

SUMMARY SEMI-ANNUAL REPORT

Retail Holdings N.V.

**For the Semi-Annual Period Ended
June 30, 2019**

ABOUT RETAIL HOLDINGS

Retail Holdings N.V. (“Retail Holdings”, together with its subsidiaries and affiliates, the “Company”) is a holding company with one principal asset, a 54.1% equity interest in Sewko Holdings Limited/Singer Asia Limited, which, in turn, owns 59.9% of the equity of Singer India Limited (“Singer India”). Retail Holdings is a Curacao public company, which is the successor company to the Singer Company N.V. and its predecessor companies. Price quotations for the Retail Holdings’ Shares are available on the “Pink Sheets” quotation service under the symbol “RHDGF”. The Shares’ CUSIP number is N74108106.

Singer India’s principal business is the sale of sewing machines and appliances throughout India. It is primarily a wholesale business supplemented by a relatively small number of direct distribution points.

The Company previously had operations in Bangladesh, Cambodia, Indonesia, Pakistan, Philippines, Sri Lanka, Thailand and Vietnam, many of which were quite substantial retail businesses. These operations have been divested over the last several years, including Thailand in 2015, Sri Lanka in 2017 and Bangladesh in the first half of 2019.

Additional financial and other information about the Company, including: the Company’s audited consolidated financial statements for the twelve months ended December 31, 2018, and all prior financial statements since September 2000, together with the Auditor’s Reports thereon; the 2018 Annual Report dated March 2019, 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, 118 North Bedford Road, Suite 301A, Mount Kisco, New York, 10549; 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, 2019, unless otherwise indicated.

Retail Holdings registered office is located at Kaya W.F.G. (Jombi) Mensing 36, Willemstad, Curaçao, and its telephone number is +5999-461-1299. Certain administrative matters are handled in the United States by Retail Holdings’ subsidiary, NV Adminservice Corporation, located at 118 North Bedford Road, Mt. Kisco, New York, 10549, telephone number 914-241-3404. Retail Holdings’ share transfer agent is Computershare, regular mail, P.O. Box 505000, Louisville, Kentucky, 40233-5000, telephone number 800-851-9677 (or from outside the United States, +1-201-680-6578); overnight delivery, 462 South 4th Street, Suite 1600, Louisville, Kentucky, 40202. The Company’s website is www.retailholdings.com.

CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-LOOKING STATEMENTS

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. 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 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 to update or revise any information, including 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, political and security conditions, particularly in India, including levels of consumer spending; exchange rates, particularly between the U.S. dollar and the Indian Rupee; Singer India's continued ability to collect on outstanding receivables due from retail and wholesale customers; 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 2018 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 2019.

As described in greater detail in the Company's 2018 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, annual, 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.

INDEX

PART I

| | Page |
|---|-------------|
| Condensed Consolidated Interim Financial Statements | |
| Condensed Consolidated Interim Statement of Financial Position | 5 |
| Condensed Consolidated Interim Statement of Income | 6 |
| Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income | 7 |
| Condensed Consolidated Interim Statement of Changes in Equity | 8-9 |
| Condensed Consolidated Interim Statement of Cash Flows | 10 |
| Notes to the Condensed Consolidated Interim Financial Statements | 11-13 |

PART II

| | |
|--|-------|
| Management's Summary Discussion and Analysis of Financial Position and Results of Operations, Six Months Ended June 30, 2019 and June 30, 2018 | 14-17 |
|--|-------|

PART I

RETAIL HOLDINGS N.V. AND SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019 (Unaudited) AND DECEMBER 31, 2018

In thousands of US Dollars

| | <u>Notes</u> | <u>June 30, 2019</u> | <u>December 31, 2018</u> <u>Restated</u> |
|---|--------------|----------------------|---|
| ASSETS | | | |
| Property, plant and equipment | | 2,738 | 1,861 |
| Intangible assets and goodwill | | 3,221 | 4,946 |
| Deferred tax assets | | 195 | 189 |
| Other non-current assets | | 303 | 295 |
| Total non-current assets | | 6,457 | 7,291 |
| Inventories | | 8,724 | 10,373 |
| Trade and other receivables | | 12,725 | 9,912 |
| Current tax receivables | | 331 | 443 |
| Cash and cash equivalents | | 10,896 | 9,565 |
| Other current assets | | 1,257 | 3,554 |
| Assets held for sale | | - | 99,792 |
| Total current assets | | 33,933 | 133,639 |
| Total assets | | 40,390 | 140,930 |
| EQUITY | | | |
| Share capital | 8 | 53 | 53 |
| Treasury Shares | | (7) | (7) |
| Reserves | | (4,087) | (4,355) |
| Retained earnings | | 13,403 | 33,525 |
| Equity attributable to owners of Retail Holdings | | 9,362 | 29,216 |
| Non-controlling interests | | 14,623 | 36,239 |
| Total equity | | 23,985 | 65,455 |
| LIABILITIES | | | |
| Loans and borrowings over one year | 9 | 22 | 26 |
| Employee benefits | | 18 | 110 |
| Other non-current liabilities | | 167 | - |
| Total non-current liabilities | | 207 | 136 |
| Bank overdrafts | | 1,752 | 1,542 |
| Current tax liabilities | | 35 | 720 |
| Loans and borrowings | 9 | 438 | 8 |
| Trade and other payables | | 13,347 | 20,616 |
| Warranty provision | | 626 | 1,325 |
| Liabilities held for sale | | - | 51,128 |
| Total current liabilities | | 16,198 | 75,339 |
| Total liabilities | | 16,405 | 75,475 |
| Total equity and liabilities | | 40,390 | 140,930 |

RETAIL HOLDINGS N.V. AND SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018 (Unaudited)

In thousands of US Dollars except per Share data

| | Notes | June 30, 2019 | June 30, 2018 Restated |
|--|-------|---------------|---------------------------|
| Continuing Operations | | | |
| Revenue | | 37,128 | 33,786 |
| Cost of sales | | 28,533 | 25,957 |
| Gross profit | | 8,595 | 7,829 |
| Other income | | 155 | 335 |
| Selling and administrative expenses | | (8,968) | (9,217) |
| Other expenses | | (327) | (297) |
| Results from operating activities | | (545) | (1,350) |
| Finance income | | 195 | 172 |
| Finance costs | | (207) | (52) |
| Net finance costs | | (12) | 120 |
| Loss before income taxes | | (557) | (1,230) |
| Income tax expense | 7 | (332) | (597) |
| Loss from Continuing Operations | | (889) | (1,827) |
| Discontinued Operations | | | |
| Profit from Discontinued Operation (Bangladesh) | | 1,612 | 5,064 |
| Gain on disposal of Retail Holdings Bhold B.V. | | 41,260 | - |
| Profit from Discontinued Operations, net of tax | 2 | 42,872 | 5,064 |
| Profit for the period | | 41,983 | 3,237 |
| Attributable to: | | | |
| Owners of Retail Holdings | | 21,187 | 248 |
| Non-controlling interests | | 20,796 | 2,989 |
| Profit for the period | | 41,983 | 3,237 |
| Earnings per Share (US Dollars) | | 4.56 | 0.05 |
| Earnings per Share – continuing operations (US Dollars) | | (0.36) | (0.57) |

RETAIL HOLDINGS N.V. AND SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018 (Unaudited)

In thousands of US Dollars

| | <u>June 30, 2019</u> | <u>June 30, 2018.</u> <u>Restated</u> |
|---|----------------------|--|
| Profit for the period | 41,983 | 3,237 |
| Other comprehensive income | | |
| Items that are or may be reclassified subsequently to profit or loss | | |
| Foreign currency translation differences for foreign operations | 214 | (1,278) |
| Other comprehensive income/(loss) for the period, net of income tax | 214 | (1,278) |
| Total comprehensive income for the period | 42,197 | 1,959 |
| Total comprehensive income attributable to: | | |
| Owners of Retail Holdings | 21,313 | (20) |
| Non-controlling interests | 20,884 | 1,979 |
| | 42,197 | 1,959 |

RETAIL HOLDINGS N.V. AND SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED June 30, 2019 (Unaudited)

In thousands of US Dollars

| | Attributable to equity holders of the Company | | | | | | | |
|--|---|-----------------|---------------------|---------------------|-------------------|----------|--------------------------|--------------|
| | Share capital | Treasury Shares | Translation reserve | Revaluation reserve | Retained earnings | Total | Non-controlling interest | Total equity |
| Balance at January 1, 2019 | 53 | (7) | (6,989) | 2,634 | 33,525 | 29,216 | 36,239 | 65,455 |
| Total comprehensive income for the period | | | | | | | | |
| Profit | - | - | - | - | 21,187 | 21,187 | 20,796 | 41,983 |
| Other comprehensive income | - | - | 126 | - | - | 126 | 88 | 214 |
| Total comprehensive income for the period | - | - | 126 | - | 21,187 | 21,313 | 20,884 | 42,197 |
| Transfer from revaluation reserve | - | - | - | (15) | - | (15) | (10) | (25) |
| Transactions with owners of the Company | | | | | | | | |
| Contributions and distributions | | | | | | | | |
| Distribution to owners of Retail Holdings | - | - | - | - | (37,201) | (37,201) | - | (37,201) |
| Distribution to non-controlling interests | - | - | - | - | - | - | (29,956) | (29,956) |
| Total contributions and distributions | - | - | - | - | (37,201) | (37,201) | (29,956) | (67,157) |
| Changes in ownership interests | | | | | | | | |
| Divestment of interests in subsidiaries | - | - | 2,392 | (2,235) | (4,108) | (3,951) | (12,534) | (16,485) |
| Total change in ownership interests | - | - | 2,392 | (2,235) | (4,108) | (3,951) | (12,534) | (16,485) |
| Total transactions with owners of the Company | - | - | 2,392 | (2,235) | (41,309) | (41,152) | (42,490) | (83,642) |
| Balance at June 30, 2019 | 53 | (7) | (4,471) | 384 | 13,403 | 9,362 | 14,623 | 23,985 |

RETAIL HOLDINGS N.V. AND SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED June 30, 2018 (Unaudited)

In thousands of US Dollars

| | Attributable to equity holders of the Company | | | | | | Non- controlling interest | Total equity |
|--|---|--------------------|------------------------|------------------------|----------------------|----------|---------------------------------|-----------------|
| | Share capital | Treasury Shares | Translation reserve | Revaluation reserve | Retained earnings | Total | | |
| Balance at January 1, 2018 | 53 | (7) | (6,775) | 2,675 | 79,256 | 75,202 | 43,141 | 118,343 |
| Total comprehensive income for the period | | | | | | | | |
| Profit | - | - | - | - | 108 | 108 | 3,129 | 3,237 |
| Transfer from revaluation reserve | - | - | - | (14) | 10 | (4) | 4 | - |
| Other comprehensive income | - | - | (128) | - | - | (128) | (1,150) | (1,278) |
| Total comprehensive income for the period | - | - | (128) | (14) | 118 | (24) | 1,983 | 1,959 |
| Transactions with owners of the Company | | | | | | | | |
| Contributions and distributions | | | | | | | | |
| Distribution to owners of Retail Holdings | - | - | - | - | (41,852) | (41,852) | - | (41,852) |
| Distribution to non-controlling interests | - | - | - | - | - | - | (3,447) | (3,447) |
| Total contributions and distributions | - | - | - | - | (41,852) | (41,852) | (3,447) | (45,299) |
| Changes in ownership interests | | | | | | | | |
| Divestment of interests in subsidiaries | - | - | - | - | - | - | - | - |
| Total change in ownership interests | - | - | - | - | - | - | - | - |
| Total transactions with owners of the Company | - | - | - | - | (41,852) | (41,852) | (3,447) | (45,299) |
| Balance at June 30, 2018 | 53 | (7) | (6,903) | 2,661 | 37,522 | 33,326 | 41,677 | 75,003 |

RETAIL HOLDINGS N.V. AND SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018 (Unaudited)

In thousands of US Dollars

| | <u>June 30, 2019</u> | <u>June 30, 2018</u> |
|---|----------------------|----------------------|
| Cash flows from operating activities | | |
| Profit for the period | 41,983 | 3,237 |
| Adjustments for: | | |
| Depreciation | 438 | 794 |
| Amortization of intangible assets | - | 42 |
| Impairment of intangible assets | 1,725 | - |
| (Profit) / Loss from sale of property, plant and equipment | (6) | 3 |
| Net finance costs | 12 | 1,561 |
| (Profit) from disposal of subsidiary | (42,985) | - |
| Income tax expense | 332 | 2,549 |
| | 1,499 | 8,186 |
| Changes in: | | |
| - Inventories | 1,649 | (16,939) |
| - Trade and other receivables | 187 | (14,598) |
| - Other current assets | 2,289 | 1,198 |
| - Trade and other payables | (7,800) | 3,331 |
| - Provision and employee benefits | (93) | (86) |
| - Deferred income | - | (15) |
| | (2,269) | (18,923) |
| Cash used in operating activities | | |
| Interest paid | (207) | (1,733) |
| Income tax paid | (910) | (3,911) |
| | (3,386) | (24,567) |
| Cash flows from investing activities | | |
| Interest received | 195 | 172 |
| Proceeds from sale of property, plant and equipment | 44 | 70 |
| Proceeds from sale of investment, net of cash | 72,000 | - |
| Acquisition of property, plant and equipment | (1,341) | (710) |
| | 70,898 | (468) |
| Cash flows from financing activities | | |
| Proceeds from borrowings | 633 | 5,245 |
| Repayment of borrowings | (207) | (3,597) |
| Distribution to non-controlling interests | (29,956) | (3,447) |
| Distribution to owners of Retail Holdings | (37,201) | (41,852) |
| | (66,731) | (43,651) |
| Net increase / (decrease) in cash and cash equivalents | 781 | (68,686) |
| Cash and cash equivalents at January 1 | 8,023 | 41,152 |
| Effect of exchange rate fluctuations on cash held | 340 | (1,011) |
| Cash and cash equivalents at June 30 | 9,144 | (28,545) |

RETAIL HOLDINGS N.V. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Reporting entity

Retail Holdings N.V. (“Retail Holdings”, together with its subsidiaries and affiliates, the “Company”) is a company domiciled in Curaçao (formerly part of the Netherlands Antilles). The Company was incorporated in December 1999. The address of the Company’s registered office is Kaya W.F.G. (Jombi) Mensing 36, Willemstad, Curaçao.

2. Discontinued Operations

Singer Bangladesh Limited

Effective March 31, 2019, the Company sold the entire equity of Retail Holdings Bhold BV, an intermediate subsidiary of the Company, which, as of that date, owned 56.99% of the equity of Singer Bangladesh Limited (“Singer Bangladesh”). Accordingly, Singer Bangladesh has been classified as a Discontinued Operation and results up to the date of disposal are presented under “Discontinued Operations” in the Consolidated Statement of Income. As required by IAS 05- “Non-current assets held for sale and discontinued operations”, the comparatives related to Singer Bangladesh for 2018 have been reclassified as Discontinued Operations and the 2018 Consolidated Statement of Income has been restated

A Results of Discontinued Operations for period ended

| <i>In thousands of U.S. Dollars</i> | <u>March 31, 2019</u> Bangladesh | <u>June 30, 2018</u> Bangladesh |
|---|--|---|
| Revenue | 33,014 | 78,283 |
| Expenses | <u>(30,660)</u> | <u>(71,267)</u> |
| Results from operating activities | 2,354 | 7,016 |
| Income tax expense | <u>(742)</u> | <u>(1,952)</u> |
| Profit from Discontinued Operations, net of tax | 1,612 | 5,064 |
| Gain on disposal of investment | <u>41,260</u> | - |
| | <u>42,872</u> | <u>5,064</u> |
| Profit per share (US Dollars) | <u>4.92</u> | <u>0.67</u> |

B Cash flows from / (used in) Discontinued Operations for period ended

| <i>In thousands of U.S. Dollars</i> | <u>March 31, 2019</u> Bangladesh | <u>June 30, 2018</u> Bangladesh |
|--|--|---|
| Net cash (used in) operating activities | (10,265) | (17,260) |
| Net cash (used in) investing activities | (4,130) | (1,305) |
| Net cash from (used in) financing activities | 2,130 | (10,694) |
| Net cash (outflow) for the period | <u>(12,265)</u> | <u>(29,259)</u> |

RETAIL HOLDINGS N.V. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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, 2018 (the “2018 Statements”). The 2018 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 Retail Holdings Board of Directors on August 12, 2019.

Results for the six-month period ended June 30, 2019 are not indicative of the results that may be expected for the year ending December 31, 2019.

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 2018 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 2018 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 2018 Statements and as described therein.

7. 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. At the consolidated level, the Company’s Continuing Operations had an operating loss, including expenses at Corporate which were not tax effected, while the Company’s subsidiary paid income taxes on its profits. As no meaningful effective tax rate can be computed for the six-month period ended June 2019 and 2018, none is presented.

8. Share capital

Issuance and repurchase of ordinary shares

There was no issuance or repurchase of the Company’s shares during the period. As at June 30, 2019 (and June 30, 2018), 4,650,244 Retail Holdings shares are issued and outstanding.

9. Loans and borrowings (all of which are at Singer India Limited)

| | <u>Currency</u> | <u>Interest rate nominal</u> | <u>Face value</u> | <u>Carrying amount</u> | <u>Year of maturity</u> |
|-----------------------------------|-----------------|------------------------------|-------------------|------------------------|-------------------------|
| <i>In thousands of US Dollars</i> | | | | | |
| Balance at January 1, 2019 | INR | | | 34 | |
| New Issues | | | | | |
| Secured bank loan | USD | 7.03% | 270 | 270 | 2019 |
| Secured bank loan | INR | 11.60% | 353 | 353 | 2019 |
| Currency translation changes | | | | 10 | |
| Repayments | | | | | |
| Secured bank loan | USD | 7.03% | 203 | 203 | 2019 |
| Secured bank loan | INR | 11.60%-7.99% | 4 | 4 | 2019 |
| Balance at June 30, 2019 | | | | 460 | |

PART II

Management Summary Discussion and Analysis

The following discussion and analysis should be read in conjunction with the Condensed Consolidated, Interim Financial Statements of the Company for the six-month periods January 1, 2019 - June 30, 2019 and January 1, 2018 – June 30, 2018, and related Notes, pages 5 -13 of this Report.

The financial results for the period, as well as the historic comparables (restated), have been materially impacted by the sale, effective March 31, 2019, of the entire equity of Retail Holdings Bhold B.V., an intermediate subsidiary of the Company, which at that date owned 56.99% of the equity of Singer Bangladesh Limited (“Singer Bangladesh”). As a result of this sale, Singer Bangladesh is included in the results, classified as a Discontinued Operation, for the three months ended March 31, 2019, and for the six months ended June 30, 2019. Continuing Operations only include the results for Singer India Limited (“Singer India”), the Company’s only continuing operating company, and Corporate functions.

First Half Results

Continuing Operations

The Company’s consolidated Revenue from Continuing Operations was \$37.1 million, for the six months ended June 30, 2019. This compares to consolidated Revenue from Continuing Operations of \$33.8 million for the same period in 2018, an increase, as measured in U.S. dollars, of 9.9%. The growth in Revenue largely reflects the growth in the appliance products offering at Singer India. Measured in local currency, Revenue at Singer India grew 17.3% during the first half of 2019, as compared with the same period prior year.

Included in Revenue are royalties from third parties (Australia, Malaysia and Thailand) totaling \$350 thousand in the first half of 2019 (\$346 thousand in the first half of 2018). Going forward, the Company will only receive third party royalty from Thailand (\$192 thousand in the first half of 2018).

Gross profit from Continuing Operations for the six months ended June 30, 2019 was \$8.6 million, representing a Gross profit margin of 23.1%, as compared to \$7.8 million and a Gross profit margin of 23.2% for the six months ended June 30, 2018.

Selling and administrative expenses (“S&A”) from Continuing Operations for the six months ended June 30, 2019 were \$9.0 million, representing 24.2% of Revenue, as compared to \$9.2 million and 27.3% of Revenue for the six months ended June 30, 2018. The decrease in S&A expenses as a percentage of Revenue in 2019, compared to the same period prior year, reflects an on-going effort to reduce Corporate costs, in light of the substantial drop in the Company’s Revenue as operations have been divested. Of the Company’s total S&A expenses, \$6.9 million reflects S&A expenses at Singer India during the first half of 2019 (\$6.5 million in the first half of 2018), and \$2.0 million represents S&A expenses at Corporate in the 2019 period (\$2.7 million in the 2018 period).

Other expenses, primarily, royalty paid to SVP for the use of the Singer trademark by Singer Asia and Singer India, totaled \$0.3 million in both the first half of 2019 and 2018. Royalty is calculated as 0.88% of Revenue.

Results from operating activities from Continuing Operations for the six months ending June 30, 2019 and June 30, 2018 were a loss of \$0.5 million and \$1.4 million respectively. The reduced loss reflects the increase in Revenue and Gross profit, and the decline in S&A expenses.

Net finance costs from Continuing Operations for the six months ended June 30, 2019 were essentially nil as compared to Net finance income of \$0.1 million for the same period in 2018. The swing in net finance costs primarily reflects an increase in interest expense at Singer India as a result of higher borrowings.

The Company's Loss from Continuing Operations before income taxes was \$0.6 million for the six months ended June 30, 2019, compared to Loss of \$1.2 million for the same period in 2018. Income tax expense from Continuing Operations for the six-months ended June 30, 2019 and 2018 were \$0.3 million and \$0.6 million, respectively. For the six months ended June 30, 2019, the Company's Loss from Continuing Operations after tax was \$0.9 million compared to a Loss of \$1.8 million for the same period in 2018.

Discontinued Operations

Profit from Discontinued Operations, net of tax, for the six-month period ended June 30, 2019 was \$42.9 million. Of this amount, \$1.6 million represents Profit from the ongoing business operations of Singer Bangladesh for the three-month period January 1 – March 31, 2019. The balance of \$41.3 million represents the Gain on the disposal of Retail Holdings Bhold B.V, the entity holding the Company's equity in Singer Bangladesh, effective March 31, 2019. For the six-month period ended June 30, 2018, Profit from Discontinued Operations, net of tax, was \$5.1 million, all of which represents Profit at the ongoing business operations of Singer Bangladesh for the six-month period January 1 – June 30, 2019.

Total Company

The Company's total Profit for the period ended June 30, 2019 was \$42.0 million, compared to a profit of \$3.2 million in the same period prior year. The substantial increase in profit primarily reflects the Gain, in the 2019 period, on the disposal of Retail Holdings Bhold B.V. plus the smaller loss from Continuing Operations, offset, in part, in the 2018 period, by the higher net Profit at Singer Bangladesh reflecting the longer (six month) ownership period.

The Profit attributable to equity holders of Retail Holdings was \$ 21.2 million for the six months ended June 30, 2019, as compared to \$0.2 million for the same period prior year. A Profit of \$20.8 million is attributable to minority shareholders at the Company and its subsidiaries for the six months ended June 30, 2019, as compared to \$3.0 million for the six months ended June 30, 2018. The increase in the percentage of profit attributable to the owners of Retail Holdings, 50.5% in the first half of 2019, as compared to 7.7% in the same period prior year, is due to the fact that no minority shareholders in the operating companies shared in the Gain on disposal of Retail Holdings Bhold B.V. and that period costs at Corporate represented a smaller share in 2019 of the much greater total Company profit.

The Profit attributable to Retail Holdings' shareholders is equivalent to earnings per Share of \$4.56 for the six months ended June 30, 2019, as compared to \$0.05 per Share for the same period prior year.

Liquidity and Capital Resources

Six Months Ended June 30, 2019

For the six months ended June 30, 2019, the Company had a net cash inflow from Continuing Operations, before changes in working capital, and payments for Interest and Income tax, of \$1.5 million. Net working capital (changes in inventories, receivables and payables) increased by \$3.8 million, largely because of the decline in Trade and other payables. Cash used to pay Interest and Income tax totaled \$1.1 million. As a result, the Company had a net cash outflow from operating activities of \$3.4 million for the six months ended June 30, 2019.

Net cash from investing activities for the six months ended June 30, 2019 was an inflow of \$70.9 million. Of this amount, \$72.0 million represents proceeds received in April 2019 from the sale of Retail Holdings Bhold B.V. An additional \$3.0 million in cash relating to this sale was received in July 2019, reflecting post-closing adjustments. Cash used to acquire property, plant and equipment amounted to \$1.3 million.

Dividends to owners of Retail Holdings of \$8.00 per share, utilized \$37.2 million of cash during the first six months of 2019. Distributions paid by the Company to non-controlling interests during the six months ended June 30, 2019 utilized \$ 30.0 million of cash.

Net borrowings increased by \$0.4 million during the first six months of 2019, all at the Singer India operation.

The net effect of the cash flow movements and exchange rate fluctuations increased the Company's Cash and cash equivalents, net of bank overdrafts, by \$0.8 million for the six months ended June 30, 2019. As a result, Cash and cash equivalents, net of bank overdrafts, increased to \$9.1 million as at June 30, 2019. Cash and cash equivalents, net of bank overdrafts, as at June 30, 2019 were distributed as follows (in USD thousands) (not including the \$3.0 million in cash received at Sewko/Singer Asia in July 2019):

As at June 30, 2019

| | |
|----------------------------------|---------------------|
| At Retail Holdings corporate | 2,433 |
| At Sewko / Singer Asia corporate | 7,727 |
| At operating companies | <u>(1,016)</u> |
| Total cash and cash equivalents | <u><u>9,144</u></u> |

Current assets less Current liabilities as at June 30, 2019 were \$17.7 million compared to \$9.6 million (excluding assets and liabilities held for sale) as at December 31, 2018, an increase of \$8.1 million. This was largely due to the decrease in Trade and other payables.

For a discussion of liquidity and capital resources during 2018, see the Company's 2018 Annual Report, dated March 2019.

Neither Retail Holdings, Sewko, Singer Asia, Singer India or any of the Company's other subsidiaries were in default at June 30, 2019, at December 31, 2018, or at any time during the first six months of 2019 or during 2018 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, 2019 and June 30, 2018 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, 2019 and June 30, 2018.

Market Risks

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

The Company is exposed to foreign currency risks, particularly related to the Indian Rupee, and to natural disasters or political turmoil in India. Primary currency exposure is to the Indian Rupee. 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.