRS 9 *Financial Instruments*	IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.
IFRS 15 *Revenue from Contracts with Customers*	IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.	The Group is assessing the potential impact on its combined financial statements resulting from the application of IFRS 15.

The following new or amended standards are not expected to have a significant impact of the Group's consolidated financial statements.

- Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38).
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19).
- Annual Improvements to IFRSs 2010–2012 Cycle.
- Annual Improvements to IFRSs 2011–2013 Cycle.