

SINGER[®]

QUARTERLY REPORT

Singer N.V.

Incorporated in the Netherlands Antilles

De Ruyterkade 62, Willemstad
Curacao, Netherlands Antilles

**For the Quarterly Period Ended
June 30, 2005**

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, NV Adminservice Corporation, located at 333 Westchester Avenue, White Plains, NY 10604. The Company’s website is www.retailholdings.com. Effective following the 2005 Annual General Meeting, on August 18, 2005, the name of the Company has been changed to Retail Holdings N.V.

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 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. 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 Common 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 payment at maturity of the unsecured subordinated promissory notes issued to the Company by KSIN Holdings, Ltd. and the secured promissory notes issued to the Company by AON International and Singer Jamaica; continuing relationships with financial institutions, suppliers and other creditors; and the outcome of contingencies.

SINGER N.V.

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SINGER N.V.
CONSOLIDATED BALANCE SHEETS
June 30, 2005 and DECEMBER 31, 2004
(in thousands of US dollars, except share and per share amounts)

	(Unaudited) June 30, 2005	(Audited) December 31, 2004
ASSETS:		
Current assets-		
Cash and cash equivalents	\$ 36,650	\$ 40,038
Accounts receivable, net of allowances for doubtful accounts of \$28,072 and \$28,242, respectively	109,773	113,441
Inventories, net	50,432	51,898
Other current assets	15,541	13,773
Total current assets	212,396	219,150
Investment in operating affiliates	6,235	6,616
Installment receivables due in excess of one year	63,987	39,523
Property, plant and equipment, net	20,746	21,141
Goodwill and intangible assets, net	14,845	14,821
Other assets	40,653	34,525
Total assets	\$ 358,862	\$ 335,776
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities-		
Notes and loans payable	\$ 81,686	\$ 48,370
Accounts payable	21,843	27,069
Accrued liabilities	18,539	19,747
Current portion of long-term debt	23,378	24,668
Total current liabilities	145,446	119,854
Long-term debt	40,458	38,359
Other non-current liabilities	31,325	31,365
Minority interest	60,525	62,317
Total liabilities	277,754	251,895
SHAREHOLDERS' EQUITY:		
Common Shares, \$0.01 par value, authorized 20,000,000 shares, issued and outstanding 5,848,339 in 2005 and 5,984,375 in 2004	58	60
Additional paid-in capital	96,300	97,132
Deficit	(9,212)	(6,293)
Accumulated other comprehensive loss	(6,038)	(7,018)
Total shareholders' equity	81,108	83,881
Total liabilities and shareholders' equity	\$ 358,862	\$ 335,776

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

SINGER N.V.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2005 and 2004 (Unaudited)
(in thousands of US dollars, except share and per share amounts)

	Three Months Ended June 30, 2005 and 2004		Six Months ended June 30, 2005 and 2004	
	\$	\$	\$	\$
Revenues	84,270	64,918	163,945	133,105
Cost of revenues	56,235	41,355	109,197	84,205
Gross profit	28,035	23,563	54,748	48,900
Selling and administrative expenses	24,313	22,249	48,172	43,246
Operating income	3,722	1,314	6,576	5,654
Other income (expense)				
Interest expense	(2,312)	(2,147)	(4,301)	(4,091)
Equity earnings from operating affiliates	(298)	(502)	(157)	(803)
Royalty	(842)	(649)	(1,639)	(1,331)
Other, net	623	716	1,242	1,461
	(2,829)	(2,581)	(4,855)	(4,764)
Income (loss) from continuing operations before provision for income taxes and minority interest	893	(1,267)	1,721	891
Provision for income taxes	1,545	827	2,766	2,555
Minority interest share in income	(675)	(496)	(1,494)	(2,302)
Loss from continuing operations	(1,327)	(2,590)	(2,539)	(3,967)
Discontinued operations				
Income from operations of Sewing business and trademark	-	6,444	-	11,128
Gain (loss) on sale / impairment on assets of Sewing business and trademark, net of tax benefit	2,198	(35,923)	1,314	(35,923)
Income from operations of Jamaica	231	23	233	77
Loss on sale of Jamaica, net of tax benefit	(1,927)	-	(1,927)	-
Income (loss) from discontinued operations	502	(29,456)	(380)	(24,718)
Net loss available to common shares	\$ (825)	\$ (32,046)	\$ (2,919)	\$ (28,685)
Earnings (loss) per common share – basic and diluted				
Loss from continuing operations	\$ (0.23)	\$ (0.33)	\$ (0.43)	\$ (0.50)
Income (loss) from discontinued operations	\$ 0.09	\$ (3.71)	\$ (0.07)	\$ (3.14)
Net loss available to common shares	\$ (0.14)	\$ (4.04)	\$ (0.50)	\$ (3.64)
Basic weighted average common shares outstanding	5,840,982	7,934,414	5,805,763	7,902,620
Diluted weighted average common shares outstanding	6,159,042	8,285,034	6,170,529	8,301,377

The accompanying Notes to 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, 2005 and 2004 (Unaudited)
(in thousands of US dollars)

	Six Months ended June 30, 2005	Six Months ended June 30, 2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (2,919)	\$ (28,685)
Adjustments to reconcile net income (loss) to net cash used in operating activities-		
Depreciation and amortization	1,365	1,511
Gain from disposal of property, plant and equipment	(346)	(1,187)
Loss from purchase of minority interest	-	41
Impairment (gain) on sale of Sewing business and trademark, net of tax benefit	(1,314)	35,923
Loss on sale of Singer Jamaica, net of tax benefit	1,927	-
Income from discontinued operations of Sewing business and Jamaica, net of tax benefit	(233)	(11,128)
Provision for doubtful accounts	4,617	4,449
Equity in loss from operating affiliates, net of dividends received	582	1,236
Minority interest share in income	1,494	2,302
Change in assets and liabilities-		
Increase in accounts receivable and installment receivables due in excess of one year	(36,140)	(14,002)
Increase in inventory	(1,924)	(2,477)
Increase in other current assets	(1,768)	(1,648)
Increase (decrease) in accounts payable and accrued expenses	(4,225)	1,689
Other, net	(8,780)	1,050
Total adjustments	(44,745)	17,759
Net cash used in operating activities	(47,664)	(10,926)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(2,149)	(1,841)
Proceeds from sale of Singer Jamaica	2,710	-
Proceeds from sale of Sewing business and trademark	1,783	-
Proceeds from disposal of property, plant and equipment	444	1,907
Increase in investments in operating affiliates	-	(307)
Net cash used in investing activities	2,788	(241)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in notes and loans payable	35,780	(6,602)
Net increase in long-term debt	2,668	13,846
Purchase of treasury stock and options	(1,150)	-
Proceeds from stock options exercised	318	214
Net cash provided by financing activities	37,616	7,458
Effect of exchange rate changes on cash	3,872	578
Net cash used in discontinued operations	-	(4,535)
Net decrease in cash and cash equivalents	(3,388)	(7,666)
CASH AND CASH EQUIVALENTS, at beginning of the period	40,038	27,550
CASH AND CASH EQUIVALENTS, at end of the period	\$ 36,650	\$ 19,884

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

SINGER N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (in thousands of US dollars, except share and per share amounts)

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, 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® trademark.

The Company is a holding company whose subsidiaries are engaged in retail distribution of a wide variety of consumer durable products in selected emerging markets in Asia, with consumer credit and other financial services available to qualified customers. The operating units in Asia are all owned by Singer Asia Ltd. ("Singer Asia") which is a 56.8% owned subsidiary of the Company.

On September 30, 2004, Singer completed the sale of the Singer worldwide Sewing business and the ownership of the SINGER® trademark for a total consideration of approximately \$134.6 million to KSIN Holdings, Ltd. ("KSIN"), an affiliate of funds managed by Kohlberg & Co., LLC (the "KSIN Transaction"). The total consideration consisted of approximately \$65.1 million of cash, \$22.5 million in unsecured subordinated promissory notes (the "KSIN Notes") and the pay-off or assumption by KSIN of approximately \$47.0 million of sewing-related debt, subject to a post-closing price adjustment.

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 for interim financial information. Accordingly, they do not include all of the disclosures required by generally accepted accounting principles in the United States 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 and six-month periods ended June 30, 2005 are not necessarily indicative of the results that may be expected for the year ending December 31, 2005. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's 2004 Annual Report dated April 2005.

Certain prior year amounts have been reclassified to conform to the 2005 presentation.

Recent Accounting Pronouncements

In December 2004, the FASB issued FASB Statement No. 123 (revised 2004), "Share-Based Payment," which addresses the accounting for transactions in which an entity exchanges its equity instruments for goods or services, with a primary focus on transactions in which an entity obtains employee services in share-based payment transactions. This Statement is a revision to Statement 123 and supercedes APB Opinion No. 25, "Accounting for Stock Issued to Employees," and its related implementation guidance. This Statement will be effective for the Company as of January 1, 2006. The adoption of this standard will not have a material effect on the Company's financial condition or results of operations.

In December 2004, the FASB issued FASB Statement No. 151, "Inventory Costs," which clarifies the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). Under this Statement, such items will be recognized as current-period charges. In addition, the Statement requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. This Statement will be effective for the Company for inventory costs incurred on or after January 1, 2006. The adoption of this standard will not have a material effect on the Company's financial condition or results of operations.

In December 2004, the FASB issued FASB Statement No. 153, "Exchanges of Nonmonetary Assets," which eliminates an exception in APB 29 for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges for nonmonetary assets that do not have commercial substance. This Statement will be effective for the Company for nonmonetary asset exchanges occurring on or after January 1, 2006. The adoption of this standard will not have a material effect on the Company's financial condition or results of operations.

In December 2003, the FASB issued FASB Interpretation No. 46 (revised December 2003), "Consolidation of Variable Interest Entities, which addresses how a business enterprise should evaluate whether it has a controlling financial interest in an entity through means other than voting rights and accordingly should consolidate the entity. 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, 2005	December 31, 2004
Trade receivables, net	\$ 11,478	\$ 10,671
Installment receivables, net	217,172	185,456
Other, net	8,973	7,873
	<u>237,623</u>	<u>204,000</u>
Less:		
Unearned carrying charges	(63,863)	(51,036)
Installment receivables due in excess of one year	(63,987)	(39,523)
	<u>\$ 109,773</u>	<u>\$ 113,441</u>

4. OTHER ASSETS

Other assets is summarized as follows:

	June 30, 2005	December 31, 2004
Receivable associated with entities being liquidated in connection with the Reorganization Plan	13,755	13,755
Other, including the KSIN and Jamaica Notes	26,898	20,770
	<u>\$ 40,653</u>	<u>\$ 34,525</u>

The KSIN Notes bear interest at 10.0% per annum and are paid semi-annually in arrears on June 30 and December 31. On each interest payment date, up to 30% of the accrued and unpaid interest may be capitalized by increasing the outstanding principal amount. One third of the original principal amount of

the KSIN Notes is due on September 30, 2010 and the remaining balance of the unpaid principal amount of the KSIN Notes and any accrued and unpaid interest thereon is due on September 30, 2011.

See Note 7 for description of the Jamaica Notes.

5. NOTES AND LOANS PAYABLE

Notes and loans payable due within one year consisted of:

	June 30, 2005	December 31, 2004
Thailand @ 3.3% (2004 – 2.6%) weighted average interest rate	\$ 36,541	\$ 13,300
Sri Lanka @ 10.4% (2004 - 10.2%) weighted average interest rate	24,254	15,843
India @ 13.9% (2004 - 13.9%) weighted average interest rate	6,616	7,416
Pakistan @ 9.6% (2004 – 6.2%) weighted average interest rate	5,608	3,415
Bangladesh @ 11.6% (2004 – 10.5%) weighted average interest rate	3,352	2,088
Philippines @ 12.2% (2004 – 13.1%) weighted average interest rate	1,189	1,231
Corporate @ 0% (2004 – 0%) weighted average interest rate	4,126	4,101
Jamaica (2004 – 20.0%) weighted average interest rate	-	976
	<u>\$ 81,686</u>	<u>\$ 48,370</u>

Notes and loans payable of operating units are generally denominated in local currency and collateralized by receivables, inventory, and property, plant and equipment. Corporate borrowings are denominated in US Dollars and are primarily with entities being liquidated in connection with the Reorganization Plan.

Covenants

As of June 30, 2005, there were no financial covenants in any corporate debt.

The terms of the financing agreements relating to Singer India Limited (“Singer India”), a public company that is a 62.6% owned subsidiary of Singer Asia, contain, among other provisions, requirements for maintaining minimum financial covenants and remaining current on all interest and principal payments. As at June 30, 2005 and December 31, 2004, Singer India was in breach of certain financial covenants and in arrears on interest and principal repayments with respect to various financing agreements. On May 31, 2005, Singer India was registered as a "Sick Company" by the Board for Industrial & Financial Reconstruction ("BIFR") pursuant to the Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA") of India. The registration provides certain legal protection against creditors. There can be no assurance that BIFR registration or any other steps being taken by Singer India will permit a successful reorganization of that company. The survival and restructuring of Singer India will require the support and assistance of Singer India’s banks and other stake holders, which support has so far not been forthcoming. The Company has not guaranteed any debt or any other obligations of Singer India and has no legal obligation to provide any financial support.

As of June 30, 2005 and December 31, 2004 the Company’s other subsidiaries were in compliance with all applicable financial covenants.

6. LONG-TERM DEBT

Long-term debt is summarized as follows:

	June 30, 2005	December 31, 2004
Bonds and Debentures:		
Sri Lanka - 10.5% due 2009	\$ 2,998	\$ -
- 10.5% due 2008	4,540	4,347
- 13.0% due 2005	2,998	2,871
Loans:		
Thailand - Bank of Ayudhaya	6,660	-
Thailand - Siam Commercial Bank	6,651	8,776
Thailand - Bank of Asia	6,255	8,782
Thailand - Bangkok Bank	5,945	7,712
Thailand - Kasikron Bank	4,844	9,641
Thailand - Thai Military Bank	4,844	-
Thailand - KGI Securities	3,633	-
Thailand - Asia Credit	3,229	4,284
Sri Lanka - National Development Bank	2,848	3,629
Thailand - DBS Thai Danu Bank	1,816	2,570
Sri Lanka - Mercantile Services Provident Society	1,499	3,349
Sri Lanka - Hatton National Bank	999	1,914
Other	4,077	5,152
	<u>63,836</u>	<u>63,027</u>
Less- current portion	(23,378)	(24,668)
	<u>\$ 40,458</u>	<u>\$ 38,359</u>

7. DISCONTINUED OPERATIONS

On June 23, 2005, Singer completed the sale of Singer Jamaica Limited ("Singer Jamaica") to AON International Inc. for total consideration of \$8,195. The consideration consisted of \$2,710 in cash and \$5,485 in three promissory notes receivable ("Jamaica Notes") as follows:

- \$2,000 secured First Jamaica Note bearing interest at 7.5% per annum payable quarterly and due in full on September 23, 2006.
- \$2,985 secured Second Jamaica Note bearing interest at 2.1% per annum payable quarterly. Quarterly principal receipts of \$135 are due commencing on March 23, 2006 and increase to \$245 per quarter on December 23, 2006 and continue until March 23, 2009 at which time they reduce to \$95 per quarter until the note is fully paid by December 23, 2009.
- \$500 secured Purchase Note bearing interest at 10.0% per annum payable quarterly. Quarterly principal receipts of \$125 are due commencing on March 23, 2009.

Accordingly, the results of operations of Singer Jamaica together with the loss on sale of \$1,927 are reported separately as discontinued operations.

On September 30, 2004 Singer completed the KSIN Transaction. Accordingly, the results of operations for the Sewing business and SINGER[®] trademark are reported separately as discontinued operations and are summarized as follows:

	Six Months ended June 30, 2005 and 2004	
Revenues	\$ -	\$ 97,536
Operating income	\$ -	\$ 12,812
Income from operations of Sewing business and trademark, net of tax benefit	\$ -	\$ 11,128
Gain on sale (impairment) of Sewing business and trademark, net of tax benefit	\$ 1,314	\$ (35,923)

During the second quarter of 2005, the Company reached an agreement with KSIN on the post closing purchase price adjustment relating to the difference between the actual and the estimated closing working capital and debt related to the sale of the Sewing business and trademark in September 2004. The agreement resulted in a gain of \$2,308 which was recorded in discontinued operations. This gain was offset, in part, by additional termination benefits of \$994 during the six months ended June 30, 2005 as part of the Company's ongoing efforts to reduce certain corporate administrative positions as a result of the sale of the Sewing business and trademark.

8. SHAREHOLDERS' EQUITY AND OTHER STOCK RELATED INFORMATION

A new common stock repurchase plan was announced on April 22, 2005. Under the plan, the Company purchased 65,395 Shares and options as of June 30, 2005 for a total cost of \$340. The Shares purchased have been classified as Treasury Shares, reducing the number of issued and outstanding common shares by 38,145.

During 2004, the Company undertook a common stock repurchase plan. Under the plan, the Company purchased 375,185 Shares and options in fiscal year 2004 for a total cost of \$1,714; the Company repurchased 186,278 Shares and options in 2005, under agreements negotiated during 2004, for a total cost of \$810. The Shares purchased have been classified as Treasury Shares, reducing the number of issued and outstanding common shares by 505,963. This common stock repurchase plan was terminated on January 24, 2005.

During 2004, the Company purchased allowed general unsecured claims against Old Singer which entitled the holder to 11,400 common shares of the Company; additionally, a subsidiary of Old Singer, in liquidation, made a final distribution, including a distribution to the Company, of 159,796 common shares. These shares have been classified as Treasury Shares, reducing the number of issued and outstanding common shares by these amounts.

In October 2004, as a consequence of the repayment of an outstanding loan obligation, a security interest in 1,346,701 common shares of the Company held by a subsidiary was released; these shares are now classified as Treasury Shares.

In June 2004, the Company entered into a settlement agreement with the Singer Creditor Trust that resulted in 312,631 common shares of the Company formerly held by subsidiaries, to be classified as Treasury Shares. Pursuant to the terms of the KSIN transaction, those shares that were held by subsidiaries of the Company to be acquired by KSIN were acquired by the Company.

In 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 shareholders. The Company reflected the resulting gain of \$2,269 as an increase to Additional paid-in-capital.

9. STOCK OPTION PLAN

A summary of changes in the stock option plan is as follows:

	Shares Under Option	Weighted Average Exercise Price
Outstanding, December 31, 2003	686,027	\$ 1.12
Granted	309,000	3.65
Exercised	(295,263)	1.12
Purchased	(24,000)	2.45
Outstanding, December 31, 2004	675,764	\$ 2.23
Exercised	(246,514)	1.19
Purchased	(58,750)	1.46
Outstanding, June 30, 2005	370,500	\$ 3.04

10. COMPREHENSIVE INCOME

	Three Months ended June 30, 2005 and 2004		Six Months ended June 30, 2005 and 2004	
Net income (loss)	\$ (825)	\$ (32,046)	\$ (2,919)	\$ (28,685)
Other comprehensive income:				
Foreign currency translation adjustment	(1,053)	(1,203)	(592)	(1,118)
Comprehensive income (loss)	\$ (1,878)	\$ (33,249)	\$ (3,511)	\$ (29,803)

11. EARNINGS PER SHARE OF COMMON STOCK

	Three Months Ended June 30, 2005 and 2004		Six Months Ended June 30, 2005 and 2004	
Weighted-average number of shares on which earnings per share calculations are based:				
Basic	5,840,982	7,934,414	5,805,763	7,902,620
Add - incremental shares associated with stock options	318,060	350,620	364,766	398,757
Diluted	6,159,042	8,285,034	6,170,529	8,301,377
Loss from continuing operations available to common shares	\$ (1,327)	\$ (2,590)	\$ (2,539)	\$ (3,967)
Income (loss) from discontinued operations, net of tax benefit	502	(29,456)	(380)	(24,718)
Loss on which basic earnings per share is calculated	\$ (825)	\$ (32,046)	\$ (2,919)	\$ (28,685)
Loss from continuing operations	\$ (1,327)	\$ (2,590)	\$ (2,539)	\$ (3,967)
Income (loss) from discontinued operations, net of tax benefit	502	(29,456)	(380)	(24,718)
Loss on which diluted earnings per share is calculated	\$ (825)	\$ (32,046)	\$ (2,919)	\$ (28,685)
Earnings (loss) per common share – basic and diluted				
Loss from continuing operations	\$ (0.23)	\$ (0.33)	\$ (0.43)	\$ (0.50)
Income (loss) from discontinued operations of Sewing business and trademark, net of tax	0.09	(3.71)	(0.07)	(3.14)
Loss available to common shares	\$ (0.14)	\$ (4.04)	\$ (0.50)	\$ (3.64)

12. 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 in Asia, 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, 2005 and 2004		Six Months ended June 30, 2005 and 2004	
Revenues:				
Asia	\$ 84,270	\$ 64,918	\$ 163,945	\$ 133,105
Total revenues	<u>\$ 84,270</u>	<u>\$ 64,918</u>	<u>\$ 163,945</u>	<u>\$ 133,105</u>
Operating income:				
Asia	\$ 5,018	\$ 3,252	\$ 9,260	\$ 9,178
Corporate and eliminations	(1,296)	(1,938)	(2,684)	(3,524)
Total operating income	<u>\$ 3,722</u>	<u>\$ 1,314</u>	<u>\$ 6,576</u>	<u>\$ 5,654</u>
Interest expense:				
Asia	\$ 2,312	\$ 1,655	\$ 4,301	\$ 3,265
Corporate and eliminations	-	492	-	826
Total interest expense	<u>\$ 2,312</u>	<u>\$ 2,147</u>	<u>\$ 4,301</u>	<u>\$ 4,091</u>

	June 30, 2005	December 31, 2004
Total assets:		
Retail-		
Asia	\$ 299,119	\$ 266,841
Jamaica	-	12,509
	<u>299,119</u>	<u>279,350</u>
Corporate and eliminations	59,743	56,426
Total assets	<u>\$ 358,862</u>	<u>\$ 335,776</u>

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, 2004 and the unaudited consolidated financial statements of the Company for the six months ended June 30, 2005 and 2004. 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

On June 23, 2005, the Company completed the sale of Singer Jamaica Limited ("Singer Jamaica") to AON International Inc. for a total consideration of \$8.2 million. Singer Jamaica was Singer's only remaining operating company outside of Asia. The consideration consists of \$2.7 million in cash and \$5.5 million in three promissory notes due through December 2009. The results of operations of Singer Jamaica, together with a loss on sale of \$1.9 million, are reported as part of discontinued operations.

Three Months Ended June 30, 2005 and June 30, 2004

For the second quarter of 2005 ended June 30, 2005, the Company reported consolidated revenues of \$84.3 million compared to \$64.9 million for the second quarter of 2004, an increase of \$19.4 million or 29.9%. The increase in revenues was primarily due to strong retail sales at almost all of the major Retail operating units in Asia, particularly in Thailand, Sri Lanka and Bangladesh. India's sales, however, were substantially below prior year. Excluding India, the Company would have shown a 39.9% revenue increase for the quarter.

The Company's revenues for the second quarter of 2005 include \$12.8 million of finance earnings on consumer credit sales compared to \$10.3 million in the second quarter of 2004. The increase in finance earnings is due primarily to increased credit sales in Thailand and Sri Lanka as a result of strong retail sales and promotion of credit, including longer average credit terms.

Gross profit for the three months ended June 30, 2005 was \$28.0 million, representing a gross profit as a percentage of revenues of 33.2%, as compared to \$23.6 million and a gross profit percentage of 36.3% for the three months ended June 30, 2004. The decline in gross profit percentage is primarily due to a shift in Thailand's sales mix from appliances to motorcycles, which have a lower gross profit contribution.

Selling and administrative expenses for the three months ended June 30, 2005 were \$24.3 million, representing 28.8% of revenues, as compared to \$22.3 million and 34.3% of revenues for the three months ended June 30, 2004. The decrease in selling and administrative expenses as a percent of revenues is primarily due to Thailand's significant sales increase which exceeded the increase in Thailand's fixed selling and administrative expenses. This was offset, in part, by India's significant decline in revenues without a corresponding decrease in fixed selling and administrative expenses. Excluding India, selling and administrative expenses as a percentage of revenue would have been 27.7% in the 2005 second quarter as compared to 34.1% in the 2004 second quarter.

Operating income for the three months ended June 30, 2005 and 2004 was \$3.7 million and \$1.3 million, respectively, while EBITDA (earnings before interest expense, taxes, depreciation and amortization) from continuing operations was \$3.2 million and \$1.1 million, respectively. The \$2.4 million increase in operating income and \$2.1 million increase in EBITDA were due to improved performance at the

operating units, particularly in Thailand, Sri Lanka and the Philippines, coupled with a reduction in Corporate overhead expense.

Singer India has incurred substantial and growing losses over the last several years. These losses are primarily a result of the inability of the operation through new initiatives to generate adequate sales volume, coupled with the high turnover of personnel, increased competition and, during 2004 and continuing into the second quarter of 2005, a severe liquidity crunch reflecting the impact of prior losses. On May 31, 2005, Singer India was registered as a "Sick Company" by the BIFR pursuant to the Sick Industrial Companies (Special Provisions) Act, 1985 of India. The registration provides certain legal protection against creditors.

There can be no assurance that BIFR registration or any other steps being taken by Singer India will permit a successful reorganization of that company. The survival and restructuring of Singer India will require the support and assistance of Singer India's banks and other stake holders, which support has so far not been forthcoming. The Company has not guaranteed any debt or any other obligations of Singer India and has no legal obligation to provide any financial support.

Singer has established a new wholly owned subsidiary in India, which together with a third party distributor, may take on the role of distributing sewing machines and small appliances on a wholesale basis in India. Residual sourcing and retail activity may continue to be carried on by a smaller and more focused Singer India. Singer is also considering reducing its ownership stake in that company. Should a sufficient stake be sold and Singer India be deconsolidated, the Company would recognize a significant accounting gain from the reversal of prior losses in excess of that company's equity.

Interest expense was \$2.3 million and \$2.1 million for the three-month periods ended June 30, 2005 and 2004, respectively. The increase in interest expense reflects the increased financing required to support the increased installment receivables as a result of higher sales and promotion of credit, including longer average credit terms in Thailand and Sri Lanka.

Equity earnings from Operating Affiliates totaled a loss of \$0.3 million during the three-month period ended June 30, 2005 as compared to a loss of \$0.5 million for the same period in 2004. The \$0.2 million improvement was primarily due to lower losses at First Capital Ltd., an operating affiliate in Sri Lanka.

Royalty expense was \$0.8 million and \$0.7 million for the three-month periods ended June 30, 2005 and 2004, respectively. The increase in royalty expense is due to increased revenues in Singer Asia. The royalty expense is for the use of the SINGER[®] trademark by the Retail Operating Companies in Asia.

Miscellaneous other income was \$0.6 million for the three-month period ended June 30, 2005 as compared to other income of \$0.7 million for the same period in 2004. Other income in 2005 was primarily interest income from investments and the KSIN notes receivable and gain on sale of property in India, which was partially offset by foreign exchange losses of \$0.9 million. The other income for 2004 was primarily gain on sale of property in Thailand.

Provision for income taxes amounted to \$1.5 million in the three-month period ended June 30, 2005, as compared to a \$0.8 million tax provision for the same period in 2004. The \$0.7 million increase in provision for income taxes is primarily due to higher provision for income tax in Thailand and Sri Lanka during 2005 as compared to 2004.

Minority interest share in income was \$0.7 million for the 2005 second quarter compared to \$0.5 million for the same period in 2004. The increase in minority interest income was primarily due to the increase in profits in Thailand and Sri Lanka.

The Company's loss from continuing operations for the three months ended June 30, 2005 and 2004 was \$1.3 million and \$2.6 million, respectively. The reduction in loss of \$1.3 million is primarily due to improved performance at the operating units, particularly in Sri Lanka and the Philippines.

Income from discontinued operations for the three months ended June 30, 2005 was \$0.5 million as compared to a loss of \$29.5 million for the same period in 2004. The gain in 2005 was due to the final post closing purchase price adjustment relating to the KSIN transaction which resulted in a gain of \$2.3 million that was offset, in part, by loss on sale of Jamaica, net of earnings from operations, of \$1.7 million and additional termination benefits of \$0.1 million. The loss from discontinued operations in 2004 was primarily due to an impairment charge of \$35.9 million on assets of the Sewing business and trademark that were sold as part of the KSIN transaction.

The net loss available to common shares for the three months ended June 30, 2005 and 2004 was \$0.8 million and \$32.0 million, respectively. This is equivalent to basic and diluted loss per common share of \$0.14 and \$4.04, respectively.

Six Months Ended June 30, 2005 and June 30, 2004

For the six months ended June 30, 2005, the Company reported consolidated revenues of \$163.9 million compared to \$133.1 million for the same period in 2004, an increase of \$30.8 million or 23.1%. The increase in revenues was primarily due to strong retail sales at almost all of the major Retail operating units in Asia, particularly in Thailand, Sri Lanka and Bangladesh. India's sales, however, were substantially below prior year. Excluding India, the Company would have shown a 34.2% revenue increase for the six months.

The Company's revenues for the six months ended June 30, 2005 include \$26.4 million of finance earnings on consumer credit sales compared to \$20.0 million for the same period in 2004. The increase in finance earnings is due primarily to increased credit sales in Thailand and Sri Lanka as a result of strong retail sales and promotion of credit, including longer average credit terms.

Gross profit for the six months ended June 30, 2005 was \$54.7 million, representing a gross profit as a percentage of revenues of 33.4%, as compared to \$48.9 million and a gross profit percentage of 36.7% for the six months ended June 30, 2004. The decline in gross profit percentage is primarily due to a shift in Thailand's sales mix from appliances to motorcycles, which have a lower gross profit contribution.

Selling and administrative expenses for the six months ended June 30, 2005 were \$48.2 million, representing 29.4% of revenues, as compared to \$43.2 million and 32.5% of revenues for the six months ended June 30, 2004. The decrease in selling and administrative expenses as a percent of revenues is primarily due to Thailand's significant sales increase which exceeded the increase in Thailand's fixed selling and administrative expenses. This was offset, in part, by India's significant decline in revenues without a corresponding decrease in fixed selling and administrative expenses. Excluding India, selling and administrative expenses as a percentage of revenue would have been 28.3% in the six months ended June 30, 2005 as compared to 32.8% for the same period in 2004.

Operating income for the six months ended June 30, 2005 and 2004 was \$6.6 million and \$5.7 million, respectively, while EBITDA from continuing operations was \$5.9 million and \$4.1 million, respectively. The \$0.9 million increase in operating income and \$1.8 million increase in EBITDA were due to improved performance at the operating units, particularly in the Philippines and Sri Lanka, coupled with a reduction in Corporate overhead expense.

Singer India has incurred substantial and growing losses over the last several years. These losses are primarily a result of the inability of the operation through new initiatives to generate adequate sales volume,

coupled with the high turnover of personnel, increased competition and, during 2004 and continuing into the second quarter of 2005, a severe liquidity crunch reflecting the impact of prior losses. On May 31, 2005, Singer India was registered as a "Sick Company" by the BIFR pursuant to the Sick Industrial Companies (Special Provisions) Act, 1985 of India. The registration provides certain legal protection against creditors.

There can be no assurance that BIFR registration or any other steps being taken by Singer India will permit a successful reorganization of that company. The survival and restructuring of Singer India will require the support and assistance of Singer India's banks and other stake holders, which support has so far not been forthcoming. The Company has not guaranteed any debt or any other obligations of Singer India and has no legal obligation to provide any financial support.

Singer has established a new wholly owned subsidiary in India, which together with a third party distributor, may take on the role of distributing sewing machines and small appliances on a wholesale basis in India. Residual sourcing and retail activity may continue to be carried on by a smaller and more focused Singer India. Singer is also considering reducing its ownership stake in that company. Should a sufficient stake be sold and Singer India be deconsolidated, the Company would recognize a significant accounting gain from the reversal of prior losses in excess of that company's equity.

Interest expense was \$4.3 million and \$4.1 million for the six-month periods ended June 30, 2005 and 2004, respectively. The increase in interest expense reflects the increased financing required to support the increased installment receivables as a result of higher sales and promotion of credit, including longer average credit terms in Thailand and Sri Lanka.

Equity earnings from Operating Affiliates totaled a loss of \$0.2 million during the six-month period ended June 30, 2005 as compared to a loss of \$0.8 million for the same period in 2004. The \$0.6 million improvement was primarily due to lower losses at First Capital Ltd., an operating affiliate in Sri Lanka.

Royalty expense was \$1.6 million and \$1.3 million for the six-month periods ended June 30, 2005 and 2004, respectively. The increase in royalty expense is due to increased revenues in Singer Asia. The royalty expense is for the use of the SINGER[®] trademark by the Retail Operating Companies in Asia.

Miscellaneous other income was \$1.2 million for the six-month period ended June 30, 2005 as compared to other income of \$1.5 million for the same period in 2004. Other income in 2005 was primarily interest income from investments and the KSIN notes receivable and gain on sale of property in India, which was partially offset by foreign exchange losses of \$0.7 million. The other income for 2004 was primarily gains on sale of property in Thailand and Indonesia.

Provision for income taxes amounted to \$2.8 million in the six-month period ended June 30, 2005, as compared to a \$2.6 million tax provision for the same period in 2004. The \$0.2 million increase in provision for income taxes is primarily due to higher provision for income tax in Thailand and Sri Lanka during 2005 as compared to 2004.

Minority interest share in income was \$1.5 million for the 2005 period compared to \$2.3 million for the same period in 2004. The decrease in minority interest share in income was primarily due to the lower net income in Singer Asia.

The Company's loss from continuing operations for the six months ended June 30, 2005 and 2004 was \$2.5 million and \$4.0 million, respectively. The improvement of \$1.5 million is primarily due to the increase in operating income coupled with the decline in minority interest share in income.

Loss from discontinued operations for the six months ended June 30, 2005 and 2004 was \$0.4 million and \$24.7 million respectively. The loss in 2005 was due to the loss on sale of Jamaica, net of earnings from

operations, of \$1.7 million and additional termination benefits of \$1.0 million which were offset, in part, by the final post closing purchase price adjustment relating to the KSIN transaction which resulted in a gain of \$2.3 million. The loss from discontinued operations in 2004 was primarily due to an impairment charge of \$35.9 million on assets of the Sewing business and trademark that were sold as part of the KSIN transaction.

The net loss available to Common Shares was \$2.9 million and \$28.7 million for the six months ended June 30, 2005 and 2004, respectively. This is equivalent to basic and diluted loss per Common Share of \$0.50 and \$3.64, respectively.

Liquidity and Capital Resources

Six Months Ended June 30, 2005 and June 30, 2004

For the six months ended June 30, 2005, the company had a net cash outflow from operations of \$47.7 million. This was primarily due to a \$36.1 million increase in account receivables and installment receivables due more than one year, \$8.9 million increase in other assets net of other liabilities, \$1.9 million increase in inventories, \$1.8 million increase in other current assets, and \$4.2 million decrease in accounts payable and accrued expenses. The increase in accounts receivable and installment receivables due more than one year and inventory reflects the strong growth in the business and of consumer credit while the increase in other assets reflects the \$5.5 million in Jamaica Notes that were received as part of the consideration from the sale of Singer Jamaica. Net proceeds from investing activities was \$2.8 million, which consisted of proceeds of \$2.7 million from the sale of Singer Jamaica, \$1.8 million from the purchase price adjustment for the KSIN transaction and \$0.4 million from sale of property, which were offset, in part, by capital expenditures of \$2.1 million. The increase in notes and loans payable amounted to \$35.8 million while additions of long-term debt net of repayments totaled \$2.7 million. The net effect was a decrease in cash and cash equivalents by \$3.4 million to \$36.7 million at June 30, 2005.

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 \$28.7 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 installment receivables due more than one year, 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 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 additions of long-term debt net of repayments totaled \$13.8 million. The net effect was a decrease in cash and cash equivalents by \$7.7 million to \$19.9 million at June 30, 2004.

Working capital as of June 30, 2005 of \$67.0 million showed a decrease of \$32.3 million from the \$99.3 million of working capital as at December 31, 2004. This decrease was primarily due to the increase in installment receivables due in excess of one year in Thailand (see Note 3).

The liquidity position of Singer India, is extremely serious. On May 31, 2005, Singer India was registered as a "Sick Company" by the BIFR pursuant to the Sick Industrial Companies (Special Provisions) Act, 1985 of India. The registration provides certain legal protection against creditors. There can be no assurance that BIFR registration or any other steps being taken by Singer India will permit a successful reorganization of that company. The survival and restructuring of Singer India will require the support and assistance of Singer India's banks and other stake holders, which support has so far not been forthcoming. The Company has not guaranteed any debt or any other obligations of Singer India and has no legal obligation to provide any financial support.

A new common stock repurchase plan was announced on April 22, 2005. Under the plan, the Company purchased 65,395 Shares and options as of June 30, 2005 for a total cost of \$340.

Research and Development

The Company does not carry out significant research and development, thus amounts spent on research and development for the six months ended June 30, 2005 and 2004 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 condition or results of operation. The amount spent on environmental and pollution matters were not material for the six months ended June 30, 2005 and 2004.

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.

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 condition or results of operations.

There have been no material changes in the market risks faced by Singer since December 31, 2004. For a further discussion of these market risks and other risk factors see the Singer N.V.'s 2004 Annual Report dated April 2005.