

QUARTERLY REPORT

Singer N.V.

Incorporated in the Netherlands Antilles

De Ruyterkade 62, Willemstad
Curacao, Netherlands Antilles

For the Quarterly Period Ended September 30, 2001

The Company publishes its consolidated financial statements in US dollars and in accordance with accounting principles generally accepted in the United States. In this Report, references to “US dollars”, “dollars”, “US\$”, or “\$” are to US currency.

The registered offices of the Company are located at De Ruyterkade 62, Willemstad, Curacao, Netherlands Antilles, and its telephone number is 011-599-9732-2555. Certain administrative matters are handled in the United States by the Company’s subsidiary, Singer Corporation, located at 915 Broadway, New York, NY 10010.

As used herein, except as the context otherwise requires, the term “Company” or “Singer” refers to Singer N.V. and its consolidated subsidiaries. The term “Operating Companies” refers to locally incorporated companies which operate the Company’s business in various countries around the world. The term “Operating Affiliates” refers to Operating Companies in which Singer exercises significant management influence but does not hold greater than 50% ownership. The term “Old Singer” refers to The Singer Company N.V., which filed for protection under Chapter 11 of the United States Bankruptcy Laws in September 1999.

The initial distribution of the Common Shares of the Company to unsecured creditors of Old Singer was made in November 2001. The Common Shares are not currently trading on any public securities exchange or trading system. It is not anticipated that the Company’s Common Shares will be listed on any U.S. or overseas securities exchange, the NASDAQ National Market System, the NASDAQ Small Cap Market, the OTC Bulletin Board or a similar trading system in the near future. The Company anticipates that one or more brokerage firms may take the required action to make a market for the outstanding Common Shares through the “Pink Sheets” quotation service. Brokers, upon the filing of a form with the NASD and obtaining approval from the NASD, could trade Singer’s Common Shares using the “Pink Sheets” quotation service as long as the Company is current in submitting to the Securities and Exchange Commission (“SEC”) the materials that it makes available to its shareholders or is required to file under its own country jurisdiction. The Company’s objective is for the Common Shares to be quoted using the “Pink Sheets” service as soon as practical after the initial distribution of the Common Shares; however, no assurance can be given as to approval by the NASD of the Common Shares for quotation on the “Pink Sheets” system or the timing of the commencement of any related trading. If the Common Shares are not traded, shareholders seeking to sell or buy shares will only be able to do so with considerable difficulty and at prices that may not reflect the shares’ theoretical inherent value. Should quotations on the “Pink Sheets” service be instituted, there is no assurance that there will be adequate liquidity or that there will not be wide swings in prices and significant differences between “bid” and “asked” prices, which would continue to make trading difficult and could cause prices for the Company’s shares to deviate substantially from their theoretical inherent value.

SINGER N.V.

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SINGER N.V.

CONDENSED CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2000 and SEPTEMBER 30, 2001 (Unaudited)
(in thousands of US dollars)

	(Unaudited) September 30, 2001	December 31, 2000
ASSETS:		
Current assets-		
Cash and cash equivalents	\$ 11,978	\$ 12,455
Accounts receivable, net	107,779	122,174
Inventories, net	96,189	91,357
Other current assets	11,621	12,910
Total current assets	227,567	238,896
Investment in operating affiliates	26,302	26,626
Property, plant and equipment, net	64,571	72,086
Intangible assets	144,762	148,976
Other assets	19,355	24,114
Total assets	\$ 482,557	\$ 510,698
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities-		
Notes and loans payable	\$ 140,283	\$ 143,767
Accounts payable and accrued liabilities	105,150	149,669
Total current liabilities	245,433	293,436
Long-term debt	73,934	78,066
Other non-current liabilities	59,862	40,544
Total liabilities	379,229	412,046
SHAREHOLDERS' EQUITY:		
Preferred shares, \$0.01 par value, authorized 1,000,000 shares, issued and outstanding Series A convertible, 40 shares in 2001 and 2000	18,100	17,275
Common Shares, \$0.01 par value, authorized 20,000,000 shares, issued and outstanding 8,121,828 in 2001 and 2000	81	81
Additional paid-in capital	80,919	80,919
Retained earnings	5,023	738
Accumulated other comprehensive loss	(795)	(361)
Total shareholders' equity	103,328	98,652
Total liabilities and shareholders' equity	\$ 482,557	\$ 510,698

The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of this Balance Sheet

SINGER N.V.

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2001 (Unaudited)
(in thousands of US dollars)

	Three Months ended September 30, 2001	Nine Months ended September 30, 2001
Revenues	\$ 99,453	\$ 317,050
Cost of sales	63,196	196,546
Gross profit	36,257	120,504
Selling and administrative expenses	31,058	96,727
Amortization of intangible assets	1,581	3,993
Operating income	3,618	19,784
Other income (expenses):		
Interest expense	(5,438)	(19,738)
Equity in earnings from operating affiliates	317	1,712
Royalties and license income	1,102	3,814
Other, net	1,885	3,784
Total other income (expense)	(2,134)	(10,428)
Income before provision for income taxes and minority interest	1,484	9,356
Provision for income taxes	670	4,124
Minority interest share in losses (income)	223	(122)
Net income	1,037	5,110
Dividends on preferred shares	275	825
Net income applicable to common shares	\$ 762	\$ 4,285
Supplementary information:		
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 10,474	\$ 38,167

The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of this Statement

SINGER N.V.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2001 (Unaudited)
(in thousands of US dollars)

	Nine Months ended September 30, 2001 <hr/>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	\$ 5,110
Adjustments to reconcile net income to net cash provided by operating activities-	
Depreciation and amortization	9,195
Equity in unremitted earnings from operating affiliates	(762)
Minority interest	122
Foreign exchange gain	(2,149)
Change in current assets and liabilities-	
Decrease (increase) in accounts receivable	7,690
Increase in inventory	(7,240)
Decrease in prepaid expenses	865
Increase (decrease) in accounts payable and accrued expenses	(2,163)
Other	466
Total adjustments	<hr/> 6,024
Net cash provided by operating activities	<hr/> 11,134
CASH FLOWS FROM INVESTING ACTIVITIES:	
Capital expenditures	(3,369)
Net cash used in investing activities	<hr/> (3,369)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Net decrease in notes and loans payable	(7,333)
Net cash used in financing activities	<hr/> 7,333
Effect of exchange rate changes on cash	(909)
Net decrease in cash and cash equivalents	<hr/> (477)
 CASH AND CASH EQUIVALENTS, beginning of the period	 <hr/> 12,455
 CASH AND CASH EQUIVALENTS, end of the period	 <hr/> <hr/> \$ 11,978

The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of this Statement

SINGER N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(in thousands of US dollars)

1. BUSINESS AND ORGANIZATION

Singer N.V. (“Singer” or the “Company”) was formed as a new corporate entity in the Netherlands Antilles in December 1999. Pursuant to the Reorganization Plan discussed below, effective September 14, 2000, Singer became the parent company of several operating companies (the “Operating Companies”), formerly owned by The Singer Company N.V. (“Old Singer”), as well as the owner of the “Singer” brand name.

The Company is a holding company whose subsidiaries are engaged in two principal businesses, Retail and Sewing. The Retail segment derives revenues primarily from the retail distribution of a wide variety of consumer durable products for the home in selected emerging markets, with consumer credit and other financial services available to qualified customers.

The Sewing segment derives revenues primarily from the distribution of consumer and artisan sewing machines and accessories, manufactured by Singer and certain third-party manufacturers, through its own distribution channels and through third-party distributors, as well as through the Operating Companies which operate Singer’s Retail business. The Retail and Sewing segments are both currently managed on a geographic basis.

2. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments and fresh start reporting adjustments) considered necessary for a fair presentation have been included. Operating results for the nine month period ended September 30, 2001 are not necessarily indicative of the results that may be expected for the year ending December 31, 2001. The balance sheet at December 31, 2000 has been derived from the audited financial statements at that date. Due to the reorganization in bankruptcy and implementation of “Fresh Start Reporting” on emergence, financial statements of Old Singer for prior periods are not comparable to post effective date results and have not, therefore, been presented or discussed herein. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Disclosure Statement and Report dated September 2001.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The financial statements do not include any adjustments relating to the recoverability and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company’s ability to continue as a going concern is dependent on the Company’s ability to achieve its minimum-operating plan and meet its obligations under several financing agreements. The Company has significant borrowings which require, among other things, compliance with certain financial covenants on a quarterly basis. As of September 30, 2001, the Company was not in compliance with certain of the covenants under selected financing arrangements. Accordingly, all amounts due under these financing arrangements

have been classified as short-term in the accompanying financial statements. The Company is planning to negotiate appropriate modifications to such amounts with a view to assuring future compliance.

The Reorganization Plan

The reorganization of the Company was made pursuant to the First Amended Joint Plan of Reorganization of Old Singer and its Affiliated Debtors and Debtors in Possession (the “Reorganization Plan”) adopted in accordance with the provisions of Chapter 11 of the United States Bankruptcy Code. The basic reorganization cases were commenced under Chapter 11 in September of 1999 by Old Singer and certain of its subsidiaries as a result of a number of internal and external factors making problematic the continued viability of their operations outside of reorganization proceedings. The majority of the Operating Companies, however, did not commence proceedings under Chapter 11 or under the insolvency laws of other countries, but continued to operate in the ordinary course as substantially stand-alone companies throughout the period of the bankruptcy proceedings. Operating companies in Brazil, the United States and Turkey were successfully reorganized under Chapter 11.

Under the Reorganization Plan, which was confirmed by the United States Bankruptcy Court for the Southern District of New York on August 24, 2000, and became effective on September 14, 2000, the outstanding shares of Old Singer were cancelled and the holders of allowed general unsecured claims against Old Singer will receive substantially all of the equity shares of the Company. Trading in such shares has not yet commenced. While it is not expected that the Company’s common shares will be listed on any U.S. or overseas securities exchange, the NASDAQ National Market System, the NASDAQ Small Cap Market, the OTC Bulletin Boards or a similar trading system in the near future, the Company anticipates, that one or more brokerage firms will seek to make a market for the newly distributed common shares through the “Pink Sheets” quotation system. Singer’s objective is for brokers and market makers to provide quotations for the Company’s common shares using the “Pink Sheets” system as soon as practical; however, no assurances can be given as to approval by the NASD of the common shares for quotation on the “Pink Sheets” system or as to the timing of such approval if given.

As part of the implementation of the Reorganization Plan, the Company entered into an Exit Financing Agreement with the Bank of Nova Scotia (the “Nova Scotia Financing Agreement”), pursuant to which the Company effectively assumed certain restructured secured indebtedness of Old Singer. With the exception of the chief executive officer, none of the directors of Old Singer were appointed to the Board of Directors of the Company, and the majority of the directors of the Company were appointed by the Creditors Committee of Old Singer.

Fresh Start Reporting

In connection with the reorganization under the Reorganization Plan, the Company implemented “Fresh Start Reporting” as of September 30, 2000 (its normal interim closing date), as set forth in Statement of Position 90-7, “Financial Reporting by entities in Reorganization Under the Bankruptcy Code” (“SOP 90-7”), issued by the American Institute of Certified Public Accountants. “Fresh Start Reporting” was required because there was an ownership change of more than 50%. Accordingly, all assets and liabilities were restated to reflect their respective fair values.

The reorganization value of the Company was determined by management, with assistance from The Blackstone Group LLP, independent financial professionals. The methodology employed involved estimation of enterprise value (i.e., the market value of the Company’s debt and stockholders’ equity which was determined to be \$324,000), taking into account a discounted cash flow analysis. The discounted cash flow analysis was based on five-year cash flow projections prepared by management and using average discount rates of 15-20%. The reorganization value of the Company was determined to be \$501,654 as of September 30, 2000.

The Company allocated \$85,000 of the reorganization value to the Singer brand name based on an independent appraisal. The Singer brand name is being amortized over 40 years at the rate of \$0.5 million per quarter. The portion of the reorganization value which cannot be attributed to specific tangible or identifiable intangible assets of the reorganized Company, has been reported as "Reorganization value in excess of amounts allocable to identifiable assets". This intangible asset is being amortized using the straight-line method over 20 years at the rate of \$0.8 million per quarter. The Company selected a useful life of 20 years based on the Company's previous experience, methodologies employed by independent financial experts and the Company's turnaround business strategy. Effective January 1, 2002, following Singer's anticipated adoption of SFAS No. 142, the Company will no longer amortize the value of the trademark and most other intangible assets, reducing amortization expenses by approximately \$1.3 million per quarter, subject, however, to any periodic adjustments which may be appropriate to assure that the book value of the Company's intangible assets reflect their fair value.

The Company's liquidity position is very tight. Among other required principal payments due in 2001, the Nova Scotia Financing Agreement requires Singer to reduce the outstanding balance of the facility by \$10,000 to \$45,000 by December 31, 2001. In the event that the Company is unable to achieve this reduction as scheduled or to negotiate appropriate modifications to the Agreement, including modifications necessary for the Company to be in compliance with certain financial covenants, then the bank would have the right to accelerate the maturity of the indebtedness and enforce its security interest under the Agreement. Improvement in liquidity is dependent on the achievement of improved operating and financial performance, including working capital efficiencies, as well as the timing and the ultimate realization of significant one-time items, including liquidation of operations as outlined in the Reorganization Plan and real estate sales, some of which are not within the Company's control.

Certain prior year amounts have been reclassified to conform to the current year presentation.

Recent Accounting Pronouncements

In June 1998, the FASB issued SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities". The Statement requires the recognition of all derivatives as either assets or liabilities in the balance sheet and the measurement of those instruments at fair value; this pronouncement is effective for fiscal years beginning after June 1999. The Company's exposure to derivative instruments are limited and, accordingly, the Company believes the impact of this statement will not have a significant effect on the consolidated financial statements of the Company.

In June 2001, the FASB issued SFAS No. 141, "Accounting for Business Combinations", and No. 142, "Accounting for Goodwill and Other Intangible Assets", effective for fiscal years beginning after December 15, 2001. SFAS No. 141 requires all business combinations initiated after September 30, 2001, to be accounted for using the purchase method. Under the provisions of SFAS No. 142, intangible assets with indefinite lives and goodwill will no longer be amortized but will be subject to at least an annual impairment test. Intangible assets with limited lives will continue to be amortized over their useful lives.

The Company expects to adopt SFAS No. 141 and SFAS No. 142 as of January 1, 2002. The adoption of SFAS No. 141 is not expected to impact the consolidated financial statements of the Company. Existing goodwill and intangible assets will continue to be amortized through the remainder of 2001. The adoption of SFAS No. 142 is expected to reduce amortization expense by approximately \$1.3 million per quarter, beginning in the first quarter of 2002; subject, however, to any periodic adjustment which may be appropriate to assure that the book value of the Company's intangible assets reflect their fair value. The Company has not yet determined the impact, if any, of the impairment provisions of SFAS No. 142.

In July 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations". This statement addresses financial accounting and reporting for obligations associated with the retirement of

tangible long-lived assets and the associated asset retirement costs. The Corporation is required to implement SFAS No. 143 on January 1, 2002. The Company's management does not expect this statement to have a material impact on the consolidated financial position or results of operations.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This statement supercedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." The statement retains the previously existing accounting requirements related to the recognition and measurement of the impairment of long-lived assets to be held and used while expanding the measurement requirements of long-lived assets to be disposed of by sale to include discontinued operations. It also expands the previously existing reporting requirements for discontinued operations to include a component of an entity that either has been disposed of or is classified as held for sale. The Corporation is required to implement SFAS No. 144 on January 1, 2002. The Company's management does not expect this statement to have a material impact on the consolidated financial position or results of operations.

3. ACCOUNTS RECEIVABLE

Accounts receivable are summarized as follows:

	September 30, 2001	December 31, 2000
Trade receivables	\$ 80,929	\$ 91,264
Installment receivables	69,070	82,197
Other	22,133	29,361
	<hr/> 172,132	<hr/> 202,822
Less:		
Allowance for doubtful accounts	(36,684)	(49,508)
Unearned carrying charges	(20,734)	(22,080)
Installment receivables due in excess of one year	(6,935)	(9,060)
	<hr/> \$ 107,779	<hr/> \$ 122,174
	<hr/> <hr/>	<hr/> <hr/>

4. INVENTORIES

Inventories are summarized as follows:

	September 30, 2001	December 31, 2000
Finished goods	\$ 84,171	\$ 80,370
Work in progress	3,747	2,840
Raw materials and supplies	8,271	8,147
	<hr/> \$ 96,189	<hr/> \$ 91,357
	<hr/> <hr/>	<hr/> <hr/>

5. ACCOUNT PAYABLE AND ACCRUED LIABILITIES

Account payable and accrued liabilities are summarized as follows:

	September 30, 2001	December 31, 2000
Account Payable	\$ 62,578	\$ 74,525
Accrued Liabilities	42,572	75,144
	<u>\$ 105,150</u>	<u>\$ 149,669</u>

6. COMPREHENSIVE INCOME

	Three Months ended September 30, 2001	Nine Months ended September 30, 2001
Net income	\$ 1,037	\$ 5,110
Other comprehensive income:		
Foreign currency translation adjustment	(1,044)	(434)
Comprehensive income (loss)	<u>\$ (7)</u>	<u>\$ 4,676</u>

7. SEGMENT RELATED INFORMATION

The Company is a holding company whose subsidiaries are engaged in two principal businesses, Retail and Sewing. The Retail segment derives revenues primarily from the retail distribution of a wide variety of consumer durable products for the home in selected emerging markets, with consumer credit and other financial services available to qualified customers. The Sewing segment derives revenues primarily from the distribution of consumer and artisan sewing machines and accessories, manufactured by Singer and certain third-party manufacturers, through its own distribution channels and through third-party distributors, as well as through the Operating Companies which operate Singer's Retail business. The Retail and Sewing segments are both currently managed on a geographic basis.

The operations and the performance of these segments are regularly reviewed and are coordinated by senior management of the Company.

Intersegment sales are at transfer prices which approximate prices charged to unaffiliated customers.

Net sales between geographic areas, which are eliminated in the financial statements, were not material to the operating income of any geographic area in the period presented. No single customer accounted for 10% or more of total revenues.

Segment Data	Three Months ended September 30, 2001	Nine Months ended September 30, 2001
Revenues:		
Retail-		
Americas	\$ 31,958	\$ 100,128
Asia, Europe, Africa & Middle East	50,883	168,933
Intersegment	437	1,584
	<u>83,278</u>	<u>270,645</u>
Sewing-		
Americas	22,112	66,284
Asia, Europe, Africa & Middle East	14,633	48,454
Intersegment	6,502	15,459
	<u>43,247</u>	<u>130,197</u>
Gross segment revenues	126,525	400,842
Less-		
Operating Affiliate, Thailand	(20,133)	(66,749)
Intersegment	(6,939)	(17,043)
Total revenues	<u>99,453</u>	<u>317,050</u>
Operating income:		
Retail-		
Americas	1,602	7,939
Asia, Europe, Africa & Middle East	2,185	13,462
	<u>3,787</u>	<u>21,401</u>
Sewing-		
Americas	2,838	10,432
Asia, Europe, Africa & Middle East	2,308	7,127
	<u>5,146</u>	<u>17,559</u>
Corporate and eliminations	<u>(5,045)</u>	<u>(14,082)</u>
	3,888	24,878
Less- Operating Affiliate, Thailand	(270)	(5,094)
Total operating income	<u>\$ 3,618</u>	<u>\$ 19,784</u>

Certain financial information by geographical area is as follows:

Geographic Data	Three Months ended September 30, 2001	Nine Months ended September 30, 2001
Revenues:		
Americas	\$ 54,070	\$ 166,412
Asia, Europe, Africa & Middle East	65,516	217,387
	<u>119,586</u>	<u>383,799</u>
Less- Operating Affiliate, Thailand	(20,133)	(66,749)
Total revenues	<u>\$ 99,453</u>	<u>\$ 317,050</u>

PART II

Management's Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Statement With Respect to Forward-Looking Statements

Statements made herein with respect to Singer'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, anticipates, 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 currently available to management. The ultimate outcome in many cases is outside the Company's control. The Company cautions you that no assurance can be given that expectations reflected in such forward looking statements will prove to have been 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, you should not place undue reliance on such forward-looking statements. You should not rely on any obligation of 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 in the Company's markets worldwide, particularly in Asia and other developing countries, including levels of consumer spending; exchange rates, particularly between the US dollar and other currencies in which the Company makes significant sales or in which the Company's assets and liabilities are denominated; the Company's ability to continue to win acceptance of its products and services, which are offered in highly competitive markets; the Company's ability to implement successfully the ongoing restructuring of its businesses; the success of the Company in improving liquidity and obtaining access to capital resources, including successfully concluding negotiations under its secured credit facility to preclude acceleration of required debt payments; improving efficiency in its manufacturing and marketing operations; continuing relationships with financial institutions, suppliers and other creditors; and the outcome of contingencies.

The following discussion and analysis should be read in conjunction with the audited consolidated financial statements of the Company for the three months ended December 31, 2000 together with the Auditor's Report, and the unaudited consolidated financial statements of the Company for the nine months ended September 30, 2001. This section contains forward-looking statements that are subject to the "Cautionary Statement Regarding Forward-Looking Statements" appearing elsewhere herein. Due to the reorganization in bankruptcy and implementation of "Fresh Start Reporting" on emergence, financial statements of Old Singer for prior periods are not comparable to post effective date results and have not, therefore, been presented or discussed herein.

Results Of Operations

Three Months Ended September 30, 2001

For the third quarter of 2001, ending September 30, Singer reported consolidated revenues of \$99.5 million. Revenues of Singer's 48% owned Thailand Operating Affiliate, which amounted to \$20.1 million for the quarter, are not included in this total.

Gross profit was \$36.3 million in the third quarter of 2001, representing a gross margin of 36.5% on sales. The Company's gross margin reflects the inclusion in revenues of the earned carrying charge on consumer credit sales. Earned carrying charges for the quarter were \$7.9 million.

Amortization of intangible assets was \$1.6 million or 1.6% of revenues, in the third quarter of 2001; this primarily relates to the Singer trademark. Effective January 1, 2002, the Company expects to adopt Financial Accounting Standards Board ("FASB") standard SFAS No. 142, "Accounting for Goodwill and Other Intangible Assets", pursuant to which Singer will no longer amortize the value of the trademark and most other intangible assets, reducing amortization expense by approximately \$1.3 million per quarter, subject, however, to any periodic adjustment which may be appropriate to assure that the book value of the Company's intangible assets reflect their fair value.

Operating income for the third quarter of 2001 was \$3.6 million, or 3.7% of revenue; earnings before interest, taxes, depreciation and amortization (EBITDA) was \$10.5 million.

Singer's Retail and related consumer credit operations accounted for 69% of Singer's revenues in the three-month period and for 42% of operating earnings before corporate expense, including amortization of intangibles, and eliminations (including in this segment and in the total, the revenues from the Company's non-consolidated Operating Affiliate in Thailand). Particularly strong contributors to the results of this segment during the third quarter of 2001 include the Retail businesses in Mexico, Bangladesh and Thailand.

The Sewing business accounted for 31% of Singer's revenues in the quarter and for 58% of operating earnings before corporate expense and eliminations. Especially strong contributors to the results of this segment include the Sewing manufacturing and marketing operations in Brazil. The economic crisis in Turkey, which intensified at year-end 2000, has continued to impact the Sewing operations. Singer's Turkey operation incurred a loss of \$0.7 million in the third quarter of 2001 on sales of \$1.6 million. The Turkey operation is implementing programs to rationalize its business to mitigate the short- and medium-term impact of the crisis. The Company is also exploring other alternatives to reduce its long-term exposure related to this situation.

Results of operations were adversely impacted for the third quarter of 2001, by the continued strengthening of the US dollar against most foreign currencies. As the dollar rises, the reported dollar value of local currency revenues, costs and profits decline. Partially offsetting the strengthening US dollar is the improvement in earnings at Singer's Brazil factory, where the majority of costs are local currency based while the majority of sales are dollar based.

Interest expense for the third quarter of 2001 was \$5.4 million, of which \$3.9 million represents interest incurred by the Singer Operating Companies, primarily in connection with the financing of working capital, and \$1.5 million represents corporate interest expense. An additional \$0.4 million in interest expense was incurred by the Company's Operating Affiliate in Thailand.

Royalty and license income paid by third parties and Operating Affiliates for the right to use the Singer name for certain products, services and locations, in selected markets, totaled \$1.1 million for the third quarter of 2001.

Miscellaneous other income was \$1.9 million in the third quarter of 2001 resulting from a \$0.7 million gain on sale of assets, and \$0.6 million gain on foreign exchange primarily in the Brazil operations.

Provision for income taxes amounted to \$0.7 million in the third quarter of 2001. The high tax provision largely reflects the impact of lower effective national tax rates in certain countries with losses and tax losses for which no tax benefit has been recorded, most notably in Turkey.

The Company's net income for the third quarter of 2001 was \$1.0 million.

Nine Months Ended September 30, 2001

For the nine months ended September 30, 2001, Singer reported consolidated revenues of \$317.1 million. Singer's non-consolidated Operating Affiliate in Thailand accounted for an additional \$66.7 million in sales, are not included in this total.

Gross profit for the nine-month period was \$120.5 million, representing a gross margin of 38.0% on sales. The Company's gross margin reflects the inclusion in revenues of the earned carrying charge on consumer credit sales. Earned carrying charges for the nine-months were \$24.8 million.

Amortization of intangible assets for the nine-month period was \$4.0 million or 1.3% of revenues; this primarily relates to the Singer trademark. Effective January 1, 2002, the Company expects to adopt Financial Accounting Standards Board ("FASB") standard SFAS No. 142, "Accounting for Goodwill and Other Intangible Assets", pursuant to which Singer will no longer amortize the value of the trademark and most other intangible assets, reducing amortization expense by approximately \$1.3 million per quarter, subject, however, to any periodic adjustment which may be appropriate to assure that the book value of the Company's intangible assets reflect their fair value.

Operating income for the nine-month period was \$19.8 million, or 6.2% of revenue; EBITDA was \$38.2 million.

Singer's Retail and related consumer credit operations accounted for 70% of Singer's revenues in the nine-month period and for 55% of operating earnings before corporate expense, including amortization of intangibles, and eliminations (including in this segment and in the total, the revenues from the Company's non-consolidated Operating Affiliate in Thailand). Particularly strong contributors to the results of this segment include the retail businesses in Mexico, Thailand, Sri Lanka and Bangladesh.

The Sewing business accounted for 30% of Singer's revenues in the nine-month period and for 45% of operating earnings before corporate expense and eliminations. Especially strong contributors to the results of this segment include the Sewing manufacturing and marketing operations in Brazil and the Sewing marketing operations in the United States. The economic crisis in Turkey, which intensified at year-end 2000, has continued to impact the Sewing operations. Singer's Turkey operation incurred losses of \$2.5 million in the nine-month period on sales of \$5.0 million.

Results of operations were adversely impacted for the nine-month period ended September 30, 2001, by the continued strengthening of the US dollar against most foreign currencies. As the dollar rises, the reported dollar value of local currency revenues, costs and profits decline. Partially offsetting the strengthening US dollar is the improvement in earnings at Singer's Brazil factory, where the majority of costs are local currency based while the majority of sales are dollar based.

Interest expense for the nine month period was \$19.7 million. Interest expense incurred by the Operating Companies during the period totaled \$14.9 million, while corporate interest expense in the period was \$4.8 million; interest expense for the period in the Company's non-consolidated Operating Affiliate in Thailand was \$1.5 million.

Equity in earnings from Operating Affiliates, primarily the Company's operating affiliate in Thailand, totaled \$1.7 million during the nine-month period.

Royalty and license income paid by third parties and Operating Affiliates for the right to use the Singer name for certain products, services and locations, in selected markets, totaled \$3.8 million in the nine-month period

Miscellaneous other income was \$3.8 million in the nine-month period resulting from \$2.1 million gain on foreign exchange primarily in the Brazil operations, \$0.7 million gain on sale of assets, \$0.5 million gain on settlement of a legal claim and \$0.4 million in income from fees for services charged to liquidating entities.

Provision for income taxes amounted to \$4.1 million in the nine-month period. The high tax provision largely reflects the impact of lower effective national tax rates in certain countries with losses and tax losses for which no tax benefit has been recorded, most notably in Turkey.

The Company's net income for the nine-month period was \$5.1 million.

Liquidity And Capital Resources

For the nine months ended September 30, 2001, Singer had a net cash inflow from operations of \$11.1 million due to the positive contribution from earnings and from depreciation and amortization less foreign exchange gain and equity in unremitted earnings from Operating Affiliates of \$11.5 million. Net working capital requirements required a net cash outflow of \$0.3 million. Capital expenditures in this period were \$3.4 million. Decrease in notes and loans payable and repayments of long term debt amounted to \$7.3 million in the nine-month period. The resulting net out-flow of \$0.5 million, in turn, was financed by a draw down in cash

At September 30, 2001 and December 31, 2000, current assets, primarily accounts receivables and inventories totaled \$227.6 million and \$238.9 million, respectively, while current liabilities, including notes and loans payable, accounts payable and accrued liabilities totaled \$245.4 million and \$293.4 million, respectively. The resulting net working capital deficit at September 30, 2001 and December 31, 2000 was \$17.8 million and \$54.5 million, respectively.

Improvement in the working capital position was partially due to the reclassification of approximately \$22 million of accrued liabilities to non-current liabilities as these accrued liabilities will not be settled within the following twelve months.

The working capital deficit arises, in part, from the reclassification as short term of \$61.0 million and \$67.5 million in long term amounts at September 30, 2001 and December 31, 2000, respectively, due under financing arrangements where the Company and a subsidiary of the Company were in breach of certain financial covenants. The Company would have had a net positive working capital balance of \$48.1 and \$13.0 million as of September 30, 2001 and December 31, 2000, respectively.

The Company's available short-term lines of credit at September 30, 2001, and December 31, 2000 were \$159.0 million and \$169.6 million, respectively. The corresponding amounts utilized were \$139.7 million and \$143.8 million, respectively. While this indicates \$19.3 million in potentially available facilities at September 30, 2001, as compared to \$25.8 million at December 31, 2000, the Company was either fully drawn or close to fully drawn under certain facilities; and while facilities remain unutilized in certain locations these facilities are not generally available outside of their respective countries.

Improvement in the Company's liquidity is dependent on a number of factors, including achievement of improved operating and financial performance, working capital efficiencies, and the ultimate realization of significant, one-time items, some of which are not within the Company's control.

The financing agreement entered into between the Company and the Bank of Nova Scotia, and the financing agreement entered into between the Singer Sewing Company, a U.S. subsidiary of the Company, and certain lenders with the Bank of Nova Scotia as Agent, each contain certain covenants and place certain restrictions upon the Company and the Singer Sewing Company, respectively. Under the more restrictive of these requirements, the borrower under each Agreement must observe certain specified financial covenants including minimum quarterly EBITDA. As of September 30, 2001 and December 31, 2000, the Company and the Singer Sewing Company were both not in compliance with certain of their respective covenants and restrictions. Singer is also required, under the terms of the agreement, to reduce the outstanding balance of the facility to \$45.0 million by December 31, 2001.

The Company believes that its Operating Companies have viable core businesses and that the Company has the potential to meaningfully improve operating and financial performance in 2002 and beyond and to achieve its minimum-operating plan. The Company's plans include efforts over the next nine to twelve months both to arrange for additional financing facilities, most notably in Mexico, and to negotiate, appropriate modifications to its credit agreement with the Bank of Nova Scotia, including modifications necessary to better align the required amortization schedule with the Company's projected cash flow and for the Company to be in compliance with its financial covenants.

In the event that the Company is unable to achieve this reduction as scheduled or negotiate appropriate modifications to the agreement, including a waiver of past breaches, the bank would have the right to accelerate the maturity of the indebtedness and enforce its security interest. The Company is currently negotiating for appropriate modifications in the repayment schedule and other terms of the agreement with a view to assuring future compliance, however, there is no assurance that these negotiations will be successfully concluded.

Market Risks

Singer has significant foreign operations whose results are transacted in their local currency. The Company's consolidated profit and loss statement, and consolidated balance sheet, are subject to foreign exchange rate fluctuations. In recent periods, for many operations, financial trends reported in US dollars have appeared significantly less favorable than would have been the case had those results been reported in local currency.

The Company's debt is subject to variable interest rates. Although the Company is exposed to this inherent market risk, management does not believe a change in the interest rates will be material.

There have been no material changes in the reported market risks of Singer since December 31, 2000. See further discussion of these market risks and other risk factors in the Singer NV Disclosure Statement and Report dated September 2001.