

SUMMARY SEMI-ANNUAL REPORT

Retail Holdings N.V.

**For the Semi-Annual Period Ended
June 30, 2015**

ABOUT RETAIL HOLDINGS

Retail Holdings N.V. (“ReHo”, together with its subsidiaries, the “Group” or the “Company”) is a holding company with three principal assets: 1) a 54.10 % equity interest in Sewko Holdings Limited (“Sewko”), the parent company of Singer Asia Limited; (“Singer Asia”); 2) seller notes, arising from the sale of the Singer worldwide sewing business and trademark in 2004; and 3) cash and cash equivalents. The Company is a Curacao public company, which is the successor company to the Singer Company N.V. and its predecessor companies. Price quotations for the ReHo Shares are available on the “Pink Sheets” quotation service under the symbol “RHDGF”. The Shares’ CUSIP number is N74108106.

Sewko/Singer Asia is a distributor of consumer durable products in Bangladesh, Cambodia, India, Pakistan, and Sri Lanka, with consumer credit and other financial services available to qualified customers. The Company has no operating activities other than those carried out through Sewko/Singer Asia.

Additional financial and other information about the Company, including: a copy of the Company’s audited consolidated financial statements for the twelve months ended December 31, 2014, and all prior financial statements since September 2000, together with the Auditor’s Reports thereon; the 2014 Annual Report dated March 2015, and all prior Disclosure Statements and Reports since September 2000; and copies of all semi-annual and quarterly reports and press releases since September 2000; may be found at the Corporate/Investor section of the Company’s website at www.retailholdings.com. Investor relations requests may be addressed to Ms. Amy Pappas, Company Secretary, at the NV Adminservice Corporation office (indicated below); email apappas@retailholdings.com.

The Company prepares its consolidated financial statements in U.S. dollars, in accordance with International Financial Reporting Standards (“IFRS”).

All information in this Summary Semi-Annual Report is presented as of June 30, 2015, unless otherwise indicated.

On June 5, 2015, the Company sold all of its interest in Singer Thailand Public Company Limited, an operation previously included in the Company’s Consolidated Financial Statements. (See Note 2 to the Financial Statements.)

The ReHo registered office is located at Kaya W.F.G. (Jombi) Mensing 36, Willemstad, Curaçao, and its telephone number is 599-9732-2555. Certain administrative matters are handled in the United States by ReHo’s subsidiary, NV Adminservice Corporation, located at 118 North Bedford Road, Mt. Kisco, New York, 10549, telephone number 914-241-3404. ReHo’s share transfer agent is Computershare Shareowner Services LLC at P.O. Box 30170, College Station, Texas, 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.

CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-LOOKING STATEMENTS

Certain statements made herein with respect to the Company'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. 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. These 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 such 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 Semi-Annual Report is accurate as of any date other than the date for which the information is presented. You should not rely on any obligation by the Company to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The Company disclaims any such obligation. Risks and uncertainties that might affect the Company include, but are not limited to: general economic conditions, particularly in Asia, including levels of consumer spending; the payment of periodic interest and of principal at maturity on the unsecured, subordinated promissory notes issued to ReHo by a subsidiary of KSIN Holdings Ltd., now known as SVP Holdings Ltd., (the "SVP Notes"); recovery of amounts due from debtors; exchange rates, particularly between the U.S. dollar and the currencies in which Sewko/Singer Asia makes significant sales or in which its assets and liabilities are denominated; Sewko/Singer Asia's ability to continue to win acceptance of its products and services, which are offered in highly competitive markets; political developments and possible natural catastrophes in the Company's countries of operation; continuing relationships with financial institutions, suppliers and other creditors; and the outcome of contingencies.

Important information regarding risks and uncertainties is set forth in the Company's 2014 Summary Annual Report.

The information included in this Summary Semi-Annual Report does not purport to be inclusive of all of the information that might be included in a Form 10Q quarterly report. It only contains summary information that, in the opinion of management, is most relevant for understanding the Company's financial results during the first six months of 2015.

As described in greater detail in the Company's 2014 Summary Annual Report, it is the Company's intention not to provide regular quarterly reports including the information that might be included in a Form 10-Q quarterly report. The Company expects to issue only a Summary Annual Report, including audited 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.

RETAIL HOLDINGS N.V.

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PART I

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION JUNE 30, 2015 (Unaudited) AND DECEMBER 31, 2014

In thousands of US Dollars

	Notes	June 30, 2015 (see Note 2)	December 31, 2014
ASSETS:			
Property, plant and equipment		56,606	70,712
Intangible assets and goodwill		6,757	6,810
Trade and other receivables due in excess of one year	9	57,579	83,156
Equity Accounted Investee		1,047	-
Deferred tax assets		979	7,397
Other non-current assets		14,200	10,690
Total non-current assets		137,168	178,765
Inventories		81,176	85,484
Trade and other receivables		111,805	150,964
Cash and cash equivalents		67,784	30,150
Other current assets		18,117	19,556
Total current assets		278,882	286,154
Total assets		416,050	464,919
EQUITY			
Share capital	10	53	53
Share premium		42,816	41,961
Reserves		(6,813)	(3,821)
Retained earnings		57,128	50,687
Equity attributable to owners of the Company		93,184	88,880
Non-controlling interest		90,378	109,823
Total equity		183,562	198,703
LIABILITIES			
Loans and borrowings over one year	11	71,489	60,180
Employee benefits		5,930	14,427
Deferred income over one year		543	553
Warranty provision over one year		482	438
Deferred tax liabilities		2,017	1,968
Other non-current liabilities		8,080	7,302
Total non-current liabilities		88,541	84,868
Bank overdrafts		23,589	19,908
Current tax liabilities		4,116	2,476
Loans and borrowings	11	53,488	87,521
Trade and other payables		58,807	67,067
Deferred income		2,372	2,468
Warranty provision		1,575	1,908
Total current liabilities		143,947	181,348
Total liabilities		232,488	266,216
Total equity and liabilities		416,050	464,919

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014 (Unaudited)**

In thousands of US Dollars except per Share data

	Notes	June 30, 2015	June 30, 2014 (see Note 2)
Continuing operations			
Revenue		206,223	180,359
Cost of sales		142,371	121,985
Gross profit		63,852	58,374
Other income		1,434	1,431
Selling and administrative expenses		(46,433)	(42,264)
Other expenses		(2,062)	(1,803)
Results from operating activities		16,791	15,738
Impairment loss	9	(10,889)	-
Finance income		404	2,202
Finance costs		(7,697)	(8,321)
Net finance costs		(7,292)	(6,119)
(Loss) / profit before income taxes		(1,391)	9,619
Income tax expense	8	(4,001)	(4,405)
(Loss) / profit from continuing operations		(5,392)	5,214
Discontinued operations			
Profit from discontinued operation, net of tax	2	29,600	6,240
Profit for the period		24,208	11,454
Attributable to:			
Owners of the Company		5,974	3,854
Non-controlling interests		18,234	7,600
Profit for the period		24,208	11,454
Earnings per share (U.S. Dollars)		1.13	0.73
(Loss) / earnings per share – continuing operations (U.S. Dollars)		(1.71)	0.47

RETAIL HOLDINGS N.V. AND SUBSIDIARIES**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014 (Unaudited)***In thousands of US Dollars*

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Profit for the period	24,208	11,454
Other comprehensive income		
Items that will never be reclassified to profit or loss		
Foreign currency translation differences for foreign operations	(2,893)	1,349
Other comprehensive income for the period, net of income tax	(2,893)	1,349
Total comprehensive income for the period	21,315	12,803
Total comprehensive income attributable to:		
Owners of the Company	4,841	4,416
Non-controlling interests	16,474	8,387
	21,315	12,803

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED June 30, 2015 (Unaudited)**

In thousands of US Dollars

	Attributable to equity holders of ReHo							Non- controlling interest	Total equity
	Share capital	Share premium	Translation reserve	Revaluation reserve	Investment fund reserve	Retained earnings	Total		
Balance at January 1, 2015	53	41,961	(18,213)	14,148	244	50,687	88,880	109,823	198,703
Total comprehensive income for the period									
Profit	-	-	-	-	-	5,974	5,974	18,234	24,208
Other comprehensive income	-	-	(1,139)	(107)	(354)	467	(1,133)	(1,760)	(2,893)
Total comprehensive income for the period	-	-	(1,139)	(107)	(354)	6,441	4,841	16,474	21,315
Transactions with owners of the Company									
Contributions and dividends									
Dividends to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(3,809)	(3,809)
Unclaimed dividends	-	855	-	-	-	-	855	-	855
Total contributions and dividends	-	855	-	-	-	-	855	(3,809)	(2,954)
Changes in ownership interests									
Divestment of interests in subsidiaries	-	-	-	(1,392)	-	-	(1,392)	(32,110)	(33,502)
Total change in ownership interests	-	-	-	(1,392)	-	-	(1,392)	(32,110)	(33,502)
Total transactions with owners of the Company	-	855	-	(1,392)	-	-	(537)	(35,919)	(36,456)
Balance at June 30, 2015	53	42,816	(19,352)	12,649	(110)	57,128	93,184	90,378	183,562

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED June 30, 2014 (Unaudited)**

In thousands of US Dollars

	Attributable to equity holders of ReHo						Non- controlling interest	Total equity	
	Share capital	Share premium	Translation reserve	Revaluation reserve	Investment fund reserve	Retained earnings			Total
Balance at January 1, 2014	53	47,152	(18,217)	11,616	261	44,092	84,957	104,512	189,469
Total comprehensive income for the period									
Profit	-	-	-	-	-	3,854	3,854	7,600	11,454
Other comprehensive income	-	-	536	(41)	(17)	84	562	787	1,349
Total comprehensive income for the period	-	-	536	(41)	(17)	3,938	4,416	8,387	12,803
Transactions with owners of the Company									
Contributions and dividends									
Dividends to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(6,506)	(6,506)
Total contributions and dividends	-	-	-	-	-	-	-	(6,506)	(6,506)
Total transactions with owners of the Company	-	-	-	-	-	-	-	(6,506)	(6,506)
Balance at June 30, 2014	53	47,152	(17,681)	11,575	244	48,030	89,373	106,393	195,766

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014 (Unaudited)**

In thousands of US Dollars

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Cash flows from operating activities		
Profit for the period	24,208	11,454
Adjustments for:		
Depreciation	2,390	2,237
Amortization of intangible assets	64	47
Impairment loss	10,889	-
Loss / (gain) from sale of property, plant and equipment	(10)	11
Gain from sale of investment	(26,611)	-
Net finance costs	7,957	7,036
Income tax expense	4,001	4,405
	22,888	25,190
Changes in:		
- Inventories	3,287	(9,793)
- Trade receivables	51,241	(11,854)
- Other current assets	1,237	(6,782)
- Trade and other payables	(44,792)	2,664
- Provision and employee benefits	(8,497)	299
- Deferred income	(106)	159
Cash from / (used in) operating activities	25,258	(117)
Interest paid	(7,555)	(8,676)
Income tax paid	(1,758)	(4,055)
Net cash from / (used in) operating activities	15,945	(12,848)
Cash flows from investing activities		
Interest received	425	2,220
Proceeds from sale of property, plant and equipment	157	60
Proceeds from sale of investment	43,362	-
Acquisition of property, plant and equipment	(990)	(2,119)
Net cash generated from investing activities	42,954	161
Cash flows from financing activities		
Proceeds from borrowings	44,288	17,717
Repayment of borrowings	(64,600)	(6,195)
Dividends to non-controlling interests	(3,809)	(6,506)
Unclaimed dividend	855	-
Net cash from/ (used in) financing activities	(23,266)	5,016
Net increase / (decrease) in cash and cash equivalents	35,633	(7,671)
Cash and cash equivalents at January 1	10,242	11,110
Effect of exchange rate fluctuations on cash held	(1,680)	1,832
Cash and cash equivalents at June 30	44,195	5,271

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Reporting entity

Retail Holdings N.V. (“ReHo”) is a company domiciled in Curaçao (formerly part of the Netherlands Antilles), incorporated in December 1999. The address of ReHo’s registered office is Kaya W.F.G. (Jombi) Mensing 36, Willemstad, Curaçao. These condensed, consolidated, interim financial statements, as at and for the six months ended June 30, 2015, comprise ReHo and its subsidiaries (together referred to as the “Group” or the “Company”).

2. Discontinued operations

On June 5, 2015, the Company sold on the open market all of its equity interest in Singer Thailand Public Company Limited (“STL”), amounting to 40.0% of STL’s issued share capital. The condensed, consolidated, interim financial statements for the six months ended June 30, 2015 include the results of operation of STL until May 31, 2015, the month end closest to the sale date.

The consideration received from the sale was USD 43,362 thousand in cash. The carrying amount of STL’s net assets in the consolidated financial statements on May 31, 2015 was USD 20,129 thousand. Accordingly, the Group recognized a gain of USD 23,233 thousand from the sale. Due to adjustments for foreign currency translation differences for foreign operations, the consolidated statement of income reflects an additional gain of USD 3,378 thousand, resulting in a total gain from sale of investment of USD 26,611 thousand. The consolidated statement of comprehensive income reflects an offsetting loss of USD 3,378 thousand.

STL was not previously classified as held-for-sale or as a discontinued operation. Reflecting the sale, STL has been reclassified as a discontinued operation shown separately from continuing operations for the period ended June 30, 2015 and June 30, 2014.

A Results of discontinued operation

<i>In thousands of US Dollars</i>	June 30, 2015 (5 months)	June 30, 2014 (6 months)
Revenue	45,421	54,704
Expenses	(42,432)	(48,464)
Profit before tax	2,989	6,240
Income tax	-	-
Profit after tax	2,989	6,240
Gain on sale of discontinued operation	26,611	-
Profit for the period	29,600	6,240

Of the total profit from discontinued operation of USD 29,600 thousand (2014: USD 6,240 thousand), USD 15,043 thousand (2014: USD 1,350 thousand) is attributable to owners of the Company. Of the loss from continuing operations of USD 5,393 thousand (2014: profit of USD 5,214 thousand), a loss of USD 9,069 thousand (2014: profit of USD 2,504 thousand) is attributable to the owners of the Company.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Discontinued operations (continued)

B Cash flows from / (used in) discontinued operation

<i>In thousands of US Dollars</i>	June 30, 2015	June 30, 2014
Net cash (used in)/ from operating activities	(1,031)	117
Net cash from financing activities	36,484	-
Net cash flow for the period	<u>35,453</u>	<u>117</u>

C Effect of disposal on the financial position of the Group

<i>In thousands of US Dollars</i>	2015
Property, plant and equipment	(11,702)
Inventories	(9,365)
Trade and other receivables	(65,009)
Cash and cash equivalents	(6,878)
Other assets	(12,822)
Trade and other payables	13,985
Loans and borrowings	31,019
Other liabilities	10,450
Minority interest	30,193
Net value of (assets) / liabilities disposed	<u>(20,129)</u>
Consideration received	43,362
Cash and cash equivalents disposed of	<u>(6,878)</u>
Net cash inflow	<u><u>36,484</u></u>

3. Statement of compliance

These condensed, consolidated, interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting issued by the International Accounting Standards Board (the “IASB”). They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited, consolidated financial statements of the Company as at and for the year ended December 31, 2014 (the “2014 Statements”). The 2014 Statements may be found at the Corporate/Investor section of the Company’s website at www.retailholdings.com.

These condensed, consolidated, interim financial statements were approved by the ReHo Board of Directors on August 13, 2015.

Results for the six month period ended June 30, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Significant accounting policies

The accounting policies applied by the Company in these condensed, consolidated, interim financial statements are consistent with those applied by the Company in the 2014 Statements and as described therein.

5. Estimates

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed, consolidated, interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those in the 2014 Statements and as described therein.

6. Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the 2014 Statements and as described therein.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. Operating segments

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

For the six months ended June 30, 2015 and as at June 30, 2015

<i>In thousands of U.S. Dollars</i>	Bangladesh	Cambodia	India	Pakistan	Sri Lanka	Thailand	Unallocated Amounts	Inter- segment Elimination	Total
External revenue	38,598	357	22,776	9,356	134,984	45,421	152	-	251,644
Inter-segment revenue	-	-	501	-	-	-	-	(501)	-
Depreciation and amortization	488	16	56	293	1,288	243	6	-	2,390
Impairment loss on SVP Notes (see Note 2)	-	-	-	-	-	-	10,889	-	10,889
Impairment losses on accounts receivable	328	-	35	301	1,093	2,120	-	-	3,877
Impairment losses / (credit) on inventory	66	-	(1)	(100)	895	(144)	-	-	716
Profit / (loss) from operating activities	2,080	(264)	715	85	15,140	3,653	25,647	-	47,056
Interest income	6	1	41	9	314	21	(231)	252	413
Interest expenses	631	-	6	849	6,234	685	-	(252)	8,153
Income tax charge / (credit)	497	(49)	254	(243)	3,205	-	337	-	4,001
Profit / (loss) before tax	1,459	(264)	753	(761)	9,175	2,989	22,476	(7,619)	28,208
Capital expenditure	166	148	-	10	577	-	89	-	990
Total assets	55,436	1,475	13,463	26,412	243,399	-	139,068	(63,204)	416,049
Total liabilities	36,254	1,817	6,128	19,788	181,873	-	3,425	(16,797)	232,488
Net assets	19,182	(342)	7,335	6,624	61,526	-	135,643	(46,407)	183,561

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. Operating segments (continued)

For the six months ended June 30, 2014 and as at June 30, 2014

<i>In thousands of U.S. Dollars</i>	Bangladesh	India	Pakistan	Sri Lanka	Thailand	Unallocated Amounts	Inter-segment Elimination	Total
External revenue	41,775	21,003	10,267	107,030	54,704	284	-	235,063
Inter-segment revenue	-	505	-	-	-	-	(505)	-
Depreciation and amortization	412	53	190	1,284	296	2	-	2,237
Impairment losses on accounts receivable	198	16	104	1,481	2,449	-	-	4,248
Impairment losses / (credit) on inventory	34	-	4	200	(220)	-	-	18
Profit / (loss) from operating activities	2,630	669	549	12,495	7,157	(605)	-	22,895
Interest income	433	24	20	329	18	1,226	170	2,220
Interest expenses	361	6	962	7,257	935	-	(170)	9,351
Income tax charge / (credit)	804	224	(116)	2,815	-	678	-	4,405
Profit / (loss) before tax	2,713	684	(360)	5,513	6,240	10,653	(9,584)	15,859
Capital expenditure	445	-	71	1,178	308	117	-	2,119
Total assets	65,050	12,624	26,827	212,645	108,538	119,677	(77,666)	467,695
Total liabilities	34,745	5,766	21,184	158,376	58,394	4,206	(10,742)	271,929
Net assets	30,305	6,858	5,643	54,269	50,144	115,471	(66,924)	195,766

There is no material change in the operating segments' total assets as compared to the amounts disclosed in the 2014 Statements.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. **Income tax expense**

Income tax expense is recognized based on management's best estimate of the weighted average income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The Company's consolidated effective tax rate in respect of the six months ended June 30, 2015 was 10.2 percent (six months ended June 30, 2014: 27.8 percent).

9. **Trade and other receivables due in excess of one year**

Other receivables (non-current) include unsecured, subordinated promissory notes received by ReHo as part of the consideration for the sale in 2004 of the Singer worldwide sewing business and the ownership of the Singer and related trademarks (the "SVP Notes"); the SVP Notes are guaranteed by SVP Holdings Limited ("SVP"). The interest rate on the SVP 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 SVP Notes. Reflecting the subordinated character of the SVP Notes in the highly leveraged SVP capital structure, the Company's management determined, effective July 1, 2014, to recognize as income only the cash received from the SVP Notes, and to defer recognition of the income received in the form of additional SVP Notes.

At June 30, 2015, SVP did not make the minimum cash interest payment of USD 855 thousand then due to ReHo pursuant to the terms of the SVP Notes. SVP was operating under a forbearance agreement with its senior lenders as a result of an earlier breach of certain financial covenants. The agreement, among other things, restricted SVP from making any cash interest payments on its subordinated debt, including the payment due to ReHo.

Negotiations are ongoing between SVP and its senior and mezzanine lenders, and between SVP and ReHo. While no assurance can be given, management believes that during the second half of 2015 the terms of the SVP Notes will be amended or a forbearance agreement entered into. Management believes that the likely terms of any amendment or forbearance agreement will negatively impact the estimated future cash flow of the SVP Notes and, consequently, the SVP Notes are impaired.

It is extremely difficult at this time to reliably measure the extent of the impairment loss. The extent of the loss will depend on SVP's future performance which will reflect, in turn, economic developments particularly in Europe, SVP's success in restructuring its business, the attitudes of SVP's senior and mezzanine lenders, and other uncertainties and contingencies. In the absence of more concrete determinants, management has elected to fix the fair value of the SVP Notes at June 30, 2015, subject to review and possible future adjustment at yearend 2015, at one half (50%) of the SVP Notes nominal value of USD 25,903 thousand. The fair value of the SVP Notes has been fixed at USD 12,951 thousand (2014: USD 23,841 thousand), requiring an impairment charge of USD 10,889 thousand.

10. **Share capital**

Issuance and repurchase of ordinary shares

During the six months ended June 30, 2015, no ordinary shares were issued and none were repurchased.

As at June 30, 2015, 5,291,443 shares are issued and outstanding.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. Loans and borrowings

<i>In thousands of U.S. Dollars</i>	Currency	Interest rate nominal	Face value	Carrying amount	Year of maturity
Balance at January 1, 2015				147,701	
New Issues					
Secured bank loans	SLR	7.5%	960	960	2016
Unsecured bank loans	SLR	7.3%	15,084	15,084	-
Unsecured debentures	SLR	7.5-10.0%	33,600	33,600	2018-2020
Finance Leases	PKR	14.0%	140	140	-
Repayments / De-recognition					
Secured bank loans	PKR	10.9%	310	310	2015-2019
Secured bank loans	SLR	9.1%	62	62	2015-2017
Unsecured bank loan	SLR	6.7%	12,311	12,311	-
Unsecured bank loan	THB	4.5%	7,837	7,837	2015-2017
Unsecured debentures	SLR	13.1%	8,318	8,318	2015-2018
Unsecured debentures	THB	5.4%	23,362	23,362	2015-2016
Promissory Notes	SLR	9.0%	13,332	13,332	2015
Public deposits	SLR	10.1%	6,974	6,974	2015-2019
Finance Leases	SLR	-	2	2	-
Balance at June 30, 2015				<u>124,977</u>	

PART II

Management Summary Discussion and Analysis

The following summary discussion and analysis should be read in conjunction with the unaudited, consolidated, interim financial statements of the Company for the six months ended June 30, 2015 and 2014, and the audited, consolidated financial statements of the Company for the twelve months ended December 31, 2014.

Results of Operations

The Company's financial results for the six months ended June 30, 2015 were impacted significantly by the sale on June 5, 2015, on the stock exchange of Thailand, of all of the Company's equity interest in Singer Thailand Public Company Limited, amounting to 40% of that company's issued share capital. Reflecting the sale, Singer Thailand has been reclassified as a discontinued operation shown separately from continuing operations both for the first five months of 2015 and the first six months of 2014. A substantial gain was also recognized as a consequence of the sale (See Note 2 to the Financial Statements). The Company's financial results were also impacted by management's decision to recognize an impairment loss with respect to the SVP Notes (See Note 9 to the Financial Statements).

Six months ended June 30, 2015 and June 30, 2014

For the six months ended June 30, 2015, consolidated revenue from continuing operations was \$206.2 million. This compares to consolidated revenue from continuing operations of \$180.4 million for the same period in 2014, an increase, as measured in U.S. dollars, of 14.3%. The increase reflects the very strong revenue growth at Singer Sri Lanka, and, to a lesser extent, at Singer India, offset, in part, by revenue declines at Singer Bangladesh and Singer Pakistan.

Measured in local currency, revenue at Singer Sri Lanka grew 28.5% during the first half of 2015, as compared with the same period prior year. Revenue measured in local currency declined 7.4% at Singer Bangladesh. Revenue at the Company's operations in Cambodia, which commenced business in the second half of 2014, was relatively small for the six months ended June 30, 2015. The relatively weak performance at Singer Bangladesh and also at Singer Pakistan largely reflects continuing local political uncertainties and turmoil in each of these markets.

The Company's revenue from continuing operations for the first six months of 2015 includes \$17.2 million of finance earnings on consumer credit sales, compared to \$16.9 million of such earnings for the same period in 2014, an increase of 1.8%. The slower growth in finance earnings compared to total revenue is due to more rapid growth in cash sales versus credit sales, particularly at Singer Sri Lanka.

Gross profit from continuing operations for the six months ended June 30, 2015 was \$63.9 million, representing a gross profit margin of 31.0%, compared to \$58.4 million and a gross profit margin of 32.4% for the six months ended June 30, 2014. The reduction in gross profit margin is due mainly to changes in product mix, and also a decrease in finance earnings as a proportion of total revenue.

Other income from continuing operations for the six months ended June 30, 2015 and June 30, 2014 remained the same at \$1.4 million.

Selling and administrative expenses ("S&A") from continuing operations for the six months ended June 30, 2015 were \$46.4 million, representing 22.5% of revenue, as compared to \$42.3 million and 23.4% of revenue for the six months ended June 30, 2014. The decrease in S&A expenses relative to revenue is mainly due to aggressive cost control, particularly of fixed expenses.

Other expenses, primarily royalty paid to SVP for the use of the Singer trademark by Singer Asia and its operating companies, increased from \$1.8 million for the six months ended June 30, 2014 to \$2.1 million for the six months ended June 30, 2015, reflecting the growth in revenue.

Results from operating activities from continuing operations for the six months ended June 30, 2015 was a profit of \$16.8 million, compared to a profit of \$15.7 million for the same period in 2014. The 6.7% increase in results from operating activity is largely due to the flow through of the strong performance from Sri Lanka.

Impairment loss arising from the SVP Notes, a non-cash charge of \$10.9 million, was recognized during the six months ended June, 30, 2015. The impairment loss reflects management's estimate, subject to adjustment, that the fair value of the SVP Notes at June 30, 2015 of \$13.0 million approximates 50% of the SVP Notes nominal value at that date.

Net finance costs from continuing operations for the six months ended June 30, 2015 were \$7.3 million as compared to \$6.1 million of such costs for the same period in 2014. The increase in net finance costs primarily reflects a decrease in interest income reflecting a change in accounting treatment for the SVP Notes, partly offset by a reduction in interest rates, especially in Sri Lanka. A decision was made, effective July 1, 2014, to change the method by which interest income from the SVP Notes is recognized to a cash basis, excluding the interest income received in the form of additional SVP Notes.

The Company's loss before income tax from continuing operations was \$1.4 million for the six months ended June 30, 2015, compared to a profit of \$9.6 million for the same period in 2014. The decrease largely reflects the flow through of the impairment loss on the SVP Notes. Excluding the impairment loss, the Company had a profit before income tax of \$9.5 million for the six months ended June 30, 2015.

Income tax expense from continuing operations was \$4.0 million for the six months ended June 30, 2015, compared to \$4.4 million for the six months ended June 30, 2014. If the effect of the impairment loss on the SVP Notes is excluded, the effective tax rate for the 2015 and 2014 periods would be 42.1% and 45.8% respectively. The decrease in effective tax rate is mainly attributable to a decrease in dividends declared by the operating companies, and resulting less dividend withholding tax.

For the six months ended June 30, 2015, the Company's net loss from continuing operations was \$5.4 million compared to a net profit of \$5.2 million for the same period in 2014. Excluding the impairment loss on the SVP Notes, the Company's net profit from continuing operations was \$5.5 million for the six months ended June 30, 2015.

The net profit from discontinued operation for the six months ended June 30, 2015 was \$29.6 million, compared to a net profit of \$6.2 million for the same period in 2014. The increase is mainly due to the sale of Singer Thailand, which gave rise to a gain of \$26.6 million and generated \$43.4 million cash. No decision has yet been made as to the use of the proceeds.

The Company's total net profit for the period ended June 30, 2015 was \$24.2 million, compared to a profit of \$11.5 million in the same period prior year.

The profit attributable to equity holders of the Company was \$6.0 million for the six months ended June 30, 2015 as compared to \$3.9 million for the same period prior year. A profit of \$18.2 million is attributable to minority shareholders for the six months ended June 30, 2015 as compared to \$7.6 million for the six months ended June 30, 2014. The decrease in the share of profit attributable to the owners of the Company in the first half of 2015 as compared to the same period prior year, 24.7% and 33.6%, respectively, largely reflects the impairment loss on the SVP Notes, which is wholly attributable to ReHo.

The profit attributable to ReHo shareholders is equivalent to earnings per share of \$1.13 for the six months ended June 30, 2015 as compared to \$0.73 per share for the same period prior year. Loss per share from continuing operations for the six months ended June 30, 2015 was \$1.71, compared to earnings of \$0.47 per share for the same period last year. This decrease is largely due to the reduction in interest income from, and the impairment loss with respect to the SVP Notes. If the effect of the SVP Notes is excluded from the calculation of earnings per share from continuing operations, the corresponding amounts for the six months ended June 30, 2015 and the same period last year would be \$0.34 and \$0.21, respectively.

Liquidity and Capital Resources

Six Months Ended June 30, 2015

For the six months ended June 30, 2015, the Company had cash inflow from operations, before changes in working capital, and payments for interest and tax, of \$22.9 million. Net working capital (changes in inventories, receivables and payables) decreased by \$9.7 million, largely because of the deconsolidation of Thailand. Cash used to pay interest and tax totaled \$9.3 million. As a result, the Company had a net cash inflow from operating activities of \$15.9 million for the six months ended June 30, 2015.

Net cash from investing activities for the six months ended June 30, 2015 was an inflow of \$43.0 million, primarily due to the sale of Singer Thailand. Cash used to acquire property, plant and equipment amounted to \$1.0 million.

Dividends paid by the Company to non-controlling interests during the six months ended June 30, 2015 utilized \$3.8 million of cash.

Net borrowings decreased by \$20.3 million during the first six months of 2015, primarily because of the deconsolidation of Thailand.

The net effect of the cash flow movements and exchange rate fluctuations was to increase the Company's cash and cash equivalents by \$34.0 million for the six months ended June 30, 2015. As a result, cash and cash equivalents, net of bank overdrafts, increased to \$44.2 million as at June 30, 2015. Cash and cash equivalents, net of bank overdrafts, as at June 30, 2015 and December 31, 2014 were distributed as follows (in USD thousands):

	<u>As at June 30, 2015</u>	<u>As at December 31, 2014</u>
At ReHo corporate	783	1,224
At Sewko / Singer Asia corporate	50,732	5,855
At operating companies	(7,320)	3,163
Total cash and cash equivalents	<u>44,195</u>	<u>10,242</u>

Current assets less current liabilities as at June 30, 2015 were \$134.9 million compared to \$104.8 million as at December 31, 2014, an increase of \$30.1 million.

For a discussion of liquidity and capital resources during 2014, see the Company's 2014 Annual Report, dated March 2015.

Neither the Company, Sewko, Singer Asia or any of the Company's other subsidiaries were in default at June 30, 2015, at December 31, 2014, or at any time during the first six months of 2015 or during 2014 with respect to any interest or principal payments or with respect to any financial covenants under any of their lending arrangements.

Other

Research and Development; Environment

The Company does not carry out significant research and development. Amounts spent on research and development for the six months ended June 30, 2015 and June 30, 2014 were not material.

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 condition or results of operation. The amount spent on environmental and pollution matters was not material for the six months ended June 30, 2015 and June 30, 2014.

Market Risks

The Company is exposed to default risk. ReHo is owed principal and interest pursuant to the terms of the SVP Notes. At June 30, 2015, SVP did not make the minimum cash interest payment of \$0.9 million then due to ReHo pursuant to the terms of the SVP Notes.

The Company is also subject to default risk with respect to consumer installment and trade receivables. A significant economic downturn in the Company's countries of operations could impair collection performance, reducing the value of the Company's receivables.

The Company is exposed to various foreign currency risks including, but not limited to, foreign denominated assets and liabilities, and revenues and expenses. Primary currency exposures include the currencies of the Indian subcontinent countries (Bangladesh, India, Pakistan and Sri Lanka) and Cambodia. The Company mitigates the risk from foreign currency fluctuations by seeking to match the currency of its liabilities with the currency of its assets. The Company has no foreign exchange forward contracts outstanding.

The Company is exposed to market risk for changes in interest rates relating principally to its debt obligations, primarily those with variable interest rates. The Company mitigates the risk from interest rate increases by seeking to reduce the mismatch between the duration of its assets, and its liabilities and equity, and by adjusting the interest rate charged on new installment receivables. The Company has no interest rate forward contracts outstanding.

The Company does not have any derivative financial instruments outstanding to hedge default, foreign currency, interest rate or other risks. The Company does not hold or issue financial instruments for trading purposes.