QUARTERLY REPORT

Singer N.V.

Incorporated in the Netherlands Antilles

De Ruyterkade 62, Willemstad
Curacao, Netherlands Antilles

For the Quarterly Period Ended
June 30, 2004

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", "U.S.$", "US$", 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 599-9732-2555. Certain administrative matters are handled in the United States by the Company's subsidiary, Singer Corporation, located at 333 Westchester Avenue, White Plains, NY 10604. The Company's website is current **www.singer.com.** Effective October 25, 2004 the Company's website will be relocated to **www.retailholdings.com**.

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 Code in September 1999.

The Singer Creditor Trust has made the final distribution of the Common Shares of Singer N.V. to the holders of allowed, general unsecured claims against Old Singer.

The Company does not anticipate that its 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. Price quotations for the Company's Common Shares became available on the "Pink Sheets" quotation service under the symbol "SNGR" in March 2002. Brokers should be able to continue trading 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. If the Common Shares cease to be 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. Even to the extent that quotations on the "Pink Sheets" service continue, 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 will make trading difficult and could cause prices for the Company's shares to deviate substantially from their theoretical inherent value.

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, anticipate, plans, strategy, prospects, forecast, estimate, project, may or might, and words of similar meaning in connection with a discussion of future operations, financial performance, financial position, capital resources and strategy and plans and objectives of management. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions and beliefs which are expressed in light of the information available to management at the time. The ultimate outcome in many cases is outside 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, 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; improving efficiency in its sourcing and marketing operations; the payment at maturity of the unsecured subordinated promissory notes issued to the Company by KSIN Holdings, Ltd.; continuing relationships with financial institutions, suppliers and other creditors; and the outcome of contingencies.

SINGER N.V.

INDEX

SINGER N.V.

CONDENSED CONSOLIDATED BALANCE SHEETS
JUNE 30, 2004 and DECEMBER 31, 2003
(in thousands of US dollars, except share and per share amounts)

	(Unaudited) June 30, 2004	(Audited) December 31, 2003
ASSETS:		
Current assets-		
Cash and cash equivalents	$ 19,884	$ 27,550
Accounts receivable, net of allowances for doubtful accounts of $14,056 and $33,795, respectively	105,741	148,371
Inventories, net	43,932	74,278
Other current assets	16,372	16,377
Current assets held for sale	92,856	-
Total current assets	278,785	266,576
Investment in operating affiliates	6,006	7,243
Property, plant and equipment, net	21,159	45,589
Intangible assets, net	17,400	128,962
Other assets	54,000	63,168
Other assets held for sale	105,454	-
Total assets	$ 482,804	$ 511,538
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities-		
Notes and loans payable	$ 37,745	$ 78,175
Accounts payable	21,332	38,770
Accrued liabilities	25,944	33,050
Current portion of long-term debt	24,542	52,417
Current liabilities held for sale	85,427	-
Total current liabilities	194,990	202,412
Long-term debt	46,781	55,325
Other non-current liabilities	30,373	61,056
Minority interest	65,742	70,362
Non-current liabilities held for sale and minority interest	48,432	-
Total liabilities	386,318	389,155
SHAREHOLDERS' EQUITY:		
Common Shares, $0.01 par value, authorized 20,000,000 shares, issued and outstanding 7,748,958 in 2004 and 7,870,826 in 2003	77	79
Additional paid-in capital	99,905	97,420
Retained earnings (deficit)	(2,324)	24,938
Accumulated other comprehensive loss	(1,172)	(54)
Total shareholders' equity	96,486	122,383
Total liabilities and shareholders' equity	$ 482,804	$ 511,538

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these Statements

SINGER N.V.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2004 AND 2003 (Unaudited)
(in thousands of US dollars, except share and per share amounts)

	Three Months Ended June 30, 2004 and 2003		Six Months ended June 30, 2004 and 2003	
Revenues	$ 69,598	$ 39,734	$ 141,618	$ 80,265
Cost of revenues	44,310	26,839	89,674	53,578
Gross profit	25,288	12,895	51,944	26,687
Selling and administrative expenses	23,843	11,575	46,142	23,337
Operating income	1,445	1,320	5,802	3,350
Other income (expense)				
Interest expense	1,803	1,742	3,417	3,441
Equity in (loss) earnings from operating affiliates	(502)	1,746	(803)	2,626
Royalty	(649)	-	(1,331)	-
Other, net	606	4,532	1,389	4,492
Total other income (expense)	(2,348)	4,536	(4,162)	3,677
Income (loss) from continuing operations before provision for income taxes and minority interest	(903)	5,856	1,640	7,027
Provision for income taxes	827	862	2,555	1,594
Minority interest share in income	494	521	2,302	912
Income (loss) from continuing operations	(2,224)	4,473	(3,217)	4,521
Discontinued operations				
Loss from operations of Mexico Retail, net of tax benefit	-	(7,710)	-	(23,877)
Income from operations of Sewing business and trademark	6,101	4,591	10,455	6,773
Impairment on assets held for sale of Sewing business and trademark, net of tax benefit	(34,500)	-	(34,500)	-
Loss on discontinued operations	(28,399)	(3,119)	(24,045)	(17,104)
Net income (loss)	(30,623)	1,354	(27,262)	(12,583)
Dividends on preferred shares	-	275	-	550
Net income (loss) available to common shares	$ (30,623)	$ 1,079	$ (27,262)	$ (13,133)
Earnings (loss) per common share - basic				
Income (loss) from continuing operations	$ (0.28)	$ 0.53	$ (0.41)	$ 0.50
Income (loss) from discontinued operations	$ (3.58)	$ (0.39)	$ (3.05)	$ (2.14)
Net income (loss) available to common shares	$ (3.86)	$ 0.14	$ (3.46)	$ (1.64)
Earnings (loss) per common share - diluted				
Income (loss) from continuing operations	$ (0.28)	$ 0.47	$ (0.41)	$ 0.47
Income (loss) from discontinued operations	$ (4.35)	$ (0.33)	$ (3.05)	$ (1.77)
Net income (loss) available to common shares	$ (3.86)	$ 0.14	$ (3.46)	$ (1.30)
Basic weighted average common shares outstanding	7,934,414	7,933,576	7,902,620	7,996,326
Diluted weighted average common shares outstanding	8,285,034	9,600,243	8,301,377	9,662,993

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these Statements

SINGER N.V.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2004 and 2003 (Unaudited)
(in thousands of US dollars)

	Six Months ended June 30, 2004	Six Months ended June 30, 2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (27,262)	$ (12,583)
Adjustments to reconcile net loss to net cash used in operating activities-		
Depreciation and amortization	1,511	859
Gain from disposal of property, plant and equipment	(1,187)	-
Impairment on assets held for sale of Sewing business	34,500	-
Loss from purchase of minority interest	41	-
(Income) loss from discontinued operations	(10,455)	17,104
Provision for doubtful accounts	4,449	2,756
Equity in loss (earnings) from operating affiliates, net of dividends received	1,236	(705)
Minority interest share in income	2,302	912
Change in assets and liabilities-		
Increase in accounts receivable	(14,002)	(8,109)
Increase in inventory	(2,477)	(2,684)
Increase in other current assets	(1,648)	(306)
Increase in accounts payable and accrued liabilities	1,689	426
Other, net	377	(4,764)
Total adjustments	16,336	5,489
Net cash used in operating activities	(10,926)	(7,094
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(1,841)	(959)
Proceeds from disposal of property, plant and equipment	1,907	-
Increase in investments in operating affiliates	(307)	-
Net cash used in investing activities	(241)	(959)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net (decrease) increase in notes and loans payable	(6,602)	3,936
Additions to long-term debt	19,651	-
Payments of long-term debt	(5,805)	-
Repurchase of preferred shares	-	(1,016)
Proceeds from stock options exercised	214	-
Net cash provided by financing activities	7,458	2,920
Effect of exchange rate changes on cash	578	386
Net cash (used in) provided by discontinued operations	(4,535)	1,424
Net decrease in cash and cash equivalents	(7,666)	(3,323)
CASH AND CASH EQUIVALENTS, at beginning of the period	27,550	13,543
CASH AND CASH EQUIVALENTS, at end of the period	$ 19,884	$ 10,220

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these Statements

SINGER N.V.

NOTES TO CONDENSED 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. 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 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.

On June 11, 2004, Singer announced that it had entered into a definitive agreement pursuant to which KSIN Holdings, Ltd. ("KSIN"), an affiliate of funds managed by Kohlberg & Co., LLC, would acquire the Singer worldwide Sewing business and the ownership of the SINGER® trademark for a total consideration of approximately $134.6 million (the "KSIN Transaction"). The KSIN Transaction was completed on September 30, 2004. The total consideration consists of approximately $65.1 million of cash, $22.5 million in unsecured subordinated promissory notes and the pay-off or assumption by KSIN of approximately $47.0 million of sewing-related debt, subject to post-closing price adjustments.

2. BASIS OF PRESENTATION

The accompanying unaudited condensed interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America for interim financial information. Accordingly, they do not include all of the disclosures required by generally accepted accounting principles in the United States of America for annual financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation of interim period results have been included. Operating results for the three-month and six-month periods ended June 30, 2004 are not necessarily indicative of the results that may be expected for the year ending December 31, 2004. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's 2003 Disclosure Statement and Annual Report dated April 2004.

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 assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

Certain prior year amounts have been reclassified to conform to the 2004 presentation.

Recent Accounting Pronouncements

In January 2003, the FASB issued Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities" and in December 2003 issued FIN 46R, an amendment of FIN 46. FIN 46R establishes criteria to identify variable interest entities ("VIE") and the primary beneficiary of such entities. Entities that qualify as VIE's must be consolidated by their primary beneficiary. All other holders of significant variable interests in a VIE must disclose the nature, purpose, size and activity of the VIE, as well as their maximum exposure to losses as a result of involvement with a VIE. FIN 46R will be effective for the Company for fiscal years beginning after December 31, 2003 for VIE's created before February 1, 2003, but is effective immediately for VIE's created after January 31, 2003. The implementation of FIN 46R did not have an impact on the consolidated financial statements of the Company as no VIE's were created after January 31, 2003. The adoption of this standard did not have a material effect on the Company's financial condition or results of operations.

In April 2003, the FASB issued SFAS No. 149, "Amendments of Statement 133 on Derivative Instruments and Hedging Activities". SFAS No. 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and hedging activities. The Statement is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. The adoption of this standard did not have a material effect on the Company's financial condition or results of operations.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity", which provides standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. The Statement is generally effective for financial instruments entered into or modified after May 31, 2003 and for pre-existing instruments as of the beginning of the first interim period beginning after June 15, 2003. The adoption of this standard did not have a material effect on the Company's financial condition or results of operations.

3. ACCOUNTS RECEIVABLE

Accounts receivable are summarized as follows:

	June 30, 2004	December 31, 2003
Trade receivables	$ 16,485	$ 59,280
Installment receivables	163,488	151,656
Other	8,740	16,318
	188,713	227,254
Less:		
Unearned carrying charges	(43,067)	(38,939)
Installment receivables due in excess of one year	(39,905)	(39,944)
	$ 105,741	$ 148,371

Trade and other receivables for the Sewing business have been reclassified as current assets held for sale.

4. LONG-TERM DEBT

Long-term debt is summarized as follows:

	June 30, 2004	December 31, 2003
Bonds and Debentures:		
Sri Lanka - 17% due 2004	$ 3,910	$ 4,145
- 13% due 2005	2,932	3,109
- 10% due 2008	2,444	-
Brazil - A Bonds - 10% due 2005	-	12,749
Brazil - Old Bonds - 12%	-	6,702
Loans:		
Omnibus Agreement	16,317	16,673
Thailand – Kasikron Bank	11,817	6,944
Thailand – Bank of Asia	10,390	8,208
Thailand - Asia Credit Public	4,889	-
Sri Lanka - National Development Bank	4,590	-
Sri Lanka - Mercantile Services Provident Society	3,421	-
Thailand – DBS Thai Danu Bank	3,057	3,788
Thailand – Siam Commercial Bank	2,034	2,524
Nova Scotia Financing Agreement	-	28,750
Singer U.S. - Livingston Loan Agreement	-	4,000
Brazil - Banco Unibanco	-	2,693
Other	5,522	7,457
	71,323	107,742
Less- Current portion	(24,542)	(52,417)
	$ 46,781	$ 55,325

As of June 30, 2004, the Company was in compliance with all of the Nova Scotia Financing Agreement covenants and restrictions as amended. Debt facilities with Brazil and Singer U.S. have been reclassified as non-current liabilities held for sale (see Note 5). In connection with the completion of the KSIN Transaction on September 30, 2004 the Company paid off the Nova Scotia Financing Agreement. All of the Brazil and Singer U.S. debt was either paid off or assumed by KSIN at that time.

5. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES HELD FOR SALE

On June 11, 2004, Singer announced that it had entered into a definitive agreement relating to the KSIN Transaction, which was completed on September 30, 2004. Accordingly, the results of operations for the Sewing business and SINGER® trademark are reported separately as discontinued operations and are summarized as follows:

	January 1, 2004 to June 30, 2004	January 1, 2003 to June 30, 2003
Revenues	$ 97,536	$ 87,565
Operating income	$ 12,812	$ 11,167
Income from operations of Sewing business and trademark	$ 10,455	$ 6,773
Impairment on assets held for sale of Sewing business and trademark, net of tax benefit	$ 34,500	$ -

Assets and liabilities for the Sewing business and trademark are classified as assets and liabilities held for sale as well as the minority interest and are summarized as follows:

	June 30, 2004
ASSETS:	
Current assets-	
Cash and cash equivalents	$ 7,968
Accounts receivable, net of allowances for doubtful accounts	42,790
Inventories, net	39,990
Other current assets	2,108
Total current assets	92,856
Property, plant and equipment, net	22,633
Intangible assets, net	79,623
Other assets	3,198
Total assets	$ 198,310
LIABILITIES:	
Current liabilities-	
Notes and loans payable	$ 22,701
Accounts payable	17,870
Accrued liabilities	9,668
Current portion of long-term debt	35,188
Total current liabilities	85,427
Long-term debt	20,435
Minority interest	1,087
Other non-current liabilities	26,910
Total liabilities	$ 133,859

On September 30, 2003, the Company sold for proceeds of one dollar the shares of the parent company of Singer Mexico, resulting in a $16.1 million reversal of losses previously recorded that exceeded the Company's investment and exposure in Singer Mexico.

As a consequence of this sale, Singer ceased to own or control Singer Mexico and the results of operations of Singer Mexico's Retail and finance division are reported separately as discontinued operations and are summarized as follows:

	January 1, 2003 to June 30, 2003
Revenues	$ 22,828
Operating loss	$ (21,284)
Loss from operations of Mexico Retail, net of tax benefit	$ (23,877)

6. SHAREHOLDERS' EQUITY AND OTHER STOCK RELATED INFORMATION

On January 9, 2003, a subsidiary of the Company entered into an agreement with the Pension Benefit Guaranty Corporation to purchase all 40 issued and outstanding Series A convertible Preferred stock ("Preferred A Shares") of the Company for $3.8 million. The terms of the purchase agreement required the Company to pay $0.4 million or 10% upon execution of the agreement with the balance of $3.4 million being settled through a promissory note bearing interest at 12.5% per annum. As of December 31, 2003 the promissory note was paid in full and the Preferred A Shares have been classified as Preferred Treasury Shares.

During 2003 and 2002, the Company purchased allowed general unsecured claims against Old Singer. The claims purchased during 2003 and 2002 entitled the holders to 188,252 and 62,751 common shares of the Company, respectively. These shares have been classified as Treasury Shares, reducing the number of issued and outstanding Common Shares by that amount.

On June 30, 2004, the Company entered into a settlement agreement with the Singer Creditor Trust that has resulted in 312,631 Common Shares of the Company held by subsidiaries to now be classified as Treasury Shares.

During the first half of 2004, the Company granted 313,000 stock options with a weighted average exercise price of $3.64; 190,763 stock options with a weighted average exercise price of $1.12 were exercised during the same time period.

7. COMPREHENSIVE INCOME

	Three Months ended June 30, 2004 and 2003		Six Months ended June 30, 2004 and 2003	
Net income (loss)	$ (30,623)	$ 1,354	$ (27,262)	$ (12,583)
Other comprehensive loss:				
Foreign currency translation adjustment	(1,203)	(506)	(1,118)	(2,228)
Comprehensive income (loss)	$ (31,826)	$ 848	$ (28,380)	$ (14,811)

8. EARNINGS PER SHARE OF COMMON STOCK

	Three Months Ended June 30, 2004 and 2003		Six Months ended June 30, 2004 and 2003	
Weighted-average number of shares on which earnings per share calculations are based:				
Basic	7,934,414	7,933,576	7,902,620	7,996,326
Add - incremental shares associated with stock options	350,620	-	398,757	-
Add - incremental shares associated with preferred shares	-	1,666,667	-	1,666,667
Diluted	8,285,034	9,600,243	8,301,377	9,662,993
Income (loss) from continuing operations	$ (2,224)	$ 4,473	$ (3,217)	$ 4,521
Preferred share dividends	-	(275)	-	(550)
Income (loss) from continuing operations available to common shares	$ (2,224)	$ 4,198	$ (3,217)	$ 3,971
Discontinued operations:				
Loss from operations of Mexico Retail, net of tax benefit	-	(7,710)	-	(23,877)
Income from operations of Sewing business and trademark	6,101	4,591	10,455	6,773
Impairment on assets held for sale of Sewing business and trademark, net of tax benefit	34,500	-	34,500	-
Discontinued operations, net of tax	(28,399)	3,119	(24,045)	(17,104)
Income (loss) on which basic earnings per share is calculated	$ (30,623)	$ 1,079	$ (27,262)	$ (13,133)
Income (loss) from continuing operations	$ (2,224)	$ 4,473	$ (3,217)	$ 4,521
Discontinued operations, net of tax	(28,399)	(3,119)	(24,045)	(17,104)
Income (loss) on which diluted earnings per share is calculated	$ (30,623)	$ 1,354	$ (27,262)	$ (12,583)
Earnings (loss) per common share - basic				
Income (loss) from continuing operations	$ (0.28)	$ 0.53	$ (0.41)	$ 0.50
Discontinued operations:				
Loss from operations of Mexico Retail, net of tax benefit	-	(0.97)	-	(2.99)
Income from operations of Sewing business and trademark	0.77	0.58	1.32	0.85
Impairment on assets held for sale of Sewing business and trademark, net of tax benefit	(4.35)	-	(4.37)	-
Discontinued operations, net of tax	(3.58)	(0.39)	(3.05)	(2.14)
Income (loss) available to common shares	$ (3.86)	$ 0.14	$ (3.46)	$ (1.64)
Earnings (loss) per common share - diluted				
Income (loss) from continuing operations	$ (0.28)	$ 0.47	$ (0.41)	$ 0.47
Discontinued operations:				
Loss from operations of Mexico Retail, net of tax benefit	-	(0.80)	-	(2.47)
Income from operations of Sewing business and trademark	0.77	0.47	1.32	0.70
Impairment on assets held for sale of Sewing business and trademark, net of tax benefit	(4.35)	-	(4.37)	-
Discontinued operations, net of tax	(3.58)	(0.33)	(3.05)	(1.77)
Income (loss) available to common shares	$ (3.86)	$ 0.14	$ (3.46)	$ (1.30)

9. PURCHASE OF ADDITIONAL INTEREST IN SINGER THAILAND

Effective October 29, 2003 the Company, on behalf of Singer Asia, acquired an additional 4.1% of the outstanding shares of Singer Thailand Public Company Limited ("Singer Thailand") to bring its equity holdings in that company to 52.1%. This has resulted in Singer Thailand's operations being included in the Company's consolidated financial statements effective that date. Previously, Singer Thailand was being reported as an affiliate and its' results accounted for under the equity method. The purchase price was $2.1 million for the additional 4.1% of the outstanding shares. The cost to acquire these additional shares of Singer Thailand has been allocated to the assets acquired and liabilities assumed according to estimated fair values, which did not result in any goodwill. The consolidation of Singer Thailand has resulted in significantly higher revenues and operating income and a significant increase in minority interest liability; however, net income has not been materially impacted.

During the first quarter of 2004 the Company, on behalf of Singer Asia, purchased an additional 0.5% of the outstanding shares of Singer Thailand to bring its holdings in that Company to 52.6%. Under the Investment Agreement with the private investment fund that invested in Singer Asia, the Company committed to fund the purchase of an aggregate of 4.99% of the Singer Thailand shares. An additional 0.4% of the Singer Thailand shares were purchased during the third quarter of 2004, satisfying the Company's obligation.

10. PURCHASE OF ADDITIONAL INTEREST IN SINGER ITALY

During March 2004, the Company purchased for one dollar the remaining 49% of the common shares and 100% of the preferred shares of Singer Italia SpA ("Singer Italy") that were previously owned by the minority shareholder. Singer now owns 100% of the common and preferred shares of Singer Italy. This resulted in a $2.3 million reduction of minority interest liability and an increase in additional paid-in capital.

11. SEGMENT RELATED INFORMATION

The Company is a holding company whose subsidiaries are engaged in 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 operations and the performance of these subsidiaries by geographic area and corporate expenses is as follows:

Segment Data	Three Months ended June 30, 2004 and 2003		Six Months ended June 30, 2004 and 2003	
Revenues:				
Retail-				
Asia	$ 64,942	$ 63,555	$ 133,105	$ 128,035
Jamaica	4,656	3,671	8,513	7,616
	69,598	67,226	141,618	135,651
Less- Operating Affiliate, Thailand	-	(27,492)	-	(55,386)
Total revenues	$ 69,598	$ 39,734	$ 141,618	$ 80,265
Operating income:				
Retail-				
Asia	$ 3,252	$ 4,959	$ 9,178	$ 10,609
Jamaica	130	256	148	515
	3,382	5,215	9,326	11,124
Corporate and eliminations	(1,937)	(1,810)	(3,524)	(3,289)
	1,445	3,405	5,802	7,835
Less- Operating Affiliate, Thailand	-	(2,085)	-	(4,485)
Total operating income	$ 1,445	$ 1,320	$ 5,802	$ 3,350
Interest expense:				
Retail-				
Asia	$ 1,654	$ 1,656	$ 3,265	$ 3,370
Jamaica	-	171	-	265
	1,654	1,827	3,265	3,635
Corporate and eliminations	149	69	152	138
	1,803	1,896	3,417	3,773
Less- Operating Affiliate, Thailand	-	(154)	-	(332)
Total interest expense	$ 1,803	$ 1,742	$ 3,417	$ 3,441

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 periods presented. No single customer accounted for 10% or more of total revenues.

Assets by geographic area include those assets which are specifically identifiable with the operations in each area. Asia includes operations located in the Pacific and Asia regions.

PART II

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

The following discussion and analysis should be read in conjunction with the audited consolidated financial statements of the Company for the twelve months ended December 31, 2003 and the unaudited consolidated financial statements of the Company for the three months ended June 30, 2004 and 2003 and for the six months ended June 30, 2004 and 2003. This section contains forward-looking statements that are subject to the "Cautionary Statement With Respect To Forward-Looking Statements" appearing elsewhere herein. Risks to the Company are also discussed elsewhere herein.

Results Of Operations

The Company's results of operations, as presented, are impacted significantly by the KSIN Transaction entered into by the Company on June 11, 2004, and completed on September 30, 2004. Accordingly:

- The results of operations for the Sewing segment are reported separately as discontinued operations, shifting $6.1 million and $10.5 million in net income for the second quarter ended June 30, 2004 and for the six months ended June 30, 2004, respectively, from continuing operations to discontinued operations.

- An impairment charge of $34.5 million is recorded to reflect the difference between the book value of the assets being sold - primarily goodwill associated with the trademark - and the liabilities being transferred and consideration received.

Three Months Ended June 30, 2004 and June 30, 2003

For the second quarter ended June 30, 2004, the Company reported consolidated revenues (excluding the worldwide Sewing segment and revenue derived from certain licensing of the SINGER® trademark) of $69.6 million as compared to $39.7 million for the second quarter of 2003, an increase of $29.9 million or 75.3%. The increase in revenues was primarily due to the inclusion of Thailand's results, totaling $25.4 million, in the Company's consolidated results for the 2004 second quarter. This was coupled with a strong retail sales performance in Sri Lanka. This sales increase was partially offset by weaker retail sales in India and the Philippines.

The Company's revenues for the second quarter of 2004 included $10.6 million of finance charges on consumer credit sales compared to $3.6 million in the second quarter of 2003. The increase in finance charges is primarily due to the inclusion of Thailand's finance charges for the 2004 second quarter along with increased finance charges in Sri Lanka due to strong retail sales.

Gross profit for the three months ended June 30, 2004 was $25.3 million, representing a gross margin of 36.3%, as compared to $12.9 million and a gross margin of 32.5% for the same period in 2003. The improvement in the gross margin is due to the inclusion of Thailand's gross margin for the 2004 second quarter as Thailand's gross margin is higher than the average of the other Retail operating units. Also impacting the gross margin percentage were lower gross margins, as compared to the prior period, in India and the Philippines and a higher gross margin in Sri Lanka.

Selling and administrative expenses for the three months ended June 30, 2004 were $23.8 million, representing 34.3% of revenues, as compared to $11.6 million and 29.1% of revenues for the same period in 2003. The increase in selling and administrative expenses as a percent of revenue is due to the inclusion of Thailand's selling and administrative expenses for the second quarter of the year as Thailand's selling and administrative expenses as a percentage of revenue are higher than the average of the other Retail operating units. Also contributing to the increase was higher selling and administrative expenses, as a percentage of revenue, in India and the Philippines due to their decline in revenue without a corresponding decrease in their fixed selling and administrative expenses.

Operating income for the 2004 and 2003 quarters was $1.4 million and $1.3 million, respectively, while EBITDA (net income before interest expense, taxes, depreciation and amortization) from continuing operations was $1.2 million and $7.5 million, respectively. The increase in operating income that was due to the inclusion in the 2004 second quarter results of Thailand’s operating income was largely offset by a decline in operating income in India and the Philippines. The $6.3 million decrease in EBITDA from continuing operations reflects the drop in total other income (expense) in the second quarter of 2004 as compared to the second quarter of 2003.

Interest expense for the three-month period ended June 30, 2004 was $1.8 million, as compared to $1.7 million for the three-month period ended June 30, 2003.

Equity in loss from Operating Affiliates totaled $0.5 million during the three-month period ended June 30, 2004 as compared to income of $1.7 million for the same period in 2003. The $2.2 million decrease was primarily due to lower profitability at an operating affiliate in Sri Lanka. Also contributing to the decrease was the fact that Singer Thailand was accounted for as an equity investment in the second quarter of 2003 while in the 2004 second quarter Thailand was included in the Company’s consolidated results.

Royalty expense for the three months ended June 30, 2004 was $0.6 million compared to nil for the same period in 2003. The royalty expense is for the use of the SINGER® trademark by the Retail Operating Companies in Asia and became effective July 31, 2003.

Miscellaneous other income was $0.6 million for the three-month period ended June 30, 2004 as compared to other income of $4.5 million for the same period in 2003. The $0.6 million of other income in the 2004 second quarter was primarily due to gains on sale of property, plant and equipment. The corresponding income in the second quarter of 2003 was primarily due to an increase in the estimated recovery on receivables from a former subsidiary that is in liquidation.

Provision for income taxes amounted to $0.8 million against a pre-tax, pre-minority interest loss of $0.9 million in the three-month period ended June 30, 2004, as compared to a $0.9 million tax provision for the same period in 2003. The much higher tax provision in 2004 relative to pre-tax income is primarily due to the losses incurred in India and the Philippines, with no corresponding tax benefit, and the equity loss from operating affiliates which is net of tax.

Minority interest share in income was $0.5 million for both the 2004 and 2003 second quarter. The increase due to the sale of a 43.2% minority equity interest in the Company’s Asia Retail operations effective July 2003 and to Singer Thailand being included in the Company's consolidated results rather than being accounted for as an equity investment as in the first half of 2003, were offset by higher losses from Singer India and lower profits in Sri Lanka as compared to the 2003 second quarter.

The Company’s loss from continuing operations for the three months ended June 30, 2004 was $2.2 million as compared to $4.5 million income for the same period in 2003. The income decrease of $6.7 million is largely due to a $2.2 million decline in equity earnings from operating affiliates, the $0.6 million of royalty expense and the $3.9 million decline in other income.

The Company's net loss for the 2004 second quarter, including income from the discontinued operations of the Sewing segment and trademark and the impairment charge, net of tax benefit, was $30.6 million as compared to a net income of $1.4 million for the same period in 2003. The $32.0 million additional loss from prior year was primarily due to the $6.5 million decrease in the Company's income from continuing operations and the $25.3 million higher loss from discontinued operations including the impairment charge.

Dividends on the Preferred A Shares amounted to nil for the three-month period ended June 30, 2004 and $0.2 million for the three-month period ended June 30, 2003. This dividend was cumulative and was accrued but not paid. An additional amount of nil and $0.1 million for the 2004 and 2003 three-month periods, respectively, was accrued representing the accretion in the value of the Preferred A Shares. On January 9, 2003, a subsidiary of the Company entered into an agreement with the Pension Benefit Guaranty Corporation to purchase all 40 issued and outstanding Preferred A Shares of the Company for $3.8 million. The terms of the purchase agreement required the Company to pay $0.4 million or 10% upon execution of the agreement with the balance of $3.4 million being settled through a promissory note bearing interest at 12.5% per annum. As of December 31, 2003 the promissory note was paid in full and the Preferred A Shares have been classified as Preferred Treasury Shares.

The net loss available to Common Shares was $30.6 million for the three months ended June 30, 2004 as compared to the net income available to Common Shares of $1.1 million for the same period in 2003. This is equivalent to basic loss per Common Share of $3.86 and basic income per Common Share of $0.14, respectively.

Six Months Ended June 30, 2004 and June 30, 2003

For the first six months ended June 30, 2004, the Company reported consolidated revenues (excluding the worldwide Sewing segment and revenue derived from certain licensing of the SINGER® trademark) of $141.6 million as compared to $80.3 million for the first half of 2003, an increase of $61.3 million or 76.3%. The increase in revenues was primarily due to the inclusion of Thailand's results, totaling $53.5 million, in the Company's consolidated results for the 2004 first half. This was coupled with a strong retail sales performance in Sri Lanka. This sales increase was partially offset by weaker retail sales in India and the Philippines.

The Company's revenues for the first half of 2004 included $20.8 million of finance charges on consumer credit sales compared to $7.2 million in the first half of 2003. The increase in finance charges is primarily due to the inclusion of Thailand's finance charges for the first half of the year along with increased finance charges in Sri Lanka due to strong retail sales.

Gross profit for the six months ended June 30, 2004 was $51.9 million, representing a gross margin of 36.7%, as compared to $26.7 million and a gross margin of 33.2% for the same period in 2003. The improvement in the gross margins is due to the inclusion of Thailand's gross margin for the first half of the year as Thailand's gross margins are higher than the average of the other retail operating units. Partially offsetting this improvement were lower gross margins, as compared to the prior period, in India and the Philippines.

Selling and administrative expenses for the six months ended June 30, 2004 were $46.1 million, representing 32.6% of revenues, as compared to $23.3 million and 29.1% of revenues for the same period in 2003. The increase in selling and administrative expenses as a percent of revenue is due to the inclusion of Thailand's selling and administrative expenses for the first half of the year as Thailand's selling and administrative expenses as a percentage of revenue are higher than the average of the other Retail operating units. Also contributing to the increase was higher selling and administrative expenses, as a percentage of revenue, in India and the Philippines due to their decline in revenue without a corresponding decrease in their fixed selling and administrative expenses.

Operating income for the 2004 and 2003 first half was $5.8 million and $3.4 million, respectively, while EBITDA from continuing operations was $4.3 million and $10.4 million, respectively. The increase in operating income was due to the inclusion in the 2004 first half results of Thailand's operating income of $4.1 million. Partially offsetting this was a decline in operating income in India and the Philippines in the first half of the year. The $6.1

million decrease in EBITDA from continuing operations reflects the decrease in total other income (expense), and the increase in minority interest share in income. These were partially offset by the increase in operating income.

Interest expense for both the six-month periods ended June 30, 2004 and 2003 was $3.4 million.

Equity in loss from Operating Affiliates totaled $0.8 million during the six-month period ended June 30, 2004 as compared to income of $2.6 million for the same period in 2003. The $3.4 million decrease was primarily due to lower profitability at an operating affiliate in Sri Lanka. Also contributing to the decrease was the fact that Singer Thailand was accounted for as an equity investment in the first half of 2003 while in the 2004 first half Thailand was included in the Company's consolidated results.

Royalty expense for the six months ended June 30, 2004 was $1.3 million compared to nil for the same period in 2003. The royalty expense is for the use of the SINGER® trademark by the Retail Operating Companies in Asia and became effective July 31, 2003.

Miscellaneous other income was $1.4 million for the six-month period ended June 30, 2004 as compared to other income of $4.5 million for the same period in 2003. The $1.4 million of other income in the 2004 first half was primarily due to gains on sale of property, plant and equipment and a write-off of old accounts payable which were determined to be no longer valid liabilities. The other income in the first half of 2003 was primarily due to an increase in the estimated recovery on receivables from a former subsidiary that is in liquidation.

Provision for income taxes amounted to $2.6 million in the six-month period ended June 30, 2004, as compared to a $1.6 million tax provision for the same period in 2003. The much higher tax provision in 2004 is primarily due to the losses incurred in India and the Philippines, with no corresponding tax benefit, and the equity loss from operating affiliates which is net of tax.

Minority interest share in income was $2.3 million for the 2004 first half compared to $0.9 million for the same period in 2003. This increase reflects the 43.2% minority equity interest in the Company's Asia Retail operations effective July 2003 and that Singer Thailand was included in the Company's consolidated results rather than being accounted for as an equity investment as was the case in the first half of 2003.

The Company's loss from continuing operations for the first half of 2004 was $3.2 million as compared to a $4.5 million income for the same period in 2003. The income decrease of $7.7 million is due to a $3.4 million decline in equity earnings from operating affiliates, the $1.3 million of royalty expense, the $3.1 million decline in other income, the $1.0 million increase in income taxes and the $1.4 million increase in minority interest share in income. These were partially offset by the $2.5 million increase in operating income.

The Company's net loss for the first half of 2004 was $27.3 million including income from the discontinued operations of the Sewing segment and trademark and the impairment charge, net of tax benefit, as compared to a net loss of $12.6 million for the same period in 2003. The $14.7 million additional loss from prior year was primarily due to the $7.7 million decrease in the Company's income from continuing operations and the $6.9 million higher loss from discontinued operations including the impairment charge.

Dividends on the Preferred A Shares amounted to nil for the six-month period ended June 30, 2004 and $0.4 million for the six-month period ended June 30, 2003. This dividend was cumulative and was accrued but not paid. An additional amount of nil and $0.2 million for the 2004 and 2003 six-month periods, respectively, was accrued representing the accretion in the value of the Preferred A Shares. As of December 31, 2003 the promissory note was paid in full and the Preferred A Shares have been classified as Preferred Treasury Shares.

The net loss available to Common Shares was $27.2 million for the six months ended June 30, 2004 as compared to the net loss available to Common Shares of $13.1 million for the same period in 2003. This is equivalent to basic loss per Common Share of $3.46 and basic loss per Common Share of $1.64, respectively.

Liquidity And Capital Resources

Six Months Ended June 30, 2004 and June 30, 2003

For the six months ended June 30, 2004, the Company had a net cash outflow from operations of $10.9 million. This was primarily due to a $27.2 million loss resulting primarily from the impairment on assets held for sale of $34.5 million, a $14.0 million increase in accounts receivable, and a $2.5 million increase in inventories. This was largely offset by $32.4 million of positive adjustments to reconcile net loss to net cash used in operating activities, primarily due to the fact that the asset impairment on the sewing assets held for sale had no cash effect. Capital expenditures for the three months were $1.8 million. The decrease in notes and loans payable amounted to $6.6 million while repayments of long-term debt totaled $5.8 million. Additions to long-term debt totaled $19.7 million. The net effect was a decrease in cash and cash equivalents by $7.7 million to $19.9 million at June 30, 2004.

For the six months ended June 30, 2003, Singer had a net cash outflow from operations of $7.1 million primarily due to an $8.1 million increase in receivables and a $2.7 million increase in inventory, which were partially offset by a net loss of $12.6 million which was reduced by $20.9 million of non-cash items, primarily loss from discontinued operations. Capital expenditures for the three months were $1.0 million. The increase in notes and loans payable amounted to $4.0 million. The net effect was a decrease in cash and cash equivalents by $3.3 million to $10.2 million at June 30, 2003.

Working capital as of June 30, 2004 of $83.8 million showed an increase from the $64.2 million of working capital as of December 31, 2003. This increase was primarily due to an increase in inventories, a decrease in notes and loans payable and an increase in current maturities of long-term debt, including discontinued operations.

The financing agreement entered into between the Company, and the Bank of Nova Scotia contains certain covenants, places certain restrictions upon the Company and requires Singer to pay off the outstanding balance by December 31, 2004.

As of June 30, 2004, the Company was in compliance with all of the Nova Scotia Financing Agreement covenants and restrictions as amended. In connection with the KSIN Transaction, the Company has repaid the Nova Scotia Financing Agreement in full.

The consolidated financial statements have been prepared assuming that the Company will continue as a going concern.

Impact of Subsequent Events on Liquidity

The completion of the KSIN Transaction on September 30, 2004 has had a significant impact on the Company's liquidity position. The total consideration received of approximately $134.6 million consists of approximately $65.1 million of cash, $22.5 million in unsecured subordinated promissory notes and the pay off or assumption by KSIN of approximately $47.0 million of sewing-related debt, subject to post-closing price adjustments. Of the approximately $65.1 million cash received by the Company, $26.3 million has been used by the Company to repay in full the Nova Scotia Financing Agreement. A balance of approximately $36.9 million remains uncommitted after payment of expenses related to the KSIN Transaction.

Research and Development

Research and development expenses are incurred largely at Singer's manufacturing facilities in Brazil and China that are part of the Sewing segment, reported as discontinued operations. The amount spent on research and development in the three-month and six-month periods ended June 30, 2004 and 2003 were not material.

Environment

The Company is subject to a variety of environmental and pollution control laws and regulations in many jurisdictions in which it operates, and faces exposure from actual and potential claims involving such matters. The Company believes that any costs resulting from environmental matters known to it will not have a material, adverse impact on the Company's financial position, results of operation or liquidity. The amount spent on environmental and pollution matters was not material in the three-month and six-month periods ended June 30, 2004 and 2003.

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.

The Company's debt is largely subject to variable interest rates. Although the Company is exposed to interest rate market risk, management does not believe any likely change in interest rates will have a material impact on the Company's financial conditions or results of operations in the near future.

There have been no material changes in the market risks faced by Singer since December 31, 2003. For a further discussion of these market risks and other risk factors see the Singer N.V. 2003 Disclosure Statement and Annual Report dated April 2004.