

SUMMARY SEMI-ANNUAL REPORT

Retail Holdings N.V.

**For the Semi-Annual Period Ended
June 30, 2020**

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 Singer Asia Limited, which, in turn, owns 59.07% of the equity of Singer India Limited (“Singer India”). Singer India is the Company’s only remaining operating subsidiary.

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 and a factory/assembly facility.

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 2019.

Additional financial and other information about the Company, including: the Company’s audited consolidated financial statements for the twelve months ended December 31, 2019, and all financial statements since September 2000, together with the Auditor’s Reports thereon; the 2019 Annual Report dated March 2020, and all 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 PO Box 120, 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 at June 30, 2020, 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 the Company Secretary, Ms. Amy Pappas (see above). 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: the extent and future course of the COVID-19 pandemic, government and individual responses, and the resulting impact on the economy, particularly in India; 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 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 2019 Summary Annual Report, particularly pages 10 and 11.

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 2020.

As described in greater detail in the Company's 2019 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.

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PART I

RETAIL HOLDINGS N.V. AND SUBSIDIARIES CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION JUNE 30, 2020 (Unaudited) AND DECEMBER 31, 2019

In thousands of US Dollars

	<u>Notes</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>
ASSETS			
Property, plant and equipment		2,165	2,533
Intangible assets and goodwill		3,221	3,221
Deferred tax assets		176	117
Other non-current assets		326	323
Total non-current assets		5,888	6,194
Inventories		6,298	10,535
Trade and other receivables		6,865	11,099
Current tax receivables		302	172
Cash and cash equivalents		12,545	12,974
Other current assets		911	853
Total current assets		26,921	35,633
Total assets		32,809	41,827
EQUITY			
Share capital	8	53	53
Treasury Shares		(7)	(7)
Reserves		(4,461)	(4,103)
Retained earnings		11,596	16,515
Equity attributable to owners of Retail Holdings		7,181	12,458
Non-controlling interests		10,765	13,522
Total equity		17,946	25,980
LIABILITIES			
Loans and borrowings over one year	9	90	377
Employee benefits		49	50
Total non-current liabilities		139	427
Bank overdrafts		235	944
Current tax liabilities		-	47
Loans and borrowings	9	862	1,055
Trade and other payables		12,695	12,383
Warranty provision		514	621
Deferred income		418	370
Total current liabilities		14,724	15,420
Total liabilities		14,863	15,847
Total equity and liabilities		32,809	41,827

RETAIL HOLDINGS N.V. AND SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2019 (Unaudited)
In thousands of US Dollars except per Share data

	Notes	June 30, 2020	June 30, 2019
Continuing Operations			
Revenue		20,999	37,128
Cost of sales		16,241	28,533
Gross profit		4,758	8,595
Other income		132	155
Selling and administrative expenses		(5,672)	(8,968)
Other expenses		(185)	(327)
Results from operating activities		(967)	(545)
Finance income		69	195
Finance costs		(203)	(207)
Net finance costs		(134)	(12)
Loss before income taxes		(1,101)	(557)
Income tax expense	7	35	(332)
Loss from Continuing Operations		(1,066)	(889)
Discontinued Operations			
Profit from Discontinued Operation (Bangladesh)		-	1,612
Gain on disposal of Retail Holdings Bhold B.V.		-	41,260
Profit from Discontinued Operations, net of tax	2	-	42,872
Profit/(Loss) for the period		(1,066)	41,983
Attributable to:			
Owners of Retail Holdings		(846)	21,187
Non-controlling interests		(220)	20,796
Profit /(Loss) for the period		(1,066)	41,983
Earnings/(Loss) per Share (US Dollars)		(0.18)	4.56
Loss per Share – Continuing Operations (US Dollars)		(0.18)	(0.23)

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, 2020 AND 2019 (Unaudited)
In thousands of US Dollars

	June 30, 2020	June 30, 2019
	<hr/>	<hr/>
Profit for the period.	(1,066)	41,983
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss		
Foreign currency translation differences for foreign operations	(1,120)	214
Other comprehensive income/(loss) for the period, net of income tax	<hr/> (1,120) <hr/>	<hr/> 214 <hr/>
Total comprehensive income for the period	<hr/> (2,186) <hr/>	<hr/> 42,197 <hr/>
Total comprehensive income attributable to:		
Owners of Retail Holdings	(1,204)	21,313
Non-controlling interests	(982)	20,884
	<hr/> (2,186) <hr/>	<hr/> 42,197 <hr/>

RETAIL HOLDINGS N.V. AND SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED June 30, 2020 (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, 2020	53	(7)	(4,458)	355	16,515	12,458	13,522	25,980
Total comprehensive income for the period								
Profit	-	-	-	-	(846)	(846)	(220)	(1,066)
Other comprehensive income	-	-	(358)	-	-	(358)	(762)	(1,120)
Total comprehensive income for the period	-	-	(358)	-	(846)	(1,204)	(982)	(2,186)
Transfer from revaluation reserve	-	-	-	-	-	-	-	-
Transactions with owners of the Company								
Contributions and distributions								
Distribution to owners of Retail Holdings	-	-	-	-	(4,687)	(4,687)	-	(4,687)
Distribution to non-controlling interests	-	-	-	-	-	-	(2,295)	(2,295)
Total contributions and distributions	-	-	-	-	(4,687)	(4,687)	(2,295)	(6,982)
Changes in ownership interests								
Equity corrections of Singer India limited	-	-	-	-	614	614	520	1,134
Total change in ownership interests	-	-	-	-	614	614	520	1,134
Total transactions with owners of the Company	-	-	-	-	(4,073)	(4,073)	(1,775)	(5,848)
Balance at June 30, 2020	53	(7)	(4,816)	355	11,596	7,181	10,765	17,946

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						Non- controlling interest	Total equity
	Share capital	Treasury Shares	Translation reserve	Revaluation reserve	Retained earnings	Total		
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 CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2019 (Unaudited)

In thousands of US Dollars

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Cash flows from operating activities		
Profit for the period	(1,066)	41,983
Adjustments for:		
Depreciation	368	438
Impairment of intangible assets	-	1,725
(Profit) / Loss from sale of property, plant and equipment	-	(6)
Net finance costs	134	12
(Profit) from disposal of subsidiary	-	(42,985)
Income tax expense	(35)	332
	<u>(599)</u>	<u>1,499</u>
Changes in:		
- Inventories	4,237	1,649
- Trade and other receivables	4,234	187
- Other current assets	(59)	2,289
- Trade and other payables	(2,157)	(7,800)
- Provision and employee benefits	(1)	(93)
- Deferred income	48	-
	<u>5,703</u>	<u>(2,269)</u>
Cash used in operating activities		
Interest paid	(203)	(207)
Income tax paid	(201)	(910)
Net cash used in operating activities	<u>5,299</u>	<u>(3,386)</u>
Cash flows from investing activities		
Interest received	69	195
Proceeds from sale of property, plant and equipment	-	44
Proceeds from sale of investment, net of cash	12	72,000
Acquisition of property, plant and equipment	-	(1,341)
Net cash generated from / (Used in) investing activities	<u>81</u>	<u>70,898</u>
Cash flows from financing activities		
Proceeds from borrowings	662	633
Repayment of borrowings	(1,142)	(207)
Distribution to non-controlling interests	(2,295)	(29,956)
Distribution to owners of Retail Holdings	(2,325)	(37,201)
Net cash used in financing activities	<u>(5,100)</u>	<u>(66,731)</u>
Net increase / (decrease) in cash and cash equivalents net of overdrafts	280	781
Cash and cash equivalents at January 1	12,030	8,023
Effect of exchange rate fluctuations on cash held	-	340
Cash and cash equivalents at June 30	<u>12,310</u>	<u>9,144</u>

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 at 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.

A Results of Discontinued Operations for period ended

<i>In thousands of U.S. Dollars</i>	<u>March 31, 2019</u> Bangladesh
Revenue	33,014
Expenses	<u>(30,660)</u>
Results from operating activities	2,354
Income tax expense	<u>(742)</u>
Profit from Discontinued Operations, net of tax	1,612
Gain on disposal of investment	41,260
	<u>42,872</u>
Profit per share (US Dollars)	<u>4.92</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
Net cash (used in) operating activities	(10,265)
Net cash (used in) investing activities	(4,130)
Net cash from financing activities	2,130
Net cash (outflow) for the period	<u>(12,265)</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, 2019 (the “2019 Statements”). The 2019 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 [], 2020

Results for the six-month period ended June 30, 2020 are not indicative of the results that may be expected for the full year ending December 31, 2020.

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 2019 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 2019 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 2019 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 2020 and 2019, 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, 2020 (and June 30, 2019), 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, 2020	INR			1,432	
New Issues					
Secured bank loan	INR	11.00%	682	682	2020
Lease liabilities	INR	11.70%	267	29	-
Currency translation changes			(48)	(49)	
Repayments					
Secured bank loan	INR	10.75%	700	700	2020
Secured bank loan	INR	7.99%	2	2	2020
Lease liabilities	INR	11.70%	440	440	2020
Balance at June 30, 2020				<u>952</u>	

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, 2020 - June 30, 2020 and January 1, 2019 – June 30, 2019, and related Notes, pages 5 – 13 of this Report.

The financial results for the period, as well as the historic comparables, have been materially impacted both 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”), and by the emergence, in late 2019 or early in 2020, of the COVID 19 Pandemic and the resulting impact on the world and India economy, and the operations of Singer India Limited (“Singer India”). As a result of the sale of the ownership of Singer Bangladesh, the results for that operation are included as a Discontinued Operation for the three months ended March 31, 2019, and are excluded for the second quarter of 2019 and for the full first half of 2020.

First Half Results

Continuing Operations

The Company’s consolidated Revenue from Continuing Operations, now only the operations at Singer India, was \$21.0 million, for the six months ended June 30, 2020. This compares to consolidated Revenue from Continuing Operations of \$37.1 million for the same period in 2019, a decrease, as measured in U.S. dollars, of 43.4%. The decline of revenue is primarily a consequence of the lockdown in India due to the Covid 19 Pandemic. Measured in local currency, Revenue at Singer India declined 40.8% during the first half of 2020, as compared with the same period prior year.

Included in Consolidated Revenue are royalties from third parties (Thailand) of \$151 thousand in the first half of 2020, as compared to \$350 thousand in the first half of 2019. The decline in royalty reflects a slowdown in the Thailand business, attributable, in part, to the COVID 19 Pandemic and resulting lockdown.

Gross profit from Continuing Operations for the six months ended June 30, 2020 was \$4.8 million, representing a Gross profit margin of 22.7%, as compared to \$8.6 million and a Gross profit margin of 23.1% for the six months ended June 30, 2019.

Selling and administrative expenses (“S&A”) from Continuing Operations for the six months ended June 30, 2020 were \$5.7 million, representing 27.0% of Revenue, as compared to \$9.0 million and 24.2% of Revenue for the six months ended June 30, 2019. The increase in S&A expenses as a percentage of Revenue in 2020, compared to the same period prior year, reflects the inability to reduce costs as sharply as the fall off in Revenue, despite a substantial decline in the S&A expenses amount. Of the Company’s total S&A expenses, \$4.5 million reflects S&A expenses at Singer India during the first half of 2020 (\$6.9 million in the first half of 2019), and \$1.2 million represents S&A expenses at Corporate in the 2020 period (\$2.0 million in the 2019 period).

Other expenses, primarily, royalty paid to SVP for the use of the Singer trademark by Singer Asia and Singer India, totaled \$0.2 million for the first half of 2020, and \$0.3 million for the first half of 2019. Royalty is calculated essentially at 0.88% of Revenue.

Results from operating activities from Continuing Operations for the six months ending June 30, 2020 and June 30, 2019 were a loss of \$1.0 million and \$0.5 million respectively. The higher loss reflects the flow through of the decrease in Revenue and Gross profit.

Net finance costs from Continuing Operations for the six months ended June 30, 2020 were \$0.1 million as compared to Net finance costs of nil for the same period in 2019. 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 \$1.1 million for the six months ended June 30, 2020, compared to a Loss from Continuing Operations of \$0.6 million for the same period in 2019. Income tax credit from Continuing Operations for the six-months ended June 30, 2020 was \$35 thousand and income tax expense for 2019 were \$0.3 million. For the six months ended June 30, 2020, the Company's Loss from Continuing Operations after tax was \$1.1 million, compared to a Loss from Continuing Operations after tax of \$0.9 million for the same period in 2019.

Discontinued Operations

Profit from Discontinued Operations, net of tax, for the three-month period ended March 31, 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.

Total Company

The Company's loss for the period ended June 30, 2020 was \$1.1 million, compared to a profit of \$42.0 million in the same period prior year. The substantial decrease in profit primarily reflects the Gain in the 2019 period on the disposal of Retail Holdings Bhold B.V., with no comparable Gain in 2020.

The loss attributable to equity holders of Retail Holdings was \$ 0.8 million for the six months ended June 30, 2020, as compared to a profit of \$21.2 million for the same period prior year. A loss of \$0.2 million is attributable to minority shareholders at the Company and its subsidiaries for the six months ended June 30, 2020, as compared to profit of \$20.8 million for the six months ended June 30, 2019. The loss attributable to the owners of Retail Holdings, 79.4% of the total Company loss in the first half of 2020, compares to 50.5% of the total Company profit in the same period prior year. The higher percentage attributable to equity holders of Retail Holdings in 2020 reflects S&A expenses at Retail Holdings Corporate, which represents a larger percentage of the smaller consolidated scale of the Company.

The loss attributable to Retail Holdings' shareholders is equivalent to earnings per Share of \$0.18 for the six months ended June 30, 2020, as compared to \$4.56 per Share profit attributable to Retail Holdings' shareholders for the same period prior year.

Liquidity and Capital Resources

Six Months Ended June 30, 2020

For the six months ended June 30, 2020, the Company had a net cash outflow from Continuing Operations, before changes in working capital, and payments for Interest and Income tax, of \$0.6 million. Net working capital (changes in inventories, receivables and payables) decreased by \$6.3 million, largely because of the decrease in inventories and trade and other receivables. Cash used to pay Interest and Income tax totaled \$0.4 million. As a result, the Company had a net cash inflow from operating activities of \$5.3 million for the six months ended June 30, 2020.

Net cash from investing activities for the six months ended June 30, 2020 was an inflow of \$0.1 million.

Dividends to owners of Retail Holdings of \$0.50 per share, utilized \$2.3 million of cash during the first six months of 2020. Distributions paid by the Company to non-controlling interests during the six months ended June 30, 2020 also utilized \$ 2.3 million of cash in 2020.

Net borrowings decreased by \$0.5 million during the first six months of 2020, all at Singer India.

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 \$0.3 million for the six months ended June 30, 2020. As a result, Cash and cash equivalents, net of bank overdrafts, increased to \$12.3 million as at June 30, 2020. Cash and cash equivalents, net of bank overdrafts, as at June 30, 2020 were distributed as follows (in USD thousands)

As at June 30, 2020

At Retail Holdings corporate	1,304
At Sewko / Singer Asia corporate	7,201
At operating companies	<u>3,805</u>
Total cash and cash equivalents	<u><u>12,310</u></u>

Current assets less Current liabilities as at June 30, 2020 were \$12.2 million compared to \$20.2 million as at December 31, 2019, a decrease of \$8.0 million. This was largely due to the decrease in inventories and trade and other receivables.

For a discussion of liquidity and capital resources during 2019, see the Company's 2019 Annual Report, dated March 2020.

Neither Retail Holdings, Singer Asia, Singer India or any of the Company's other subsidiaries were in default at June 30, 2020, at December 31, 2019, or at any time during the first six months of 2020 or during 2019 with respect to any interest or principal payments or with respect to any financial covenants under any of their lending arrangements. All Retail Holdings and Singer Asia bonuses previously accrued were paid during the first half of 2020. No further bonus amounts remain outstanding.

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, 2020 and June 30, 2019 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, 2020 and June 30, 2019.

Pandemic Risks

The principal risks to which the Company is exposed relate to the COVID-19 pandemic, government and individual responses and the resulting impact on the economy, particularly in India. While the Company actively seeks to mitigate these risks, the risks are largely outside of the Company's control or influence.

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. 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 at Singer India, primarily those with variable interest rates. The Company mitigates the risk from interest rates 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.