

RETAIL HOLDINGS N.V.

**2007 SUMMARY
ANNUAL REPORT**

April 2008

Strategy Statement

Retail Holdings N.V., is a holding company with three principal assets: 1) a 56.8% equity interest in Singer Asia Limited (“Singer Asia”), which through operating units located in selected emerging markets in Asia acts as a distributor of consumer durable products, with consumer credit and other financial services available to qualified customers; 2) seller notes, primarily arising from the sale of the Singer worldwide sewing business and trademark; and 3) cash and cash equivalents. The Company has no operating activities other than those carried out through Singer Asia and has no plans to acquire other operating assets.

The Company’s strategy is to maximize and monetize the value of its assets with the medium-term objective of liquidating the Company and distributing the resulting funds and any remaining assets to its shareholders.

The Company will seek to grow, to enhance the profitability of, and to increase the potential public market or private sales value of Singer Asia, with the objective of monetizing the Company’s investment in Singer Asia, either through a public offering and subsequent distribution of any remaining Singer Asia shares, or through a sale of Singer Asia. Principal repayments of \$28.5 million and interest are due from the seller notes in the period through September 2011. In the interim, pending the offering or sale of Singer Asia, realization of the principal and interest on the seller notes, and the ultimate liquidation of the Company, ReHo’s strategy is to minimize holding company personnel and cost of administration.

During 2007, ReHo paid a special dividend to shareholders of \$1.00 a Share. The Company’s Board of Directors anticipates recommending for shareholder approval a dividend of \$0.60 a Share for 2008. It is the Company’s intention to maintain a regular dividend program.

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**2007 Summary Annual Report
Retail Holdings N.V.**

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INTRODUCTION

Retail Holdings N. V. (“ReHo” or the “Company”), formerly known as Singer N.V., was organized as a new corporate entity in the Netherlands Antilles in December 1999. Pursuant to a reorganization plan under Chapter 11 of the United States Bankruptcy Code, effective September 2000, ReHo became the parent company of several operating companies formerly owned by The Singer Company N.V. (“Old Singer”).

The Company is a holding company with three principal assets: 1) a 56.8% equity interest in Singer Asia Limited (“Singer Asia” or the “Asia Company”), a distributor of consumer durable products in selected emerging markets in Asia, with consumer credit and other financial services available to qualified customers; 2) seller notes, primarily arising from the sale of the Singer worldwide sewing business and trademark; and 3) cash and cash equivalents. ReHo has no operating activities other than those carried out through Singer Asia.

In September 2004, ReHo completed the sale of the Singer worldwide sewing business and of the ownership of the SINGER® trademark to KSIN Holdings, Ltd. (“KSIN”), now called “SVP”, an affiliate of funds managed by Kohlberg & Co., LLC. The name of the Company was changed from Singer N.V. to Retail Holdings N.V. as a consequence of this transaction.

As used herein, except as the context otherwise requires, the term “Company” or “ReHo” refers to Retail Holdings N.V. The term “Asia Company” or “Singer Asia” refers to Singer Asia Limited.

The Company publishes its consolidated financial statements in U.S. dollars and in accordance with accounting principles generally accepted in the United States of America.

The registered office of the Company is located at Schottegatweg Oost 44, Willemstad, Curaçao, 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 Admainservice Corporation, located at 280 North Bedford Road, Mt. Kisco, New York, 10549, and its telephone number is 914 241-3404. The Company’s share transfer agent is Mellon Investor Services LLC, at P.O. Box 3315, South Hackensack, New Jersey 07606, and its telephone number is 800-522-6645 (or from overseas, 1-201-680-6578). The Company’s website is www.retailholdings.com.

CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-LOOKING STATEMENTS

Statements made herein with respect to ReHo's or Singer Asia'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 or of the Asia 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 of management'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, that you should not place undue reliance on such forward-looking statements. You should not rely on any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The Company and the Asia Company disclaim any such obligation. Risks and uncertainties that might affect the Company and the Asia Company include, but are not limited to: general economic conditions, particularly in Asia, including levels of consumer spending; exchange rates, particularly between the U.S. dollar and the currencies in which the Asia Company makes significant sales or in which assets and liabilities are denominated; the Asia 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 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.

Important information regarding risks and uncertainties is also set forth elsewhere herein including, without limitation, elsewhere in this Introduction and in the sections entitled: Risk Factors, Information About the Company, Information About Singer Asia Limited, Operating and Financial Review and Prospects, and the audited consolidated financial statements referenced in Financial Statements.

The information included in this Summary Annual Report does not purport to be inclusive of all of the information that might be included in a Form 20-F annual report. It only contains summary information that, in the opinion of management, is most relevant for understanding the Company's and the Asia Company's financial results during 2007.

As described in greater detail below, it is the Company's intention not to provide regular quarterly reports including the information that might be included in a Form 10-Q quarterly report. The Company expects to issue only a Summary Annual Report and a Summary Semi-Annual Report, the latter to include an unaudited, six-month Consolidated Statement of Operations and Consolidated Balance Sheet, with limited commentary. See, Risk Factors, Limited Disclosure, included herein.

RISK FACTORS

Risks to the Company and to the Asia Company are also discussed elsewhere herein, including, without limitation, in the other sections referred to in the Cautionary Statement With Respect to Forward-Looking Statements.

Economic Trends and Exogenous Events May Adversely Impact Results

Purchases of the Asia Company's products are to a significant extent discretionary. Economic downturns and resulting declines in consumption in Singer Asia's major markets (Sri Lanka, Thailand, Bangladesh and Pakistan), and in Asia generally, may adversely impact the Asia Company's level of sales and financial position. Economic developments in these countries may also be impacted significantly by exogenous, unanticipated political or natural events.

The Consumer Finance Business Is Subject to Non-Performance Risks

Extension of consumer credit is an integral part of Singer Asia's operations. In most countries, accounts receivable are financed by the local operating companies. A significant economic downturn in a market, a sharp drop in the market price of products sold on credit, a negative exogenous shock, a loss of critical personnel, changes in local laws or practice, or civil disorder, among other factors, could reduce collection performance, impairing the value of the Asia Company's receivables, negatively impacting the consolidated results and financial position.

International Operations Have Special Risks

All of Singer Asia's operating activities are conducted in emerging markets. There are a number of special risks inherent in doing business in these markets, including, among others, less stable political systems, uncertainty with respect to regulatory and legal procedures, breakdowns in civil order, difficulties in recruiting and retaining personnel, reduced protection for intellectual property rights, and potential adverse changes in tax regimes. If Singer Asia is unable to manage the risks inherent in its international activities, this may adversely affect the consolidated results and financial position.

There Are Intense Competitive Pressures

Singer Asia's operations face a broad range of competitors and potential competitors, from large international companies to small independent dealers. Some of these competitors have greater financial, technical and marketing resources available to them than does the Asia Company. Others may be willing to engage in unethical or illegal business practices that may give them at least a temporary advantage. The competitive environment has become increasingly demanding due to a number of factors, including increased price competition reflecting global over-capacity for most of the products that the Company sells, the growth of new, more efficient sales channels, such as mass merchants, and the broadening of consumer credit alternatives in certain markets.

Foreign Exchange Fluctuations May Negatively Impact Results

Local currency denominated financial results in each of the operating companies around the world are translated into U.S. dollars by applying the weighted average market exchange rate during each financial reporting period. Local currency denominated assets and liabilities are translated into U.S. dollars by applying the market exchange rate at the end of each financial reporting period. Accordingly, the financial results as reported in the consolidated profit and loss statement, and the assets and liabilities as reported in the consolidated balance sheet, are subject to foreign exchange rate fluctuations.

Facilities and Information Systems Are Subject to Damage

Facilities are located throughout the world and are subject to the possibility of disaster or outage or similar disruption as a result of any of a number of events. As the role of information systems becomes more important in the Company's and the Asia Company's operating activities, shutdowns of information systems due to disasters, software and hardware defects, and computer viruses pose increasing risks. This may affect operating activities, generate expenses relating to physical or personal damage, or may otherwise have a negative impact on the consolidated results and financial position.

The Company's Shares Are Currently Quoted Only On "Pink Sheets"

The Company does not anticipate that its common shares (the "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 Shares are only available on the "Pink Sheets" quotation service, under the symbol "RHDGF". Brokers should be able to continue trading ReHo's Shares using the "Pink Sheets" quotation service as long as the Company is current in providing to the U. S. Securities and Exchange Commission ("SEC") the materials that it makes available to its shareholders or is required to file in the Netherlands Antilles. If the 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 may 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.

The Company Provides Only Limited Disclosure

Pursuant to the laws and regulations of the Netherlands Antilles, the Company is only required to provide certain information to shareholders on an annual and semi-annual basis. The Company also intends to make available the information required by Rule 15c2-11 under the Securities Exchange Act of 1934, as amended, although it is not required to do so. The Company expects to issue only a Summary Annual Report, including audited consolidated financial statements and notes, with limited commentary, and a Summary Semi-Annual Report, including an unaudited, six-month, Consolidated Statement of Operations and Consolidated Balance Sheet, with limited commentary. The decision to not provide quarterly reports and more comprehensive annual and semi-annual reports could make it more difficult for investors to assess the Company and its results and prospects and, thereby, could result in less liquidity for the Company's Shares and prices that may not reflect the Shares' theoretical inherent value.

INFORMATION ABOUT THE COMPANY

Overview

ReHo is a holding company with three principal assets:

1. A 56.8% equity interest in Singer Asia which, through operating units located in selected emerging markets in Asia, acts as a distributor of consumer durable products, with consumer credit and other financial services available to qualified customers (more fully described in the next section);
2. Seller notes, primarily arising from the sale of the Singer worldwide sewing business and trademark in September 2004 (more fully described below and in Note 7 to the Financial Statements); and
3. Cash and cash equivalents, \$5.9 million as of December 31, 2007.

ReHo has no operating activities other than those carried out through the Asia Company.

Singer Asia was formed in 2003 to hold the Company's interests in the Singer distribution companies in Asia (Bangladesh, India, Indonesia, Pakistan, Philippines, Sri Lanka, Thailand and Vietnam). In July 2003, ReHo concluded the placement with a private investment fund (the "Fund") of a 43.2% minority equity interest in Singer Asia. The Fund paid \$30.0 million in cash to acquire the stake in Singer Asia. ReHo retains a 56.8% equity interest in Singer Asia and continues to consolidate the results of these operations in its own financial statements.

In September 2004, ReHo completed the sales of the Singer worldwide sewing business and of the ownership of the SINGER® trademark to KSIN Holdings, Ltd. ("KSIN"), now called "SVP," 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 of unsecured, subordinated, promissory notes due September 2010 and 2011, and the pay off or assumption by KSIN of approximately \$47.0 million of sewing-related debt, subject to a post-closing price adjustment. Singer Asia continues to have a royalty bearing license for the use of the SINGER® trademark in most Asian countries and Australia/New Zealand and continues to be the exclusive distributor of Singer-brand sewing machines in most of Asia.

The tangible net asset value on an unconsolidated basis of ReHo, the holding company, at December 31, 2007 was \$59.8 million, equivalent to \$11.58 per Share outstanding. Including the goodwill associated with the Company's investment in Singer Asia, the total net asset value, including intangibles, on an unconsolidated basis of ReHo, the holding company, at December 31, 2007 was \$74.1 million, equivalent to \$14.35 per Share outstanding. This is a decline of \$1.65 per Share from the corresponding value at December 31, 2006 reflecting the \$1.00 per Share dividend paid by the Company to shareholders of record on July 19, 2007, the loss at Singer Asia resulting from the loss at Singer Thailand, and the modest increase in the number of Shares outstanding.

The underlying assets and liabilities at December 31, 2007 on a book value basis (which may be greater or less than realizable value) are as follows (in US\$ millions):

Tangible Assets:	
Cash and cash equivalents	\$ 5.9
Investment in Singer Asia	33.7
KSIN and Jamaica Notes	22.1
Tangible Assets	<u>61.7</u>
Goodwill	14.3
Total Assets	<u>76.0</u>
Other Assets and liabilities, net	<u>(1.9)</u>
Net Asset Value:	<u>\$ 74.1</u>

ReHo's strategy is to maximize and monetize the value of its assets with the medium-term objective of liquidating the Company and distributing the resulting funds and any remaining assets to its shareholders. The Company will seek to grow, to enhance the profitability of, and to increase the potential public market and private sales value of Singer Asia, with the objective of monetizing ReHo's investment in Singer Asia, either through a public offering and subsequent distribution of any remaining Singer Asia shares or through a sale of the Asia Company.

Principal repayments of \$7.5 million and \$19.1 million from the KSIN Notes are due September 2010 and 2011, respectively, subject to possible revision for additional, optional cash interest payments before then and for successful indemnity claims, if any, by SVP in connection with certain representations and warranties given by the Company in the KSIN Transaction (see Note 19 to the Financial Statements). Principal repayments totaling \$1.9 million in the period through December 2009 are due from certain notes received in connection with the sale of Singer Jamaica in June 2005.

In the interim, pending the ultimate liquidation of the Company, ReHo's strategy is to minimize holding company personnel and cost of administration.

ReHo in the 2004-2006 period used a portion of the cash and cash equivalents in excess of its requirements, initially, to purchase general, unsecured claims against Old Singer that would have resulted in the claimant receiving the Company's Shares, and, more recently, to purchase Shares in both private and market transactions and to purchase unexercised options (see below, Additional Information - Shareholding).

During 2007, the Company introduced a dividend program, paying a special dividend of \$1.00 a Share in that year. The Company's Board of Directors anticipates recommending for shareholder approval at the 2008 Annual General Meeting of Shareholders ("AGM") a proposal to pay a dividend of \$0.60 a Share for 2008. The Company anticipates making dividend recommendations in subsequent years.

INFORMATION ABOUT SINGER ASIA LIMITED

Overview

Singer Asia is a holding company whose operating subsidiaries are engaged in the 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. Distribution is through three principal channels: 1) retail; 2) direct selling; and 3) wholesale, licensing and third party distribution.

The Asia Company has been engaged for many years in the distribution of consumer durable products, with credit, in the markets where it currently operates retail or direct selling businesses:

Bangladesh	since 1905
Pakistan	since 1905
Sri Lanka	since 1877
Thailand	since 1905

In each of these countries, Singer Asia is the leading retailer or direct seller of durable products for the home. In these markets, and throughout Asia, the Asia Company is recognized by consumers as a trusted source of reliable, quality, consumer products, as well as being identified with the availability of consumer credit. This is a business with significant potential to grow along with the emerging economies of Asia and the expansion of their consumer middle-and lower-income classes.

Singer Asia's ongoing business strategy is:

- To grow the Asia Company's retail and consumer financial services businesses in Bangladesh, Pakistan and Sri Lanka, and to seek to develop a retail business in India. The objective is to enhance the Asia Company's status in its existing retail markets as the number one retailer of durable products for the home and the number one provider of consumer credit to middle-and lower-income consumers, and to build a meaningful presence as a consumer home durables retailer in India. This will give Singer Asia a unique retail presence throughout the Indian subcontinent.
- To restore the profitability of the Asia Company's direct selling business in Thailand, the largest direct seller of consumer durables in that country, with the objective of Singer Asia again becoming a leading provider of durables for the home, and of credit and other financial services, to middle-and-lower income consumers outside of Bangkok.
- To grow the Asia Company's wholesale, licensing and third party distribution activities in those markets where it currently is either operating a wholesale business, has licensees, or has third party distributors, and to develop a similar presence in most of the rest of developing Asia.

Singer Asia's revenues are somewhat seasonal, generally increasing during certain holidays or festival periods. Overall, revenues tend to be slightly higher than average in the fourth quarter and, to a lesser extent, in the first quarter of each year, with the lowest revenues generally in the third quarter.

For additional information regarding Singer Asia, see the Singer Asia website: www.singerasia.com

Products

Singer Asia distributes a variety of durable products, especially products for the home. Products include: home appliances, such as air conditioners, dishwashers, deep freezers and bottle coolers, kitchen ranges, microwaves, refrigerators, washing machines and dryers, as well as small kitchen appliances and sewing machines; electronic equipment, such as color televisions, including digital, plasma and LCD products and home theatre, DVD players, personal computers, portable audio products, and telephone and satellite television equipment; motorcycles; small generators; and additional consumer products depending on the market, such as home furnishings in Sri Lanka and water heaters in Bangladesh and Pakistan.

It is the Asia Company's strategy to significantly broaden and update the product offering. New types of products are reviewed and added to the local product offerings on a regular basis.

Most products, other than motorcycles, continue to be sold using the Singer brand although an increasing share, especially in Sri Lanka, and, to a lesser extent, in Bangladesh and Pakistan, are now being sold using a variety of other well-known names, often under exclusive brand distribution arrangements. During 2007 Singer Asia became the exclusive co-distributor for Samsung® home appliances and electronics in Bangladesh and Sri Lanka.

Most of the consumer durable products sold by the Asia Company are sourced from third party manufacturers either in fully assembled or kit form. Singer Asia has maintained strong historical relationships with several leading global and local Asian manufacturers.

In some cases, where there are local efficiencies or tax or duty incentives, assembly of certain products is carried out by the local Singer Asia operating company. Presently, televisions and motorcycles are assembled in Bangladesh; refrigerators, freezers, gas appliances and sewing machines are manufactured and televisions and washing machines are assembled in Pakistan; and refrigerators, furniture, domestic and agricultural water pumps and paddy threshers are manufactured, and washing machines and sewing machines are assembled in Sri Lanka. Singer Asia also manufactures consumer and industrial, electric wire and cable in Bangladesh.

Historically, each Singer Asia operating company independently sourced its consumer durable products. Singer Asia in 2004 introduced a central sourcing program for those products not sourced from suppliers in the operating company's own country with the objective of realizing price and feature improvements. This effort is facilitated by a trend to greater standardization of the product line throughout the Asia Company's markets.

Consumer Credit Operations and Financial Services

Extension of consumer credit has been an integral part of the Company's operations since shortly after the business was founded over 150 years ago. Consumer credit is a key element of the sales offering in the emerging markets in which the Asia Company operates as other forms of credit are less readily available for the middle-and lower-income consumers in these markets than is the case in more developed countries.

Approximately 50% of Singer Asia's sales are on credit. In addition to providing a strong impetus to sales, consumer credit continues to be an important component of revenue; finance charges on consumer installments represented approximately 15% of the Asia Company's total revenue in 2007.

The Asia Company's credit activities generate installment accounts receivable which are outstanding from three to 48 months and bear interest at rates based upon prevailing consumer interest rates in the various local markets. These accounts receivable are financed by the local Singer Asia companies. It is the Asia Company's consistent practice to finance such accounts receivable by borrowing funds in the country and in the currency where such accounts receivable originate. Singer Asia had a total of over 772,000 active installment accounts as at December 31, 2007, with a total installment accounts receivable, net of unearned finance charges and allowances, of \$141.4 million.

Singer Asia is seeking to improve the credit granting and collection process. Steps taken include: introducing automated point scoring systems; joining and, where not available, helping to establish credit bureaus and nationwide consumer blacklists; introducing call centers to make welcome and collection calls; making greater use of third-party collection agencies; and enforcing strict repossession policies.

In addition to credit, Singer Asia also offers a variety of consumer protection plans including extended warranties, protection against product loss or damage due to fire, theft or natural calamities, and debt forgiveness in the event of the death or other extraordinary interruption in a customer's repayment ability.

Singer Asia's ongoing business strategy is to significantly broaden the financial product and services offering. Through selected Singer stores in Sri Lanka customers can now receive remittances from overseas friends and relatives, pay utility and credit card bills and purchase insurance. These and other financial services will be extended to additional Sri Lanka stores and to Singer stores in other countries over the next several years.

The Asia Company, through a finance company subsidiary in Sri Lanka and a finance company affiliate in the Philippines, helps promote dealer and related consumer financing in these markets. Through a financial services affiliate in Bangladesh and the finance company subsidiary and a financial services affiliate in Sri Lanka, the Asia Company also is engaged in commercial leasing.

Retail

The cornerstones of the Singer Asia operations are the retail and consumer financial services businesses in Bangladesh, Pakistan and Sri Lanka and the retail business to be developed in India.

Retail Financial Highlights

(\$ millions)	<u>2007</u>	<u>2006</u>	<u>% Change</u>
Revenue	205.3	177.9	15.4
Operating Profit	24.1	18.8	28.3
Net Income	9.1	7.5	21.4

In Bangladesh, Pakistan and Sri Lanka, Singer Asia operates nationwide chains of Asia Company retail stores and smaller satellite shops, supplemented by an extensive network of wholesale dealers. In each of these countries, Singer Asia is the number one retailer of durables for the home, with the largest number of stores. Store size ranges from approximately 200 square feet to approximately 14,360 square feet, with the largest stores in Sri Lanka.

Singer Asia also currently operates a very limited number of retail shops in India, primarily selling sewing machines, but with most distribution through independent distributors and dealers. During 2008, the Asia Company anticipates that several new Singer shops selling a full range of durables for the home will be opened in the Tamil Nadu area of India.

The number of distribution outlets by country as of December 31, 2007 is as follows:

	Stores and Satellite Shops	Distributors and Dealers
Bangladesh	239	281
Pakistan	157	210
Sri Lanka	327	770
India	20	235
Total	743	1,496

Singer Asia's ongoing business strategy for retail is:

- To increase the number and variety of distribution points including introducing new store formats and penetrating further into rural, under-serviced markets. During 2007, 62 new retail stores were opened (net of store closings); an additional 64 stores are planned to be opened in 2008.
- To renovate and modernize the Asia Company's existing stores. A total of 89 stores received major renovations during 2007; an additional 72 stores are expected to receive major renovations in 2008.
- To offer a broader multi-brand offering. Singer stores will feature Singer and other proprietary brand products, products carrying the brands for which Singer Asia is an exclusive distributor or co-distributor, such as Hitachi®, Samsung®, TCL® and Whirlpool® in Sri Lanka, and products carrying other complementary and competitive brands. Reflecting the multi-brand offering, during 2007, Singer shops in the retail markets were re-branded "Singer Plus".
- To build on the improved merchandising and marketing concepts and standards introduced in 2007, particularly the call centers, catalogs, loyalty cards, and product information brochures and training.
- To further enhance operating and financial performances through continued systems, management and organizational improvements including the full roll out in Sri Lanka during 2008 and the expected initial roll out in Bangladesh and Pakistan during 2008 of complete new management information systems.

Retail Operating Companies

Sri Lanka

Sri Lanka Financial Highlights

(\$ millions)	<u>2007</u>	<u>2006</u>	<u>% Change</u>
Revenue	124.7	117.6	6.0
Operating Profit	16.6	13.0	26.9
Net Income	5.4	4.4	22.5

Singer (Sri Lanka) Limited (“Singer Sri Lanka”) operates 147 Singer Plus retail stores and nine Singer “Mega” stores, a larger format store offering a wider range of consumer durable brands and products including furniture. One of the Singer Mega stores is the largest consumer durables, department store in the country. The Sri Lanka company has an additional 132 Singer satellite shops. Singer Sri Lanka, during 2004, also introduced two new channels of distribution; 24 Sisil[®] retail stores now offer a somewhat different product and brand mix and 13 Modern Homes[®] furniture showrooms offer a variety of modern and traditional bedroom, dining room and occasional furniture and accessories. (Sisil[®] is a Sri Lanka heritage brand that was acquired by Singer Sri Lanka.) In addition, Singer Sri Lanka has more than 629 independent Singer and 186 independent Sisil[®] dealers (some dealers carry both lines). Singer Sri Lanka has 1,095 employees; an additional 575 individuals are employed at the two manufacturing subsidiaries.

Singer Sri Lanka is the largest retailer in Sri Lanka of durables for the home and has a very significant market share across several product categories including a 46% market share in refrigerators, a 25% market share in washing machines and a 33% market share in televisions, as well as an 80% market share in consumer sewing machines. Sales of non-sewing consumer durables represent about 87% of Singer Sri Lanka’s total sales. Products traditionally have been sold using the Singer brand, recognized again in 2007 as one of Sri Lanka’s “Superbrands”, but the operation has over the past several years introduced additional brands, often under exclusive brand distribution arrangements including Hitachi[®], Samsung[®], TCL[®], Whirlpool[®] and, beginning in 2008, Phillips[®].

At the end of 2007, Singer Sri Lanka had 378,000 active installment accounts with a total installment accounts receivable, net of unearned finance charges and allowances, of \$51.6 million. Only about 2% of Singer Sri Lanka’s installment accounts are in arrears past the due date.

Singer Sri Lanka’s strategy is to seek to further boost sales, building on the substantial growth of the last several years by: modernizing and improving existing outlets; increasing the number and variety of sales locations especially Sisil locations; broadening and extending the brand and product offering including adding in 2008 the Phillips[®] brand; and increasing and improving sales and customer promotion. During 2007, Singer Sri Lanka: added 28 new shops and renovated 42 stores, introduced the Samsung[®] brand, broadened the selection of digital products and personal computers, and further enhanced the customer loyalty and call center programs introduced in 2005.

During 2007, the Sri Lanka company also substantially broadened its financial services offering; customers can now receive remittances from overseas, pay utility and credit card bills, and purchase insurance at a growing number of store locations.

Singer Sri Lanka, together with Singer Asia, own controlling stakes (54% and 84%, respectively) in two Sri Lanka, publicly listed, manufacturing companies: Regnis (Lanka) Limited, a manufacturer of refrigerators and assembler of washing machines; and Singer Industries (Ceylon) Ltd., a manufacturer of sewing cabinets and stands and assembler of sewing machines. Singer Sri Lanka also owns a 30% stake in Commercial Leasing Co., Ltd., a publicly listed financial leasing company, and 100% of Singer (Sri Lanka) Finance Company Ltd., a finance company subsidiary with a deposit-taking license.

For additional information regarding Singer Sri Lanka, see the Singer Sri Lanka website: www.singersl.com

Bangladesh

Bangladesh Financial Highlights

(\$ millions)	<u>2007</u>	<u>2006</u>	<u>% Change</u>
Revenue	52.5	37.3	40.8
Operating Profit	4.8	3.6	33.4
Net Income	2.7	2.3	17.2

Singer Bangladesh Limited (“Singer Bangladesh”) operates 170 Singer Plus retail stores and 69 smaller satellite shops. At the end of 2007, Singer Bangladesh had 63,000 active installment accounts. The Bangladesh company has 681 employees.

Singer Bangladesh is the largest retailer in Bangladesh of durables for the home and has significant market shares across several product categories including a 32% market share in refrigerators, a 21% market share in washing machines and a 26% market share in televisions, as well as a 16% market share in consumer sewing machines. Sales of non-sewing products represent approximately 97% of Singer Bangladesh’s total sales. Singer Bangladesh began during 2005 to offer non-Singer brand home appliances, electronics and motorcycles, some of which brands, such as Haier®, Whirlpool® and Samsung®, are being sold under exclusive brand distribution arrangements.

Singer Bangladesh’s strategy is to seek to further boost revenues by: increasing the number, variety and size of the Bangladesh company’s sales locations; modernizing and improving existing outlets; improving and broadening the product and brand offering; more aggressively promoting credit and the sale of consumer protection plans and extended warranties; and additional sales promotion. During 2007, Singer Bangladesh added 16 new shops, including a new larger format store, renovated 17 stores, broadened the offering of digital products and personal computers, and introduced a call center.

Singer Bangladesh owns a 45% interest in a publicly listed financial leasing company, International Leasing and Financial Services, Ltd. During 2006, Singer Bangladesh began producing both consumer and industrial wire and cable; consumer wire and cable is sold through the company’s retail shops and through specialized dealers, industrial wire and cable is sold through a dedicated company sales force. Sales of wire and cable products totaled \$6.2 million in 2007.

For additional information regarding Singer Bangladesh, see the Singer Bangladesh website: www.singerbd.com

Pakistan

Pakistan Financial Highlights

(\$ millions)	2007	2006	% Change
Revenue	28.1	23.0	22.2
Operating Profit	2.7	2.1	28.4
Net Income	1.0	0.8	27.8

Singer Pakistan Limited (“Singer Pakistan”) operates 157 Singer Plus retail stores, supplemented by 210 independent dealers. At the end of 2007, Singer Pakistan had 82,000 active installment accounts. The Pakistan company has 1,120 employees.

Singer Pakistan is the largest retailer in Pakistan of durables for the home. The Pakistan company’s stores sell a broad range of consumer durable products with the emphasis on televisions, refrigerators, air conditioners and freezers, gas appliances, washing machines and sewing machines. The company’s dealers primarily sell Singer-brand gas appliances and, to a lesser extent, other products assembled at the Singer Pakistan factory. Sales of non-sewing consumer durables make up about 90% of Singer Pakistan’s total sales. Most products are currently sold using the Singer brand although other well-known brand televisions, white goods and motorcycles have recently been introduced as part of a strategy to become a multi-brand retailer. Singer Pakistan was the first company in Pakistan to manufacture or sell “green gas” refrigerators and freezers.

Singer Pakistan’s strategy is to seek to boost sales by: increasing the number of sales locations; expanding and improving the product and brand offering; and promoting more aggressively. During 2007, Singer Pakistan added 15 new shops, renovated 30 stores and introduced a variety of new products and brands. The company further enhanced the call center and loyalty card programs introduced during 2006. Singer Pakistan is also seeking to boost credit earnings by offering longer credit terms and somewhat easier credit, and to promote the sale of family protection plans.

For additional information regarding Singer Pakistan, see the Singer Pakistan website:
www.singerpakistan.com.pk

India

Singer Asia presently operates two companies in India: Singer India Limited (“Singer India”), a 50% owned public company affiliate, and Brand Trading (India) Pvt. Ltd. (“BT India”), a 100% owned subsidiary. As an affiliate, Singer India’s results are not consolidated in Singer Asia’s or ReHo’s financial results; that company had 2007 revenues of \$10.8 million and a small loss at net income. BT India had 2007 revenues of \$9.3 million and a modest profit.

Singer India historically was a retailer of consumer durables, with consumer credit, with an emphasis on sewing machines and, to a lesser extent, refrigerators, televisions and small appliances. Continuing a business started in 1905, Singer India is only one of two multi-nationals with a right to retail nationwide in India.

Singer India is currently undergoing a restructuring. Presently, it sources Singer and Merritt® brand consumer sewing machines from suppliers in India and from SVP, which it sells to BT India and to

distributors with dealers in the northern, eastern, and western regions of India. Singer India continues to operate 20 Singer retail stores in attractive locations in India. Sales of sewing products currently represent almost all of Singer India's total sales.

Singer India incurred substantial losses in the period prior to its business restructuring. In May 2005, Singer India was registered as a "Sick Company" by the Board for Industrial & Financial Reconstruction ("BIFR") pursuant to the Sick Industrial Company's (Special Provisions) Act 1985 of India; this registration provides certain legal protection against creditors (see Note 5 to the Financial Statements). In February 2008 BIFR approved a reorganization plan for circulation to creditors. Singer India's principal secured creditors -- the commercial lenders -- have approved the plan and have accepted and received a one-time settlement of all amounts due. While there can be no assurance that BIFR registration and the steps being taken by Singer India will permit the necessary successful financial restructuring of that company, it is now more likely than not that Singer India will successfully emerge from BIFR during 2008 or early in 2009. This will facilitate the Asia Company's strategy to build a meaningful presence as a consumer home durables retailer in India.

BT India was established in 2005 to operate a new wholesale business. The company purchases Singer and Merritt® brand consumer sewing machines from Singer India, which it sells to consumer sewing product dealers and government agencies in the South of India and to military canteens throughout India. BT India currently has 235 dealers. BT India does not operate any retail locations. The company does not sell any non-sewing products.

For additional information about Singer India and BT India, see their respective websites: www.singerindia.net and www.btindia.net.

Direct Selling

Singer Asia currently has one direct selling operation, Singer Thailand.

Direct Selling/Thailand Financial Highlights

(\$ millions)	<u>2007</u>	<u>2006</u>	<u>% Change</u>
Revenue	54.3	49.3	10.2
Operating Profit	(13.3)	(23.4)	NM
Net Income	(18.7)	(24.1)	NM

Thailand

Singer Thailand Public Company Limited ("Singer Thailand") operates 200 Singer direct selling locations. The direct selling locations, which are primarily located outside of Bangkok, serve primarily as a base for canvassers (direct selling agents)/collectors who sell door-to-door, and as local warehouses. The Thai company also operates one clearance/outlet center. More than 5,000 canvassers/collectors, most of whom are on a commission only basis, are employed by the Singer Thailand operation.

Singer Thailand is Thailand's largest direct seller of durables for the home, a position further strengthened at the end of 2006 by the exit from that market of the Thai company's two largest direct competitors. Singer Thailand has a small but still significant -- given the size of the market -- market share across several consumer durable product categories. Sales of non-sewing consumer durables represent approximately 93% of Singer Thailand's total sales. Most of the consumer durable products sold by

Singer Thailand, other than motorcycles, are sold using the Singer brand; all of the motorcycles are sold using third-party brands. At the end of 2007, Singer Thailand had 231,000 active installment accounts with a total installment accounts receivable, net of unearned finance charges and allowances, of \$39.5 million.

Singer Thailand was honored during 2004 to receive the coveted Garuda award from the King of Thailand for the Thai company's contribution to the social welfare of the people of Thailand.

Singer Thailand's strategy is to seek to return to profitability after the significant losses of 2006 and 2007. These losses primarily reflect poor collection performance, especially for motorcycle accounts, and the consequent need to revert more products in the face of sharply declining used product prices. The objective is to again become the leading, and a profitable provider of home appliances, especially televisions, refrigerators and washing machines, and of credit and other financial services, to middle- and lower-income consumers outside Bangkok.

Singer Thailand is consolidating operations, reducing period cost and phasing out the sale of motorcycles. At the same time, the Thai company is seeking to grow appliance sales through an improved product offering, extended warranties and more promotional trade-in policies.

Singer Thailand during 2006 introduced for all motorcycle and large appliance credits a new, more centrally controlled, credit granting process including a centralized blacklist and reference to an external credit bureau. These new procedures were extended to almost all new credit applications during 2007. A new business model, which separates the sales and collection functions, was successfully introduced in 2004; this model was rolled out to additional areas during 2007, particularly those with poor collection performance. Singer Thailand also has expanded the use of the call centers, introduced in 2006, to help verify credit contact information and to assist in collection.

For additional information regarding Singer Thailand, see the Singer Thailand website:
www.singerthai.co.th

Wholesale, Licensing and Third Party Distribution

Wholesale

Singer Asia currently operates wholesale businesses in India and the Philippines. The India business is described above.

Singer Philippines Inc. ("Singer Philippines") had 2007 revenues of \$4.7 million and a small loss at net income. Singer Philippines has 155 exclusive, franchise dealers who sell Singer sewing machines and a limited selection of Singer appliances, and 29 non-exclusive dealers, including mass merchants, who sell Singer sewing machines. Sales of non-sewing products represent 64% of Singer Philippines' total sales. Singer Philippines owns a 40% interest in a finance company affiliate, Singer Finance Corporation, that finances most consumer installment accounts of the Singer exclusive dealers.

Singer Philippines' strategy is to seek to increase the quality of its exclusive dealers by introducing a more attractive and better priced product line-up and by providing additional dealer support. The

Philippines company is also seeking to reduce period costs and to improve collection performance at its finance affiliate.

For additional information regarding Singer Philippines, see the Singer Philippines website: www.singermanila.com.ph

Licensing

Singer Asia has a royalty bearing license from SVP, the owner of the Singer trademark, allowing the company to: use the Singer name in its company and its subsidiary company names; to use the SINGER® trademark on its stores and on the non-sewing products it manufactures or sources, subject to appropriate quality and other standards; and to license the Singer name and the trademark to third party licensees in most countries of Asia including China and in Australia and New Zealand, but excluding Japan and Korea. The royalty is set at 1.0% of Singer Asia's consolidated revenues.

Singer Asia, in turn, has entered into royalty bearing license arrangements with third-party licensees. In Malaysia, these licensing arrangements allow a local company, Singer (Malaysia) Sdn. Bhd. ("Singer Malaysia"), to use the Singer name in its company name and to use the SINGER® trademark on its stores and on the products it manufactures or sources. Singer Malaysia pays the Asia Company a royalty calculated as a percentage of revenue. For additional information regarding Singer Malaysia, see the Singer Malaysia website: www.singer.com.my

In Australia, these licensing arrangements allow the local Singer sewing machine distributor, Blessington Pty. Ltd., to apply the SINGER® trademark to specific consumer durable products that it sources. The Australian licensee pays the Asia Company a royalty calculated as a percentage of sales of these products, with a minimum annual royalty.

The Asia Company is seeking to identify licensees in additional markets throughout Asia where it does not have and does not contemplate having its own retail, direct selling or wholesale operations. Licenses may take the form of a pan-Asian license of the SINGER® trademark for a specific non-sewing product category or categories or of a license of the SINGER® trademark for distribution locations and for non-sewing products in a particular market.

Third Party Distribution

The Asia Company also continues to look for opportunities to arrange for third party distribution in those Asian markets where Singer Asia does not currently have its own operations or licensees but where it has the exclusive right to use the Singer name and trademark. Distribution may be for sewing products sourced from SVP or for non-sewing products manufactured or sourced by Singer Asia or one of its subsidiary companies, especially Singer Asia Sourcing Limited. Presently, Singer Asia has a third party distributor for sewing products in Indonesia, PT Wijaya Mapan Abadi.

Organizational Structure

Singer Asia's principal operating companies are as follows:

<u>Name</u>	<u>Country of Incorporation</u>	<u>Singer Asia's Economic Interest (%)</u>
<u>Retail</u>		
Singer Bangladesh Limited	Bangladesh	80.0
Singer Pakistan Limited	Pakistan	70.3
Singer (Sri Lanka) Limited	Sri Lanka	84.9
Singer India Limited	India	49.6
<u>Direct Selling</u>		
Singer Thailand Public Company Limited	Thailand	53.4
<u>Wholesale</u>		
Brand Trading (India) Pvt. Ltd.	India	100.0
Singer Philippines	Philippines	100.0
<u>Corporate</u>		
Singer Asia Sourcing Limited	British Virgin Islands	100.0

The Asia Company's economic interest in Singer (Sri Lanka) increased to 87.5% during January 2008. ReHo's economic interest in each case is 56.8% of the Asia Company's economic interest.

Offices

Singer Asia and its principal operating companies maintain management or administrative offices in the following locations:

Bangladesh, Dhaka	5-B, Road #126, Gulshan -1, Dhaka -1212
Pakistan, Karachi	No. 608, 6 th Floor, Beaumont Plaza, Beaumont Road, Karachi-3
Sri Lanka, Colombo	320, Dr. Colvin R. DeSilve Mawatha, Colombo 2
India, New Delhi	Brand Trading: A-26/4, IInd Floor, Mohan Co-operative Industrial Area, New Delhi 110044 Singer India: Guru Angad Dev Bhavan, 71, Nehru Place, New Delhi
Thailand, Bangkok	72 CAT Telecom Tower, 17 th Floor, Charoen Krung Road, Bangkok 10500
Philippines, Manila	2100 Chino Roces Ave. Extension, Makati City
Hong Kong, PRC	Asia Administration: 7 th Floor, Baskerville House, 13 Duddell Street

Five of the Singer Asia principal companies and two subsidiaries in Sri Lanka are publicly traded. The public companies, and the market value of Singer Asia's stakes (in turn, 56.8% owned by ReHo) are as follows:

<u>Company</u>	<u>Listing</u>	<u>Value of Singer Asia's Holding at December 31, 2007 (\$ millions)</u>
Singer Bangladesh Limited	Dhaka and Chittagong	\$ 36.8
Singer India Limited	Delhi and Mumbai	3.4
Singer Pakistan Limited	Karachi and Lahore	24.3
Singer (Sri Lanka) Limited	Colombo	33.2
Other Sri Lanka public subsidiaries	Colombo	2.8
Singer Thailand Public Company Limited	Bangkok	8.0
		<hr/> <hr/> \$ 108.5 <hr/> <hr/>

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Management Discussion and Analysis

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, 2007. 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

Year Ended December 31, 2007 and December 31, 2006

The Company's consolidated results in 2007 continued to be impacted negatively by a still substantial, albeit smaller, loss at Singer Thailand, which masked the strong performance at Singer Asia's retail operations.

For the year ended December 31, 2007, the Company reported consolidated revenue of \$276.2 million compared to consolidated revenue of \$243.7 million for the same period in 2006, an increase of \$32.5 million or 13.3%. Revenue at the retail operating units in Bangladesh, Pakistan and Sri Lanka increased by \$27.4 million for 2007 to \$205.3 million, or by 15.4% as compared to the same period in 2006. Revenue at Singer Thailand increased by \$5.0 million for 2007 to \$54.3 million, or by 10.2% as compared to the same period prior year.

The Company's revenue in 2007 includes \$40.5 million of finance earnings on consumer credit sales compared to \$47.8 million of finance earnings on consumer credit sales for the same period in 2006. The decrease in finance earnings is due to decreased credit earnings in Thailand, reflecting the decline in outstanding installment accounts, partially offset by increased credit earnings at the retail operating units in Bangladesh, Pakistan and Sri Lanka as a result of their strong sales and credit promotion.

Gross profit for the year ended December 31, 2007 was \$107.1 million, representing a gross profit as a percentage of revenue of 38.8%, as compared to \$100.7 million and a gross profit percentage of 41.3% for the year ended December 31, 2006. The decline in gross profit percentage is primarily due to the decline in Thailand's gross profit percentage, reflecting the higher share in revenue for 2007 as compared with 2006 of used and reverted products which carry a lower gross margin. Gross profit at the retail operating units in Bangladesh, Pakistan and Sri Lanka was \$68.7 million for the year ended December 31, 2007, representing a gross profit as a percentage of revenue of 33.5%, as compared to \$59.7 million and a gross profit percentage of 33.6% for the year ended December 31, 2006.

Selling and administrative expense for the year ended December 31, 2007 was \$101.0 million, representing 36.6% of revenue, as compared to \$111.4 million and 45.7% of revenue for the year ended December 31, 2006. The decline in selling and administrative expense as a percentage of revenue is primarily due to the reduction in Thailand's bad debt expense and to the growth in revenue in each of the operations with a less than corresponding increase in fixed and semi-variable selling and administrative expense. At the retail operating units in Bangladesh, Pakistan and Sri Lanka, selling and administrative expense for the year ended December 31, 2007 was \$44.6 million, representing 21.7% of revenue, as compared to \$41.0 million and 23.0% of revenue for the same period in 2006. Selling and administrative

expense at Retail Holdings' corporate declined to \$2.0 million for 2007 as compared with \$2.8 million for the same period in the prior year.

Operating income for the year ended December 31, 2007 was \$6.2 million as compared to a loss of \$10.6 million for the same period in 2006. The improvement in operating income reflects the decline in Thailand's operating loss from \$23.4 million for the year ended December 31, 2006 to \$13.3 million for the year ended December 31, 2007, and the increase in operating profit at the retail operating units in Bangladesh, Pakistan and Sri Lanka from \$18.8 million for the year ended December 31, 2006 to \$24.1 million for the year ended December 31, 2007.

The continued operating loss at Singer Thailand largely reflects the legacy impact on revenue, S&A expense and operating profit of the motorcycle credit sales boom in 2004, 2005 and 2006, and the subsequent decline in motorcycle account collection performance and resulting higher levels of bad debt expense, product revert and inventory provision. The continued loss has also necessitated a larger valuation reserve for a portion of the deferred tax asset, further impacting the Thailand results. The introduction in 2006 continuing into 2007 of tighter credit granting procedures, Singer Thailand's exit from the motorcycle business (except for the continued sale of reverted products) and the restructuring and consolidation of the operation resulted in a significantly smaller loss for 2007 than for the prior year.

Interest expense was \$17.2 million and \$13.8 million for the years ended December 31, 2007 and December 31, 2006, respectively. The increase in interest expense reflects higher interest rates in Sri Lanka and the increased financing required to support the increased level of sales and the promotion of credit in markets other than Thailand.

Equity earnings from Operating Affiliates were \$1.7 million and \$1.6 million for the years ended December 31, 2007 and December 31, 2006, respectively. The slightly higher level of affiliate income for 2007 was achieved despite the sale of the remaining stake in one of the Company's affiliates in Sri Lanka.

Royalty expense was \$2.8 million and \$2.4 million for the years ended December 31, 2007 and December 31, 2006, respectively. The increase in royalty expense is due to the increased revenue at Singer Asia. The royalty expense is for the use of the Singer trademark by Singer Asia and its operating companies.

Miscellaneous other income was \$6.1 million for the year ended December 31, 2007 and \$8.3 million for the year ended December 31, 2006. Other income in 2007 includes \$3.5 million of interest income from cash investments and the KSIN and Jamaica Notes receivable and \$1.1 million from disposal of property, plant and equipment. Other income in 2006 includes \$3.5 million of interest income and a \$3.0 million gain from reversal of a valuation reserve no longer required relating to a KSIN note.

The Company's loss before provision for income tax and minority interest declined from \$17.0 million for the year ended December 31, 2006 to \$6.0 million for the year ended December 31, 2007. The smaller loss reflects the improvement in operating income of \$16.8 million for 2007 as compared with 2006 as well as an increase in earnings from affiliates, offset, in part, by higher interest and royalty expense and lower other income, net.

Provision for income taxes amounted to \$7.7 million and \$0.7 million for the years ended December 31, 2007 and December 31, 2006, respectively. The increase in provision for income taxes primarily results from an increase of \$7.9 million in the valuation allowance for deferred taxes, reflecting uncertainties regarding the realization of the net operating loss carry forward in Thailand, as well as from additional provisions reflecting higher pre-tax income in the other operations.

Minority interest share in loss was \$10.4 million for the year ended December 31, 2007 as compared to minority interest share in loss of \$15.5 million the same period prior year. The decline in minority interest share in loss primarily reflects the smaller loss at Singer Thailand for 2007 as compared to 2006, which loss is shared by both the 46.6% public shareholders of Singer Thailand and the 43.2% minority shareholders of Singer Asia.

The Company's net loss for the year ended December 31, 2007 was \$3.3 million, as compared to a net loss of \$2.3 million for the year ended December 31, 2006. The \$1.0 million deterioration primarily reflects the increase in provision for income taxes and the decline in minority interest share in loss. The increase in provision for income taxes and the decline in minority interest share in loss both primarily relate to the additional valuation allowance for deferred taxes in Thailand -- a non-cash item.

The Company's net loss is equivalent to a basic and diluted loss per Share of \$0.64 in the year ended December 31, 2007, compared to a basic and diluted loss per Share of \$0.44 in the year ended December 31, 2006.

Liquidity and Capital Resources

Year Ended December 31, 2007

For the year ended December 31, 2007, the Company had a net cash inflow from operations of \$28.2 million. This was primarily due to a \$13.3 decline in accounts receivable and installment receivable due in excess of one year, a \$5.7 million increase in accounts payable and accrued expense, a \$2.3 million decline in inventory and \$9.4 million of adjustments to reconcile the net accounting loss for non-cash items.

Net cash used in investing activities for the year ended December 31, 2007 was \$4.0 million, reflecting capital expenditures of \$7.1 million, offset, in part, by proceeds of \$2.2 million from the disposal of property, plant and equipment.

Dividends paid to the Company's shareholders during the year ended December 31, 2007 utilized \$5.2 million of cash. An additional \$22.6 million of cash was used for debt repayment, with notes and loans payable declining \$8.2 million, and payment of long-term debt net of additions of \$14.4 million.

The net effect of the cash flow movements was to decrease the Company's cash and cash equivalents by \$7.6 million for 2007 to \$24.8 million at December 31, 2007, as compared to \$32.5 million at December 31, 2006.

Working capital at December 31, 2007 was \$69.5 million, a decrease of \$20.8 million from the \$90.2 million of working capital at December 31, 2006. The decrease, in part, reflects a decline in cash and cash equivalents and accounts receivable.

For a discussion of liquidity and capital resources during 2006, see the Company's 2006 Annual Report dated May 2007.

Neither the Company, nor Singer Asia nor any of the of the Company's other subsidiaries were in default at December 31, 2007, at December 31, 2006 or at any time during 2007 or 2006 with respect to any interest or principal payments or with respect to any financial covenants under any of their lending arrangements.

