

RETAIL HOLDINGS N.V.

**2010 SUMMARY
ANNUAL REPORT
MARCH 2011**

**2010 Summary Annual Report
Retail Holdings N.V.**

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NOTES

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

The Company prepares its consolidated financial statements in U.S. dollars, in accordance with International Financial Reporting Standards (“IFRSs”); prior to 2008, the Company prepared its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

The registered office is located at Schottegatweg Oost 44, Willemstad, Curaçao, 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 280 North Bedford Road, Mt. Kisco, New York 10549, telephone number 914-241-3404. The Company’s share transfer agent is Mellon Investor Services LLC, at P.O. Box 38015, Pittsburgh, Pennsylvania, 15252, telephone number 800-522-6645 (or from outside the United States, 1-201-680-6578). The Company’s website is www.retailholdings.com.

Price quotations for the Company’s common shares (the “Shares”) are available on the OTC Pink (“Pink Sheets”) quotation service under the symbol “RHDGF”. The Shares Cusip number is N74108106. Investor relation questions should be addressed to Ms. Amy Pappas, Company Secretary, at the NV Adminservice Corporation office (see above), email: apappas@retailholdings.com.

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 ReHo’s and the Asia Company’s financial results during 2010. All information in this Summary Annual Report is presented as of December 31, 2010 unless otherwise indicated.

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 that no assurance can be given that expectations reflected in such forward-looking statements will prove to be correct, that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and, therefore, that you should not place undue reliance on such forward-looking statements. You should not assume that the information contained in this Summary Report is accurate as of any date other than the date for which the information is presented. You should not rely on any obligation to update or revise any information, including any forward-looking statements, whether as a result of new information, future events or otherwise. The Company 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; the payment of interest and of principal on the unsecured, subordinated, promissory notes issued to the Company by KSIN Holdings, Ltd.; 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; 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, in the section, Certain Risk Factors, and in the audited consolidated financial statements included in Financial Statements.

INFORMATION ABOUT THE COMPANY

Background

The Company, formerly known as Singer N.V., was organized as a new corporate entity in Curaçao (formerly part of the Netherlands Antilles) in 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 56.23% equity interest in Singer Asia, a holding company with operations in selected emerging markets in Asia (described in the section, Information About Singer Asia Limited);
2. Seller notes, arising from the sale of the Singer worldwide sewing business and trademark in September 2004 (described below and in Note 15 to the Financial Statements); and
3. Cash (\$2.9 million at December 31, 2010) at the ReHo holding company; the ReHo holding company has no debt outstanding.

The Company has no operating activities other than those carried out through Singer Asia.

Singer Asia was formed in 2003 to hold the Company’s interests in the operating companies in Asia. In July 2003, ReHo concluded the placement with a private investment fund, UCL Asia Partners, L.P. (the “Fund”), of a 43.20% minority equity interest in Singer Asia (since reduced to 42.77%). The Fund paid \$30.0 million in cash to acquire the stake in Singer Asia. A 1.00% equity interest in Singer Asia is owned by the Asia Company Chief Executive Officer as a result of the exercise of a portion of his options. ReHo consolidates the Asia Company results in its own financial statements.

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., now called SVP Holdings Ltd. (“SVP”), an affiliate of funds managed by Kohlberg & Co., LLC. The total consideration consisted of approximately \$65.1 million of cash, \$22.5 million of unsecured, subordinated, promissory notes due from KSIN Holdings, Ltd., a subsidiary of SVP and guaranteed by SVP (the “KSIN Notes”), and the pay off or assumption by SVP 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 much of Asia.

For additional information regarding the Company, see the Company’s website: www.retailholdings.com.

Strategy and Valuation

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 assets or through a sale of the Asia Company. The book value of the Company's investment in Singer Asia at December 31, 2010, attributable to the ReHo shareholders, was \$62.7 million. The market value of the shares owned by Singer Asia in its principal operating companies, all of which are public companies, together with the book value of the non-public operations and the \$7.6 million in cash at the Singer Asia holding company at December 31, 2010, attributable to the ReHo shareholders, totaled \$175.7 million.

The Company will likely retain the KSIN Notes until the earlier of a possible sale of SVP, which would require redemption of the Notes, or their maturity in February 2014, although the Company would consider opportunities to monetize the KSIN Notes at an earlier time. Principal and unpaid interest on the KSIN Notes at December 31, 2010 was \$25.7 million. There is no established market for the KSIN Notes.

The Company's net asset value at December 31, 2010, attributable to the ReHo shareholders, was \$90.7 million, equivalent to \$17.09 per Share outstanding. This essentially reflects the book value of the Company's investment in Singer Asia, the amount of the KSIN Notes and the cash at the ReHo holding company. Using the \$175.7 million derived "market valuation" for Singer Asia attributable to the ReHo shareholders, the amount of the KSIN Notes and the cash at the ReHo holding company, the corresponding figure would be approximately \$203.7 million, equivalent to \$38.38 per Share. **There can be no assurance that the Company's shareholders will ever realize either the \$17.09 per Share or the \$38.38 per Share amounts given the substantial contingencies and uncertainties and the impact of taxes and outstanding options at Singer Asia.**

Pending the offering or sale of Singer Asia, realization of the principal and interest on the KSIN Notes and the ultimate liquidation of the Company, ReHo's strategy is to minimize holding company personnel and cost of administration and to use the cash in excess of requirements to purchase Shares and to pay dividends and distributions to shareholders.

Dividends/Distributions

During 2007, the Company introduced a dividend/distribution program, paying a special dividend of \$1.00 per Share in that year. During 2008, the Company made a distribution to shareholders of \$0.75 per Share, during 2009 a distribution to shareholders of \$0.20 per Share, and during 2010 a distribution to shareholders of \$0.80 per share. The Company's Board of Directors anticipates recommending for shareholder approval at the 2011 Annual General Meeting of Shareholders (the "AGM") a proposal to make a distribution to shareholders of at least \$1.00 per Share. It is ReHo's intention to maintain a regular dividend/distribution program.

INFORMATION ABOUT SINGER ASIA LIMITED

Overview and Strategy

Singer Asia is a Cayman Islands holding company with operating subsidiaries in Bangladesh, India, Pakistan, and Sri Lanka. ReHo currently owns approximately 56.2% of the equity of Singer Asia, the Fund owns approximately 42.8% of the equity and Mr. Gavin Walker, the Asia Company President and CEO, owns 1.0% of the equity, reflecting the exercise of a portion of his options. Should Mr. Walker exercise all of his options, his equity stake in the Asia Company would increase to approximately 4.8%, the ReHo shareholding would decline to approximately 54.1% and the Fund's stake would decline to approximately 41.1%.

The subsidiaries in Bangladesh, Pakistan and Sri Lanka are retail businesses engaged in the distribution of a wide variety of consumer durable products, with consumer credit and other financial services available to qualified customers. In each of these markets, the Asia Company is the leading retailer of durable products for the home.

The subsidiary in India is primarily a wholesale distributor of sewing products, although that company also has a right to retail nationwide.

The Asia Company has an affiliate company in Thailand that is the largest direct (door-to-door) seller of consumer durable products in that market, and a licensee in Malaysia that is the largest direct seller of consumer durables in that country.

Singer Asia has been operating in South Asia since the late 1800's. It is recognized by consumers as a trusted source of reliable, quality, consumer products, as well as being identified with the availability of consumer credit. The business has the potential for long-term growth along with the emerging economies of Asia and the expansion of their middle-and lower-income class consumers.

During 2010, reflecting Asia's emerging recovery from the economic downturn that began during 2008, Singer Asia adopted a more expansive strategy, but with continued emphasis on cost control, improvement in the quality of the credit portfolio and tight balance sheet management. Particular emphasis was given to Sri Lanka, where the end of the long civil war resulted in an especially favorable outlook for consumer durables spending, and to rural areas in Bangladesh, Sri Lanka and Thailand, which benefited from higher commodity prices (see the section, Operating and Financial Review).

To increase the Asia Company's focus on its core retail operations and to take advantage of favorable equity markets, Singer Asia made several changes in its equity ownership structure during 2010:

- The Singer Asia subsidiary in Bangladesh, Singer Bangladesh Limited ("Singer Bangladesh"), sold its entire remaining 35.6% interest in its affiliate leasing company, International Leasing and Financial Services Ltd. ("ILFS").

- The Singer Asia subsidiary in Sri Lanka, Singer (Sri Lanka) PLC (“Singer Sri Lanka”), sold a 25% equity interest in its wholly-owned subsidiary finance company, Singer Finance (Lanka) Ltd.; this is in compliance with government requirements. To eliminate small cross holdings and simplify the equity structure within Sri Lanka, Singer Industries (Ceylon) PLC initiated the process to sell the 1.6% stake that it holds in Singer Sri Lanka and Singer Sri Lanka sold the 0.9% stake that it held in Regnis (Lanka) PLC.
- Singer Asia sold shares in its subsidiary in India, Singer India Limited (“Singer India”), reducing the Asia Company’s stake from 85.9% at December 31, 2009 to 80.1% at December 31, 2010. To maintain the Singer India listing, Singer Asia is required to sell down to a no more than a 75.0% ownership stake.

Singer Asia will continue its more expansive strategy into 2011. The strategy for 2011 is to:

- Continue the expansion in the number of retail stores, focusing on the rural areas of Bangladesh, Sri Lanka and Thailand;
- Extend the range and penetration of the financial services offering, particularly bill collection, funds remittance and mobile phone reloads;
- Improve the operating profit margins from the levels achieved in 2010, while further driving down the total overhead to revenue ratio;
- Maintain the high standard of the consumer credit receivables;
- Extend the range of products locally manufactured or assembled by the Singer Asia subsidiaries to further realize duty and tax advantages where available; and
- Improve the investor relations function at each of the public companies.

Singer Asia’s revenue is somewhat seasonal, generally increasing during certain holidays or festival periods. Overall, revenue tends 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 revenue generally in the third quarter.

Certain key data for Singer Asia consolidated is shown below:

(\$ millions)	<u>2009</u>	<u>2010</u>
Revenue	256.6	264.1
Results from operating activities	27.9	50.8
Net income	14.0	34.2

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

Unique Attributes

The unique attributes of Singer Asia include:

- **Number One Retailer of Durables for the Home** – In each of the markets where Singer Asia operates retail stores – Bangladesh, Pakistan and Sri Lanka – the Asia Company is the number one retailer of durables for the home, with significant shares across several product categories.
- **Broad, Multi-Channel Distribution** – Singer Asia has the largest consumer durables distribution network with the broadest coverage in South Asia. The retail operating companies in Bangladesh, Pakistan and Sri Lanka have a total of 792 shops. The affiliate operating company in Thailand has 183 direct selling locations, which serve as a base for more than 2,441 canvassers/collectors.
- **Offer of Consumer Credit and Financial Services** – The Asia Company, including the affiliate operating company in Thailand, with a total of 566,765 active installment accounts and an installment accounts receivable of \$105.4 million, is one of the leading providers of non-automotive, non-residential, consumer credit in Bangladesh, Pakistan, Sri Lanka and Thailand.
- **Powerful Brand** – Singer Asia has an exclusive, perpetual, royalty-bearing license allowing the Asia Company to use the Singer name and trademark. The brand's strengths include exceptionally high brand awareness (92% unassisted), positive emotional consumer tie-in and consumer association with trust, with reliable products for the home and with reasonable prices and available credit.
- **Opportunity in India** – Continuing a business started in 1870, the Asia Company is only one of two multi-nationals with a right to retail, including through company stores, nationwide in India.
- **Superior Management** – Singer Asia has the benefit of a very strong management team with exceptional local market knowledge, and with experience with international financial standards.
- **Strong Products Offering** – Singer Asia successfully sources a broad range of competitively featured and competitively priced products from third-party manufacturers, that it markets under the Singer brand. An increasing array of products is also being sold using a variety of other well-known brands, often under exclusive brand distribution arrangement.
- **Public Market Presence** – Eight of the Singer Asia companies – one each in Bangladesh, India, Pakistan and Thailand and four companies in Sri Lanka – are public companies. Public ownership enhances the image and prestige of each of the operating subsidiaries and affiliates in customer, lender and investor perceptions, and, in a few cases, results in lower tax rates.
- **Additional Assets** – Singer Asia has substantial additional assets including unutilized cash and unutilized, confirmed bank facilities. The operating companies also have a large portfolio of owned properties and long-term leaseholds.

Products

Singer Asia distributes a variety of consumer durables, especially products for the home. Products include:

- Home appliances, such as air conditioners; dishwashers; kitchen ranges; microwaves; refrigerators, freezers and bottle coolers; washing machines and dryers; as well as small kitchen appliances and sewing machines;
- Home electronic equipment, such as color televisions, including plasma, LCD and LED products and home theatre; DVD players; personal computers; portable audio products; and telephone and satellite television equipment; and
- Other consumer durables and products for small retail businesses, such as bottle coolers, generators, home furnishings, mobile phone reload machines, motorcycles and water heaters.

The range of products vary by location but all of the retail operations offer a core range of most of the home appliances and home electronic equipment.

It is the Asia Company's strategy to 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 continue to be sold using the Singer brand although a meaningful 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. The Asia Company is an exclusive distributor or co-distributor in certain markets for such well-known brands as Haier, Hitachi, Phillips, Samsung, Skyworth, TCL and Whirlpool. Reflecting the multi-brand offering, Singer shops in the retail markets have been re-branded "Singer Plus".

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, manufacture or assembly of certain products is carried out by the local Singer Asia operating company. Presently, motorcycles and televisions are assembled in Bangladesh; freezers, gas appliances, refrigerators and sewing machines are manufactured and air conditioners, microwaves, televisions and washing machines are assembled in Pakistan; and domestic and agricultural water pumps, furniture, paddy threshers and refrigerators are manufactured, and motorcycles and sewing machines are assembled in Sri Lanka. Singer Asia also manufactures consumer and industrial, electric wire and cable in Bangladesh.

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 almost 160 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 middle-and lower-income consumers in these markets than is the case in more developed countries.

Approximately 48% of Singer Asia’s sales during 2010 were on credit. In addition to providing a strong impetus to sales, consumer credit continues to be an important component of revenue and profit; finance charges on consumer installments represented approximately 8.1% of the Asia Company’s total revenue in 2010.

The Asia Company’s credit activities generate installment accounts receivable which are outstanding from three to 36 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 426,035 active installment accounts at December 31, 2010, with a total installment accounts receivable, net of unearned finance charges and allowances, of \$70.8 million, as detailed below:

	<u>Number of installment accounts receivable</u>	<u>Net amount of installment accounts receivable (\$ millions)</u>
Bangladesh	72,543	8.6
Pakistan	81,122	7.1
Sri Lanka	272,370	55.1
Total	<u>426,035</u>	<u>70.8</u>

At the end of 2010, Singer Thailand, an affiliate, had an additional 140,730 active receivable accounts with a total installment accounts receivable, net of unearned finance charges and allowances, of \$34.6 million.

Singer Asia continually reviews and updates the credit granting and collection process. This includes: monitoring and refreshing point scoring systems, use of credit bureaus and consumer blacklists, use of call centers for customer verification and collection calls, use of third-party collection agencies, and enforcing strict repossession policies.

Singer Asia’s collection experience has generally been good. The percentage of installment receivables in arrears for the Asia Company at December 31, 2010 was 1.9%, ranging from a low of 1.0% in Sri Lanka to a high of 4.5% in Pakistan.

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.

Starting in Sri Lanka, but now including Bangladesh and Pakistan, Singer Asia has significantly broadened the scope of the financial products and services offered to customers. These include bill collection on behalf of utility companies and financial institutions, disbursement of remittances from overseas, and the sale of mobile phone air-time. The Asia Company successfully completed 9.2 million financial services transactions during 2010.

Retail Distribution

The cornerstone of the Singer Asia operations is the retail and consumer financial services businesses in Bangladesh, Pakistan and Sri Lanka. In these markets, 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.

The number of retail distribution points by country at December 31, 2010 was as follows:

	Retail Outlets	Distributors and Dealers
Bangladesh	286	972
Pakistan	163	230
Sri Lanka	343	681
Total	<u>792</u>	<u>1,883</u>

Singer in Sri Lanka

Singer Asia currently owns 87.5% of the shares of Singer Sri Lanka. Singer Asia has operated in Sri Lanka since 1877.

Singer Sri Lanka operates: 161 “Singer Plus” retail stores; 117 smaller “Singer” satellite shops; 13 Singer “Mega” stores, a larger format store offering a wider range of consumer durable brands and products including furniture; 40 Sisil World retail stores offering a somewhat different product and brand mix, under the Sri Lanka heritage brand, Sisil; and 12 Singer Homes furniture showrooms offering a variety of modern and traditional bedroom, dining room and occasional furniture and accessories. One of the Singer Mega stores is the largest consumer durables, department store in the country. In addition, Singer Sri Lanka has more than 681 independent dealers.

Singer Sri Lanka has 1,147 employees; an additional 426 individuals are employed at the two manufacturing subsidiaries of Singer Asia in Sri Lanka and a further 98 individuals are employed by a finance company subsidiary.

Singer Sri Lanka is the largest retailer in Sri Lanka of durables for the home with an approximate 30% overall market share and very significant market shares across several product categories including a 54% market share in refrigerators, a 37% market share in washing machines, a 35% market share in televisions, as well as an 80% market share in consumer sewing machines. Sales of non-sewing products represent about 90% of Singer Sri Lanka’s total sales.

Products traditionally have been sold by Singer in Sri Lanka using the Singer brand, recognized again in 2010 as one of Sri Lanka’s “Superbrands”, and by an A.C. Nielsen countrywide poll, as the “Most Popular Brand in Sri Lanka” for the sixth consecutive year. The Sri Lanka company over the past several years has introduced additional brands, often under exclusive brand distribution arrangements. Singer Sri Lanka is currently the exclusive distributor or co-distributor in Sri Lanka for Hitachi, Phillips, Samsung, Skyworth, TCL and Whirlpool, among others.

At the end of 2010, Singer Sri Lanka had 272,370 active installment accounts with a total installment accounts receivable, net of unearned finance charges and allowances, of \$55.1 million. Only about 1.0% of Singer Sri Lanka’s installment accounts receivable are in arrears past the due date. Singer Sri Lanka operates an active call center and has an extensive customer loyalty program.

The Sri Lanka company has over the last several years substantially broadened its financial services offering. Customers of Singer Sri Lanka can now pay utility and credit card bills, purchase extended warranty and consumer protection plans, purchase mobile phone uploads, receive remittances from overseas, purchase insurance or make deposits at selected store locations. During 2010, approximately 2.1 million transactions were executed involving these new financial services products, in addition to 3.2 million traditional credit transactions.

Singer Sri Lanka’s strategy is to substantially boost revenue in 2011 and later years, building on the economic recovery now under way, while maintaining profit margins and the Sri Lanka company’s strong balance sheet. Singer Sri Lanka intends to increase the number of Singer Plus sales locations, especially in rural areas and in the recently integrated northern and eastern regions of the country, to broaden and extend the product range, and to increase the financial services product offering and coverage. The Sri Lanka company has approximately \$26.3 million of unutilized, confirmed credit facilities available to help fund this expansion.

Singer Sri Lanka owns 75% of the equity of Singer Finance (Lanka) Ltd. (“Singer Finance”), a finance company subsidiary with a deposit taking license. Singer Finance has substantially increased revenue and profitability over the last several years from both Singer related and outside business. In December 2010, Singer Finance, in the most oversubscribed share placement in Sri Lanka history, issued new shares equal to 25% of its enlarged capital, realizing \$3.6 million in proceeds.

Singer Asia owns controlling stakes (53% and 84%, respectively) in two Sri Lanka, publicly-listed, manufacturing companies: Regnis (Lanka) PLC, a manufacturer of refrigerators and related products; and Singer Industries (Ceylon) PLC, a manufacturer of sewing cabinets and stands and assembler of sewing machines. A division of Singer Sri Lanka manufactures furniture, domestic and agricultural water pumps and paddy thrashers, and assembles motorcycles.

Certain key data for the consolidated Sri Lanka operations is shown below:

(\$ millions)	<u>2009</u>	<u>2010</u>
Revenue	103.8	142.1
Results from operating activities	12.5	17.6
Net income	2.4	6.3

For additional information regarding Singer Asia in Sri Lanka, see the Singer Sri Lanka website: www.singersl.com and the public company annual reports of Singer Sri Lanka, Regnis (Lanka) PLC and Singer Industries (Ceylon) PL.

Singer Bangladesh

Singer Asia currently owns 75.0% of the shares of Singer Bangladesh. Singer has operated in the geographic area of Bangladesh since 1870.

Singer Bangladesh operates 256 “Singer Plus” retail stores and 30 smaller “Singer” satellite shops. The Bangladesh company also has approximately 972 independent dealers, most of whom sell the company’s electric wire and cable products. Singer Bangladesh has 829 employees.

Singer Bangladesh is the largest retailer in Bangladesh of durables for the home with an approximate 16% overall market share and significant market shares across several product categories including a 17% market share in refrigerators, a 16% market share in televisions and a 5% market share in washing machines, as well as a 24% market share in consumer sewing machines. Sales of non-sewing products represent approximately 97% of Singer Bangladesh’s total sales.

Products traditionally have been sold in Bangladesh using the Singer brand. During 2005, the Bangladesh company began 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 or co-exclusive brand distribution arrangements.

At the end of 2010, Singer Bangladesh had 72,543 active installment accounts with a total installment accounts receivable, net of unearned finance charges and allowances, of \$8.6 million. Only about 4.0% of Singer Bangladesh’s installment accounts receivable are in arrears past the due date. Singer Bangladesh operates a call center and has introduced a customer loyalty program.

Singer Bangladesh’s strategy is to seek to further boost revenue and profit by: increasing the number of sales locations, particularly in rural areas; modernizing and improving existing outlets; improving and broadening the product offering; and expanding the range of financial services offered. The Bangladesh company has approximately \$24.7 million in cash on deposit plus an additional \$35.0 million of unutilized, confirmed credit facilities available to help fund its expansion.

Singer Bangladesh has its own manufacturing facility that presently assembles televisions and motorcycles and manufactures consumer and industrial electric wire and cable. The Bangladesh company is planning a significant investment in an additional manufacturing facility, possibly in a joint venture with an international manufacturer, to manufacture refrigerators and related products.

In July 2010, Singer Bangladesh sold its entire remaining 35.6% interest in its affiliate leasing company, ILFS, for a cash consideration of \$31.9 million; the Bangladesh company realized a profit of \$24.5 million on the sale.

Certain key financial data for Singer Bangladesh is shown below:

(\$ millions)	<u>2009</u>	<u>2010</u>
Revenue	63.4	69.2
Results from operating activities	7.5	31.1
Net income	6.3	28.7

For additional information regarding Singer Bangladesh, see the Singer Bangladesh website: www.singerbd.com and the Singer Bangladesh public company annual report.

Singer Pakistan

Singer Asia currently owns 70.3% of the shares of the public company, Singer Pakistan Limited (“Singer Pakistan”). Singer has operated in the geographic area of Pakistan since 1870.

Singer Pakistan operates 163 “Singer Plus” retail stores, supplemented by 230 independent dealers. The Pakistan company has 1,309 employees.

Singer Pakistan is the largest retailer in Pakistan of durables for the home with an approximate 8% overall market share. The Pakistan company’s stores sell a broad range of consumer durable products with the emphasis on refrigerators, freezers and air conditioners, televisions, gas appliances, washing machines and sewing machines. Sales of non-sewing consumer durables represent about 91% of Singer Pakistan’s total sales.

Products traditionally have been sold in Pakistan using the Singer brand. More recently, the Pakistan company has begun to offer non-Singer brand refrigerators, air conditioners, televisions and a few other products. Singer Pakistan’s dealers primarily sell Singer brand gas appliances and, to a lesser extent, other Singer brand products assembled at the Singer Pakistan factory.

At the end of 2010, Singer Pakistan has 81,122 active installment accounts with a total installment accounts receivable, net of unearned finance charges and allowances, of \$7.1 million. About 4.5% of Singer Pakistan’s installment accounts receivable are in arrears past the due date. Singer Pakistan operates an active call center and has introduced a customer loyalty program.

Singer Pakistan’s strategy is to modestly grow revenue and profit despite a difficult political and economic environment, primarily by improving the product offering, expanding the range of financial services offered, and modernizing and improving existing outlets.

Singer Pakistan has its own manufacturing facility that presently manufactures freezers, gas appliances, refrigerators and sewing machines and assembles air conditioners, microwaves, televisions and washing machines.

Certain key financial data for Singer Pakistan is shown below:

(\$ millions)	<u>2009</u>	<u>2010</u>
Revenue	26.5	27.3
Results from operating activities	2.3	2.3
Net income	0.5	0.5

For additional information regarding Singer Pakistan, see the Singer Pakistan website: www.singer.com.pk and the Singer Pakistan public company annual report.

Wholesale Distribution and Direct Selling

Singer Asia operates a primarily wholesale distribution business in India, although that company also has the right to retail nationwide, and through an affiliate, a direct selling business in Thailand.

Singer in India

Singer Asia currently owns 80.1% of the public company, Singer India, and also owns 100% of a second Indian company, Brand Trading (India) Pvt. Limited (“BTI”). In March and May 2009, Singer Asia, as part of an approved restructuring plan for Singer India, remitted to Singer India a total of \$1.4 million in new equity capital, increasing the Asia Company’s ownership from 49.6% to 90.1%. Singer India became a subsidiary of Singer Asia, effective with the March 2009 capital injection (see Note 7 to the Financial Statements). A final \$0.3 million was remitted in February 2010. Singer Asia, since March 2009, has sold shares from its holding, reducing its ownership to the present 80.1%. It is Singer Asia’s intention to sell additional Singer India shares to reduce its ownership stake to the 75.0% level required to maintain the Singer India stock exchange listing.

Singer India is undergoing a financial 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 of 1985. This registration provides certain legal protection against creditors. In April 2008, BIFR approved a reorganization plan for Singer India. Singer India’s secured creditors have approved the plan and have accepted and received a one-time settlement of all amounts due. Singer India could exit from BIFR during 2011.

Singer India historically was a retailer of consumer durables, with consumer credit, with an emphasis on sewing machines and, to a limited extent, refrigerators, televisions and small appliances. Continuing a business started in 1870, Singer India is only one of two multi-nationals with a right to retail, including through company stores, nationwide in India.

Presently, Singer India sells Singer and Merritt brand consumer sewing machines and other sewing related products to distributors and dealers throughout India, through its own small retail network of 20 “Singer” retail/sewing stores in highly attractive locations in India, and through BTI to certain government agencies and to military canteens. Singer India is currently introducing a new line of Singer brand small appliances to be sold on a wholesale basis throughout India and in the Singer retail shops. Sales of sewing products represent almost all of Singer India’s sales. Singer India and BTI have a total of 114 employees.

Singer India manufactures, through contract arrangements, some of the sewing machines that it sells; sewing machines are also purchased from outside suppliers in India and from SVP.

Singer India’s strategy is to grow revenue and profit, in part, by regaining market share lost during the restructuring period; and to exit from BIFR. Singer India anticipates realizing additional revenue and earnings from the new small appliance business. In the somewhat longer term, following exit from BIFR, Singer India may seek to pursue a new retail initiative with multi-brand, retail stores, offering durables for the home as well as credit and other financial services to Indian consumers.

Certain key financial data pro forma for Singer India/BTI consolidated is shown below:

(\$ millions)	<u>2009</u>	<u>2010</u>
Revenue	16.5	25.1
Results from operating activities	0.2	1.1
Net income	0.3	1.4

For additional information regarding Singer India, see the Singer India website: www.singerindia.net and the Singer India public company annual report.

Singer Thailand

Singer Asia currently owns 48.5% of the shares of the public company, Singer Thailand Public Company Limited (“Singer Thailand”). Singer Asia has operated in Thailand since 1905.

In December 2009, Singer sold shares in the Thailand company, reducing its ownership to 48.5%, converting Singer Thailand from a subsidiary to an affiliate (see Note 8 to the Financial Statements). The share sale was intended to enhance the Asia Company’s focus on the core retail operations and to increase the perceived national identity of the Thailand company. Singer Thailand was honored during 2004 to receive the coveted Garuda Award from the King of Thailand for the Thailand company’s contribution to the social welfare of the people of Thailand.

Singer Thailand operates 183 “Singer” direct selling centers, which are located primarily outside Bangkok. The direct selling locations serve primarily as a base for canvassers (direct selling agents) / collectors who sell and collect door to door, and as local warehouses. Singer Thailand has 2,441 canvassers/collectors, most of who are on a commission-only basis. Singer Thailand has a total of 3,663 personnel, including the canvassers/collectors.

Singer Thailand is the largest direct seller in Thailand of durables for the home, a position strengthened by the exit from the market in 2007 and 2008 of the Thailand company’s two largest direct competitors. Singer Thailand has a small, but still significant – approximately 5% – market share across several consumer durables product categories. Sales of non-sewing products represent about 95% of Singer Thailand’s total sales. Almost all products are sold by Singer Thailand under the Singer brand.

At the end of 2010, Singer Thailand had 140,730 active installment accounts with a total accounts receivable, net of unearned financing charges and allowances, of \$34.6 million. About 5.9% of Singer Thailand’s installment accounts receivable are in arrears past the due date. The Thailand company operates a very active call center.

Singer Thailand’s strategy is to boost revenue and profit while continuing to improve the credit granting and collection processes and managing down sales and administrative costs. The introduction in 2009 of a new, lower cost home air conditioning product line, and the introduction in 2010 of a new line of air time vending machines for mobile phones sold to village grocers helped to boost 2009 and 2010 revenues. The discharge of unproductive canvassers/collectors, and better credit practices, reduced Singer Thailand’s S&A expense.

Certain key financial data for Singer Thailand is shown below:

(\$ millions)	<u>2009</u>	<u>2010</u>
Revenue	46.8	62.2
Results from operating activities	3.5	7.1
Net income	2.3	3.5

For additional information regarding Singer Thailand, see the Singer Thailand website: www.singerthai.co.th and the Singer Thailand public company annual report.

License

Singer Asia has a royalty bearing license from SVP, the owner of the Singer trademark, allowing the Asia Company: to use the Singer name in its company and its subsidiary company names; to use the Singer trademark on its and its affiliate 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 trademark to third party licensees in most countries of Asia including China and Australia and New Zealand, but excluding Japan and Korea. The royalty paid to SVP is set at 1.0% of Singer Asia's consolidated revenue; royalty payable to SVP totaled \$2.6 million for each of the years ending December 31, 2010 and December 31, 2009.

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, in addition to operating a retail network, is the largest direct seller in Malaysia of durables for the home. 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.

Organizational Structure and Valuation

Singer Asia's investment portfolio of principal operating companies is as follows:

<u>Name</u>	<u>Country of Incorporation</u>	<u>Singer Asia's Economic Interest (%)</u>
Singer Bangladesh Limited	Bangladesh	75.0
Singer India Limited	India	80.1
Singer Pakistan Limited	Pakistan	70.3
Singer (Sri Lanka) PLC	Sri Lanka	87.5
Singer Thailand Public Company Limited	Thailand	48.5

ReHo's economic interest, in each case, is 56.2% 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
Hong Kong, PRC	Asia Administration: 7 th Floor, Baskerville House, 13 Duddell Street, Central
India, New Delhi	A26/4 IInd Floor, Mohan Co-operative Industrial Area, New Delhi 110044
Pakistan, Karachi	Plot 39, Sector 19, Korangi Industrial Park, Karachi 74900
Sri Lanka, Colombo	320, Dr. Colvin R. De Silva Mawatha, Colombo 2
Thailand, Bangkok	72 CAT Telecom Tower, 17 th Floor, Charoen Krung Road, Bangkok 10005

Market Valuation

The shares of all of Singer Asia's principal operating companies and of three subsidiaries in Sri Lanka are publicly traded. The public companies and the market value of Singer Asia stakes in the public companies (in turn, 56.2% of which accrue to ReHo) are as follows:

<u>Company</u>	<u>Listing</u>	<u>Value of Singer Asia's Holding at December 31, 2010 (\$ millions)</u>
Singer Bangladesh Limited	Dhaka and Chittagong	\$ 171.2
Singer India Limited	Bombay	7.2
Singer Pakistan Limited	Karachi and Lahore	5.6
Singer (Sri Lanka) PLC	Colombo	96.3
Other Sri Lanka public subsidiaries	Colombo	7.1
Singer Thailand Public Company Limited	Bangkok	15.6
		\$ 303.0

In addition, Singer Asia at December 31, 2010 had a net equity investment of \$0.9 million in a 100% owned subsidiary in India and \$7.6 million in cash at the holding company. The Singer Asia holding company has no debt outstanding.

OPERATING AND FINANCIAL REVIEW

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, 2010.

Results of Operations

Year Ended December 31, 2010 and December 31, 2009

The Company realized a record profit of \$36.1 million for the year ended December 31, 2010, \$16.6 million of which is attributable to the ReHo shareholders. This was a result of the emerging economic recovery in the countries where Singer Asia operates, continued improvement in operating margins and better working capital management, supplemented by a profit from disposal of the Company's remaining equity stake in its equity accounted investee in Bangladesh, International Leasing and Financial Services Limited ("ILFS").

The overall results of operations, particularly comparisons to prior year, are impacted by the characterization of Singer Thailand as an equity accounted investee for the year ended December 31, 2010, Singer Thailand was a consolidated subsidiary of the Company in the year ended December 31, 2009, and by the sale of ILFS in July 2010 (see Note 8 and Note 26 to the Financial Statements).

For the year ended December 31, 2010, the Company reported consolidated revenue from continuing operations of \$264.1 million, compared to \$256.6 million for the same period in 2009, an increase of \$7.5 million or 2.9%. If the results of Singer Thailand are excluded from the 2009 comparatives, consolidated revenue increased by \$54.3 million or 25.9%. Revenue at the retail operating units in Sri Lanka, Bangladesh and Pakistan increased by 36.9%, 9.1% and 3.2%, respectively, compared to the same period in 2009. The especially strong revenue growth in Sri Lanka reflects the boost in consumer sentiment and demand following cessation of the civil war.

The Company's revenue from continuing operations for the year ended December 31, 2010 includes \$21.3 million of finance earnings on consumer credit sales, compared to \$33.6 million for the same period in 2009. If Singer Thailand is excluded from the 2009 comparatives, finance earnings would have totaled \$20.5 million in 2009. The slower growth in finance earnings than revenue reflects the higher growth in cash sales as compared to credit sales.

Gross profit from continuing operations for the year ended December 31, 2010 was \$85.3 million, representing a gross profit as a percentage of revenue of 32.3%, compared to \$100.5 million and a gross profit percentage of 39.2% for the year ended December 31, 2009. If the Singer Thailand's results are excluded from the 2009 comparatives, gross profit percentage for the year ended December 31, 2009 would have amounted to 33.0%. The slight drop in gross margin percentage is primarily due to the decrease in finance earnings as a proportion of consolidated revenue.

Other income from continuing operations for the year ended December 31, 2010 was \$26.2 million, compared to \$10.7 million for the year ended December 31, 2009. Other income in 2010 includes a \$24.5 million profit from the disposal by the Company's subsidiary, Singer Bangladesh, of its remaining 35.6% equity interest in ILFS. Other income in 2009 includes a \$3.5 million profit from reversal of a KSIN

Notes warranty provision and gains from the sale of 5.0% of Singer Bangladesh (\$2.9 million), 9.4% of ILFS (\$2.0 million), and 5.1% of Singer India (\$0.3 million).

Selling and administrative expenses from continuing operations for the year ended December 31, 2010 were \$58.9 million, representing 22.3% of revenue, compared to \$78.9 million and 30.7% of revenue for the year ended December 31, 2009. If the results of Singer Thailand are excluded from the 2009 comparatives, selling and administrative expenses from continuing operations in 2009 would have amounted to 23.9% of revenue. The decline in selling and administrative expenses as a percentage of revenue is due to the implementation, beginning in the fall of 2008, of cost-saving measures throughout the Company to improve operational efficiency.

Other expenses from continuing operations, royalty payments, were \$2.6 million both for the years ended December 31, 2010 and December 31, 2009. The royalty is for the use of the Singer trademark by Singer Asia and its operating companies and is calculated based on the Company's consolidated revenue.

Results from operating activities from continuing operations for the year ended December 31, 2010 were a profit of \$49.9 million, compared to a profit of \$29.7 million for the same period in 2009, an increase of \$20.2 million or 68.0%. If the results of Singer Thailand are excluded from the 2009 comparatives, results from operating activities in 2009 would have been \$26.2 million. The improvement in results from operating activities is due to the increase in other income and the reduction in selling and administrative expenses, offset, in part, by lower gross margin.

Finance income, primarily interest on the KSIN Notes at ReHo corporate, was \$3.6 million and \$3.3 million, respectively, for the years ended December 31, 2010 and December 31, 2009.

Finance costs from continuing operations, which represents interest expense on borrowings at the Singer Asia operating companies to finance working capital, were \$10.5 million and \$16.8 million for the years ended December 31, 2010 and December 31, 2009, respectively. If the results of Singer Thailand are excluded from the 2009 comparatives, finance costs in 2009 would have amounted to \$15.0 million. The decrease in finance costs is due both to lower interest rates, especially in Sri Lanka, and to the lower average levels of borrowings reflecting better working capital management and the pay down of debt in Singer Bangladesh from the proceeds from the sale of the ILFS shares. Funded debt increased marginally from \$69.4 million at December 31, 2009 to \$70.2 million at December 31, 2010.

Share of profit of equity accounted investees from continuing operations was \$2.5 million and \$1.1 million for the year ended December 31, 2010 and December 31, 2009, respectively. The increase is due to Singer Thailand becoming an equity accounted investee effective from January 2010.

The Company's profit from continuing operation before income tax was \$45.5 million for the year ended December 31, 2010, compared to \$17.3 million for the same period in 2009. The increase in profit of \$28.2 million reflects the flow through of the improved results from operating activities and lower finance expense.

Income tax expense from continuing operations increased to \$9.4 million for the year ended December 31, 2010 from \$1.9 million for the same period prior year. The effective tax rate, which is calculated based on total income tax expenses as a percentage of profit before tax from continuing operations excluding share of profit of equity accounted investees, was 21.8% for the year ended December 31, 2010, compared to 11.6% for the year ended December 31, 2009. The increase in the effective tax rate is due primarily to a shift in the profit mix from lower tax jurisdictions such as ReHo in Curacao and Singer

Asia in the Cayman Islands to Singer Bangladesh and Singer Sri Lanka, which operate in higher tax jurisdictions. In addition, Singer Thailand's profits, which are not tax effected because of unutilized tax losses from previous years, were consolidated in the Company's results for the year ended December 31, 2009, which had the effect of reducing the effective tax rate in 2009. For the year ended December 31, 2010, Singer Thailand's results are accounted for as an equity accounted investee and, therefore, have no impact on the calculation of the effective tax rate.

The Company's profit from discontinued operations was \$1.9 million for the year ended December 31, 2009. This was comprised of a \$0.2 million loss from the Philippines operations, a \$0.5 million loss on the write-off of receivables due from the Philippines company and a \$2.6 million gain on disposal, primarily reflecting a reversal of the Company's negative equity from past losses in the Philippines. The gain on disposal also includes \$0.9 million for foreign currency translation differences, which is reversed in the statement of comprehensive income.

The Company's profit for the year ended December 31, 2010 was \$36.1 million, compared to a \$17.3 million profit for the same period in 2009. The increase in profit of \$18.8 million reflects the flow through of the improved profit from continuing operations partly offset by higher tax charges.

The profit attributable to ReHo shareholders was \$16.6 million for the year ended December 31, 2010, compared to \$9.9 million for the same period prior year. A profit of \$19.5 million was attributable to non-controlling interests for the year ended December 31, 2010, compared to \$7.4 million for the year ended December 31, 2009. The improvement in profit attributable to owners of the Company is less than the improvement in profit attributable to non-controlling interests. This is mainly due to a shift of profit mix from ReHo and Singer Asia in 2009 to Singer Bangladesh and Singer Sri Lanka in 2010, in which the non-controlling interests have a larger share of the profits earned.

The profit attributable to equity holders of the Company from continuing operations is equivalent to basic and diluted earnings per Share of \$3.14 for the year ended December 31, 2010, compared to \$1.78 for the year ended December 31, 2009.

The profit attributable to equity holders of the Company is equivalent to basic and diluted earnings per Share of \$3.14 for the year ended December 31, 2010, compared to \$1.87 for the year ended December 31, 2009. This is an increase in basic and diluted earnings per Share of \$1.27.

Liquidity and Capital Resources

Year Ended December 31, 2010

For the year ended December 31, 2010, the Company had a net cash outflow from operations of \$7.7 million. This was mainly due to a \$18.6 million increase in net working capital, primarily in accounts receivable and inventory due to the growth of the Singer Asia operating companies.

Net cash from investing activities for the year ended December 31, 2010 was an inflow of \$34.2 million, primarily reflecting the \$31.9 million sales proceeds in Bangladesh from the sale of the ILFS stake and \$3.7 million of interest received, partly offset, by \$2.5 million of capital expenditure.

Distributions to the Company's shareholders and to non-controlling interests during the year ended December 31, 2010 utilized \$4.2 million and \$2.9 million of cash, respectively. Net borrowings excluding bank overdraft decreased by \$2.1 million during the year.

The net effect of the cash flow movements and exchange rate fluctuations was to increase the Company's net cash and cash equivalents by \$18.4 million for 2010. As a result, cash and cash equivalents, net of overdrafts, increased from \$8.6 million as at December 31, 2009 to \$27.0 million at December 31, 2010.

Current assets less current liabilities at December 31, 2010 were \$73.9 million, an increase of \$42.8 million from the corresponding \$31.1 million amount at December 31, 2009.

Neither the Company nor Singer Asia nor any of the Company's other subsidiaries were in default at December 31, 2010, at December 31, 2009, or at any time during 2010 or 2009 with respect to any interest or principal payments or with respect to any financial covenants under any of their lending arrangements.

For a discussion of liquidity and capital resources during 2009, see the Company's 2009 Annual Report dated May 2010.

Other

Research and Development

The Company does not carry out significant research and development, thus amounts spent on research and development for the years ended December 31, 2010 and 2009 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 was not material for the years ended December 31, 2010 or December 31, 2009.

Legal Proceedings

The Company is engaged in the ordinary course of business either as a defendant or a plaintiff in a variety of lawsuits or other contested legal proceedings in a number of jurisdictions. Most of these cases relate to claims by subsidiaries of the Company for delinquent amounts past due under installment purchase contracts. The Company believes that any ultimate, uninsured liability with respect to any litigation known to it will not have a material adverse impact on the Company's financial condition or results of operations. The amount spent in settlement or for assessed damages was not material for the years ended December 31, 2010 or December 31, 2009.

Market Risks

For a discussion of credit risk, liquidity risk, currency risk and interest rate risk, see Note 31 to the Financial Statements.

The Company does not have any derivative financial instruments outstanding. The Company does not hold or issue financial instruments for trading purposes. The Company does not have any foreign exchange forward contracts outstanding. The Company does not have any interest rate forward contracts outstanding.

Accounting Policies

The Company's financial statements and accompanying notes are prepared in accordance with International Financial Reporting Standards ("IFRSs"). The significant accounting policies used by the Company in preparing its consolidated financial statements are described in Note 3 to the Financial Statements, which should be read to ensure a proper understanding and evaluation of the estimates and judgments made by management in preparing the Financial Statements. Recent accounting pronouncements are also described in Note 3.

Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities revenue and expense. These estimates are based on management's application of accounting policies, historical experience and assumptions that are believed to be reasonable.

CERTAIN RISK FACTORS

There are a number of important risks to the Company and to the Asia Company, certain of which are discussed below.

Economic Developments and Exogenous Events May Adversely Impact Results

Purchases of the Asia Company's products are to a significant extent discretionary. While the Asia Company's major markets (Bangladesh, Pakistan, Sri Lanka and Thailand) are recovering from the economic downturn that began during 2008, rising food and petroleum prices, the economic impact of the Japanese earthquake and tsunami, the efforts of the government in China to slow domestic inflation and the sluggish pace of the recoveries in the United States and Europe could depress consumption in the Company's major markets, and in Asia generally, during 2011 and beyond, which could adversely impact the Asia Company's level of sales and its results of operations and financial condition. Any adverse impact will likely vary by sector and by country.

The level of consumer spending in Singer Asia's markets may also be negatively impacted by exogenous, unanticipated political or natural events.

The Seller Notes Owned by The Company Are Subject to Non-Performance Risks

The Company is owed principal and interest by SVP, the company that acquired the Singer worldwide sewing business and trademark in 2004. The worldwide economic downturn that began during 2008 negatively impacted SVP's results of operations and financial condition. As a result of this and of other factors, an Event of Default with respect to the KSIN Notes issued to the Company by an SVP subsidiary occurred in October 2009. While the default has been cured, SVP is now current in all of its obligations to the Company, and demand for SVP products is recovering, liquidity restraints could make it difficult for SVP to meet its future obligations to ReHo (see Note 15 to the Financial Statements).

The Consumer Finance Business Is Subject to Funding and 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 who rely primarily on bank lending. 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 Company's results of operations and financial condition.

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, potential breakdowns in civil order, 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 Company's results of operations and financial condition.

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. If Singer Asia is unable to effectively respond to these competitive pressures, this may adversely affect the Company's results of operations and financial position.

Incorporation Outside the United States Imposes Additional Risks

As a Company incorporated in Curaçao, ReHo is subject to Curaçao law. As a consequence, the rights of shareholders may differ from the rights associated with companies governed by other laws, including the laws of the United States. Holders of the Company's securities could face difficulties in enforcing U.S. judgments against the Curaçao company, its directors and executive officers, and others.

Foreign Exchange Fluctuations May Negatively Impact Results

Local currency denominated financial results in each of the operating companies 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 income statement, and the assets and liabilities as reported in the consolidated balance sheet, are subject to foreign exchange rate fluctuations which may negatively impact the Company's results of operations and financial condition.

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 Company's results of operation and financial condition.

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

The Company does not anticipate that its 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 currently are only available on the OTC Pink ("Pink Sheets") quotation service, under the symbol "RHDGF". If the Shares cease to be traded on the Pink Sheets quotation service or on an alternative trading system, 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' inherent value. Even to the extent that quotations on the Pink Sheets quotation 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 could make trading difficult and cause prices for the Company's Shares to deviate substantially from their inherent value.

The Company Provides Only Limited Disclosure

Pursuant to the laws and regulations of Curaçao, the Company is required to provide certain information to shareholders on an annual and semi-annual basis. The Company issues only a Summary Annual Report, including audited consolidated financial statements and notes, with limited commentary, and a Summary Semi-Annual Report, including unaudited six-month financial statements, with limited notes and commentary, all prepared in accordance with IFRSs. 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' inherent value.

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

Board of Directors

The Board of Directors of the Company consists of five directors, with each director serving until the conclusion of the next AGM.

The following table sets forth certain information regarding the directors of the Company at December 31, 2010:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Stephen H. Goodman.....	66	Director, Chairman of the Board, President and Chief Executive Officer of the Company; Director, Chairman of the Board of Singer Asia
Antonio Costa	68	Director, Chairman of the Compensation Committee of the Company
Alex Johnston.....	46	Director of the Company and of Singer Asia
Stewart M. Kasen.....	71	Director, Chairman of the Audit Committee of the Company
Malcolm J. Matthews	70	Director of the Company and of Singer Asia

Stephen H. Goodman. Mr. Goodman was elected a Director, Chairman, President and Chief Executive Officer of the Company in September 2000. From the beginning of 1998 through that date, he was a Director, President and Chief Executive Officer of Old Singer. Prior to joining Old Singer, Mr. Goodman was a Managing Director of Bankers Trust Company. Mr. Goodman is Chairman of the Board of Singer Asia.

Antonio Costa. Mr. Costa is an independent retail consultant. From 2000 to 2007, he was the President and a Director of Singer Produtos Electricos S.A. (“Singer Produtos”). Singer Produtos and certain of its affiliates, which operated consumer products distribution businesses in Portugal and Spain, were acquired by an investor group from Old Singer in September 2000. Prior to that acquisition, Mr. Costa was Vice President, Europe, of Old Singer and was an officer and director of various Old Singer companies in Europe. Mr. Costa was elected a Director of the Company in August 2001.

Alex Johnston. Mr. Johnston is an Executive Vice President at Omnicom, a leading international holding company for advertising and marketing service agencies. At Omnicom, he advises on digital and earned media strategies for clients and manages Omnicom’s digital incubation initiatives. Prior to joining Omnicom in 2010, Mr. Johnston was a senior communications advisor to PepsiCo, Inc. From 2005 to 2008, he was the Managing Partner of Fleming Media, a rights and media acquisition fund backed by the Fleming family. Mr. Johnston was a co-founder of Freud Communications, the largest consumer public relations agency in the United Kingdom, where he was Creative Director for many years. Mr. Johnston was elected a Director of the Company in September 2000. Mr. Johnston serves on the board of Singer Asia.

Stewart M. Kasen. Mr. Kasen is an independent retail consultant. From 2007 to 2009, he was the Chairman of the Board of Lenox Group Inc., a firm that sought protection under Chapter 11 of the US Bankruptcy Code in November 2008. From 2002 to 2007, he was the President and Chief Executive Officer of S&K Famous Brands, Inc. In 2001 and 2002, he served as President of Schwarzschild Jewelers. Mr. Kasen also has served as the Chairman, President and Chief Executive Officer of Factory Card Outlet Corp. and Best Products, Co., Inc., as well as President and Chief Executive Officer of Emporium-Capwell Co. and Thalhimer Bros. Co., Inc. Currently, Mr. Kasen serves on the boards of Gordman Stores Inc. and Markel Corp. Mr. Kasen was elected a Director of the Company in September 2000.

Malcolm J. Matthews. Mr. Matthews is a member of the Board of Directors and a consultant to TAL Apparel Ltd., a multi-national garment manufacturer. Mr. Matthews served as a consultant to Old Singer during 1999 and 2000. He is the former Managing Director/Chief Executive Officer of the Hong Kong & China Gas Company, a Hong Kong public utility. Mr. Matthews had been deputy Chairman of the Federation of Hong Kong Industries and President of the Hong Kong Institution of Engineers. Mr. Matthews was elected a Director of the Company in September 2000. Mr. Matthews serves on the board of Singer Asia.

The Board of Directors met nine times during 2010 including one joint meeting with the Board of Directors of Singer Asia.

Messrs. Kasen (Chairman), Costa, Johnston and Matthews are members of the Audit Committee of the Board of Directors, which is authorized to act on behalf of the Board in respect to matters relating to the selection of auditors and audit and accounting issues. The Audit Committee of the Board of Directors met three times during 2010 including at each meeting an executive session without the Company's management present, but including for a portion of each session a meeting with the Company's head of internal audit.

Messrs. Costa (Chairman), Kasen, Matthews and Johnston are members of the Compensation and Nominating Committee of the Board, which is authorized to act on behalf of the Board in respect of matters relating to compensation and benefits, selects nominees to the Board, and also serves as the Stock Option Committee, which acts as administrator under the Company's stock option plan. The Compensation and Nominating Committee of the Board of Directors met two times during 2010 including at one meeting an executive session without the Company's management present.

The Board of Directors has determined that at least one member of the Audit Committee of the Company's Board of Directors, Mr. Stewart M. Kasen, Chairman of the Audit Committee, is an audit committee financial expert as that term is defined in Regulations under the United States Securities Exchange Act of 1934, as amended. Each of the Company's directors, other than Mr. Goodman, meet the independence standards contained in the New York Stock Exchange Listed Company Manual, although the Company is not listed on and is not subject to the rules and regulations of the New York Stock Exchange. The Audit Committee and the Compensation and Nominating Committee consist of only independent directors.

In addition to Messrs. Goodman (Chairman), Johnston and Matthews, Mr. Tobias Brown and Mr. Peter James O'Donnell, both representatives of the Fund, and Mr. Gavin Walker, an employee of the Asia Company, serve as directors of Singer Asia.

Executive Officers

The following information sets forth certain information regarding the other executive officers of the Company at December 31, 2010:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Gavin J. Walker.....	41	Vice President of the Company President and Chief Executive Officer of Singer Asia
Hemaka D. S. Amarasuriya	67	Vice President of the Company and of Singer Asia
K.K. Gupta.....	71	Vice President of the Company and of Singer Asia
Kamal Shah.....	70	Vice President of the Company and of Singer Asia
Amy Pappas.....	51	Secretary of the Company
Asoka Pieris.....	46	Vice President of the Company and of Singer Asia

Gavin J. Walker. Mr. Walker was elected a Vice President of the Company in August 2005. Prior to joining the Company, Mr. Walker served as Managing Director and Chief Executive of a private company in the United Kingdom and of a private company in South Africa. Earlier, he had served as Chief Executive Officer of Profurn Ltd., a South African public company that was a multi-brand retailer of electrical appliances and furniture, with operations in 16 African countries and Australia. Mr. Walker serves as the President and Chief Executive Officer of Singer Asia and is on the boards of all of the principal Singer Asia subsidiaries.

Hemaka D. S. Amarasuriya. Mr. Amarasuriya was elected a Vice President of the Company in October 2005. Prior to that time, he was an area manager for the Company and for Old Singer. He is the Chairman of Singer (Sri Lanka) PLC and holds similar positions in its subsidiary companies. He is a past president of the Industrial Association of Sri Lanka, and of the Employers' Federation of Ceylon and has served on a number of important government and quasi-government bodies. Currently, Mr. Amarasuriya serves on the boards of Bata Shoe Company of Ceylon Ltd. and the National Development Bank PLC. Mr. Amarasuriya has been with the Company and with Old Singer for over 37 years.

K.K. Gupta. Mr. Gupta was elected a Vice President of the Company in September 2007. Mr. Gupta is the Chairman and CEO of Singer India Ltd. From September 2004 to October 2005, he was Vice Chairman and Managing Director of that company. From October 2005 to October 2007, he was the Chairman and Managing Director of Brand Trading (India) Pvt. Ltd. From early 2002 until his rejoining the Company in September 2004, Mr. Gupta was the Managing Director of Paradeep Phosphates Ltd. From 1997 to 2001, he was the Managing Director and helped to set up Gautier India Ltd., a JV between the Birla Group and Gautier, France. Mr. Gupta was an employee of Old Singer until 1996, serving as Vice President of the West Asia Region. Currently, Mr. Gupta serves on the board of Hettich India Ltd. Mr. Gupta has been with the Company and with Old Singer for over 33 years.

Asoka Pieris. Mr. Pieris was elected a Vice President of the Company in August 2010. From August 2009 through that date, he was Controller of the Company and of Singer Asia. From July 2008 to June 2009, he served as Chief Accounting Officer of Singer Asia. Prior to that time, he was Finance Director of Singer (Sri Lanka) PLC. Mr. Pieris is the Managing Director of Singer (Sri Lanka) PLC and holds similar positions in its subsidiary companies. Mr. Pieris serves on the boards of a number of Singer Asia subsidiaries outside Sri Lanka. Mr. Pieris has been with the Company and with Old Singer for over 20 years.

Kamal Shah. Mr. Shah was elected a Vice President of the Company in September 2000. Prior to that time, he was a Vice President of Old Singer. Mr. Shah is Chairman and Chief Executive Officer of Singer Pakistan Limited. He has served as a member of the Pakistan Prime Minister's Tax Reform Commission and a Member of the Engineering and Exports Council. He has also served as a member of the Management Committee of the Overseas Investors Chamber of Commerce and as Vice President of the American Business Council in Pakistan. Mr. Shah serves on the boards of a number of ReHo and Singer Asia subsidiaries outside Pakistan. Mr. Shah has been with the Company and with Old Singer for over 43 years.

Amy Pappas. Ms. Pappas was appointed Secretary of the Company in August 2007. From August 2006 until that date, she served as Assistant Secretary of the Company. Prior to that time, Ms. Pappas was an executive assistant at Growth Capital Partners, a venture capital firm. Ms. Pappas serves on the boards of a number of ReHo subsidiaries.

In addition to Messrs. Walker, Amarasuriya, Gupta, Pieris and Shah, Mr. Gelmart Gellecanao (Vice President, Singer Asia and Head, Risk Management), Mr. Joe Kan (Chief Financial Officer, Singer Asia), Mr. A.M. Hamim Rahmatullah (Vice President Singer Asia and Managing Director, Singer Bangladesh), and Ms. Karen Tse (Financial Controller, Singer Asia), serve as officers of Singer Asia.

Employees

At December 31, 2010 the Company had approximately 3,934 employees (7,597 personnel including the Company's affiliate, Singer Thailand), of whom only three were not employees of Singer Asia or its subsidiaries. The work locations of all but one of the Singer Asia employees are in Asia; the three non-Singer Asia employees work in Mt. Kisco, New York. The Company anticipates that the number of employees will grow modestly over the next several years.

Employees by segment and geographic location are shown in the following table:

	<u>United States</u>	<u>Asia</u>	<u>Total Company</u>
ReHo Administrative Office	3	-	3
Singer Asia Administrative Office	1	7	8
Bangladesh Management	-	829	829
India Management	-	114	114
Pakistan management	-	1,309	1,309
Sri Lanka Management	-	1,671	1,671
	<u>4</u>	<u>3,930</u>	<u>3,934</u>
Thailand Personnel	-	3,663	3,663

Many of the Company's employees in the various field managements belong to unions and are covered by individual or countrywide union contracts. Employee relations are generally very good. There were no work stoppages during the period covered by this report.

ReHo and its subsidiaries are strongly committed to the personal and career growth of the Company's employees. Various in-house and external management programs provide staff with problem solving and

teamwork skills. A wide variety of other training and development programs are offered to employees in every operation and at all levels of seniority. An important focus of the Company's training is to improve the quality of customer interaction, particularly in respect of front-line sales staff in the marketing channels.

The Company has adopted a Code of Business Conduct that applies to all of its directors and to all of its employees including its and Singer Asia's executive officers and other key employees. The Company has posted the text of the Code of Business Conduct on the Corporate/Investor section of the Company's website at www.retailholdings.com.

Executive Compensation

An aggregate of approximately \$1.8 million in compensation, including salary and bonus, was paid by the Company to all of its directors and executive officers as a group (11 persons) in the year ended December 31, 2010. The corresponding amount in the year ended December 31, 2009 was \$1.9 million (paid to 12 persons). Such amount does not include amounts expended by the Company for automobiles made available to corporate executives, expenses (including business travel, professional and business association dues and other similar expenses) reimbursed to directors and officers, housing allowances for officers in non-U.S. locations, employer paid taxes, or the cost of medical and similar plans available to all employees.

The Company had adopted a short-term bonus plan for 2010 (the "2010 APA Program") which provides cash awards to selected employees, with the amount of each award based on an assessment of the participants' and their business units' contributions toward achieving the Company's objectives for the year. Employees eligible to participate in the APA Program include general managers of business units and other key managers, but not the Chief Executive Officers of the Company or of Singer Asia. Awards under the 2010 APA program are up to 100% of each eligible employee's base salary with the bonus pool for key managers in each management, other than the general manager of the business unit, not to exceed 50% of cumulative base salary. A similar short-term bonus plan has been introduced for 2011 with the maximum individual award increased to 120% of base salary and the bonus pool for key managers increased to 60% of base salary.

Approximately \$1.0 million in bonuses are being distributed in 2011 under the 2010 APA Program. Approximately \$0.6 million in bonuses were distributed in 2010 under a similar bonus plan for the year 2009.

ReHo has put in place a special bonus program for the Company's Chief Executive Officer which provides a cash award following the liquidation, dilution, wind-up, merger or sale of the Company, in the event that the aggregate distributions to shareholders, including any final distribution, exceed a certain threshold amount. No awards have been made under this program.

In addition to salaries and bonuses, employees also receive a variety of other remuneration and benefits that vary by management, ranging from medical and accident insurance to special programs intended to cover special need and contingencies. These special programs may include: company discounts, death benefits, distress loans, educational aid schemes, housing assistance, professional subscription assistance, subsistence allowances, travel expense reimbursement, uniforms and vehicle loans.

The Singer Asia Chief Executive and one other employee of Singer Asia participate in a plan similar to a 401(k) plan that provides for Company contributions equal to 3% of their base salary. The Company

terminated the 401(k) profit sharing plan for U.S. employees at the end of 2009. Singer Asia and the Company provided contributions to these plans of less than \$50,000 each year.

Neither ReHo or Singer Asia have any other pension, severance or “golden parachute” plans for their executive officers other than for a statutory severance plan for all employees of the Hong Kong office including executive officers. Some of the individual Singer Asia operating units have pension, severance or equivalent plans for their executive officers and other employees (see Note 20 to the Financial Statements).

Social Responsibilities

The Company and its subsidiaries take very seriously their responsibilities towards their communities and society at large. Established procedures are in place to help ensure compliance with all applicable statutory and regulatory requirements and with the Company’s Code of Business Conduct with respect to relations with customers, suppliers and fellow employees.

The Company’s operations use energy and materials, generate waste, and otherwise may impact the environment. ReHo and its subsidiaries are committed to keeping this impact as small and as benign as possible. This involves substantial recycling, productivity improvements to reduce the use of energy and other consumables, and the control and treatment of factory waste and pollutants, among other measures. Environmental impact is part of the planning of any activity or project. The Company and its subsidiaries comply with all applicable national and international environmental standards.

In the Indian subcontinent and Thailand, the plight of the disadvantaged, particularly of women, has led the operating companies to set up sewing and fashion academies offering vocational training; this training helps the graduates to earn steady incomes. The academies also undertake projects aimed at helping children and the elderly.

Where possible, underprivileged females and handicapped individuals are employed in the Company’s distribution, manufacturing and assembly operations. The Company’s subsidiaries also provide training on a continuing basis to young people working as trainees, apprentices and technicians within the network of marketing, manufacturing and service facilities.

ReHo and its subsidiaries operate in many communities. While the needs of the different communities vary, four of the most common needs are addressed through: donations and support for the disadvantaged; donations, sponsorship and support for the elderly; donations and support for medical facilities and programs, particularly in rural and outlying areas; and donations, sponsorship and support for education and youth.

SHARE AND SHAREHOLDER INFORMATION

Shareholding

The following chart summarizes the Company's share capital at December 31, 2010:

Class	Shares Authorized	Shares Issued, Outstanding and Fully-Paid	Shares Issued and Outstanding but not Fully-Paid	Par Value per Share
Preferred Shares				
Series A	40	0	0	\$ 0.01
Other Preferred	999,960	0	0	\$ 0.01
Shares	20,000,000	5,306,699	0	\$ 0.01

Under the terms of the reorganization plan, holders of allowed general unsecured claims ("Claims") against Old Singer received substantially all of the Shares of the Company. The initial Share distribution was made in November 2001. The final distribution was completed in February 2005. The total Shares distributed were 8,121,828.

Pursuant to the terms of the reorganization plan, the Company issued to the U.S. Pension Benefit Guarantee Corporation 40 shares of Series A Convertible Preferred Stock ("Preferred Shares") with a liquidation preference of \$20.0 million. In 2003, a subsidiary of the Company purchased all of the Preferred Shares. These shares were cancelled in August 2006 and are not included as outstanding in the Financial Statements.

Under the terms of the reorganization plan, certain subsidiaries of the Company held Claims against Old Singer. As a consequence of these Claims, and as part of the distribution of the Shares referred to above and the ultimate wind-up of certain of the subsidiaries and the transfer of Shares from the subsidiaries to the Company, the Company received 1,830,528 Shares. In 2005, the Company received a further 190,660 Shares, most of which Shares were unclaimed by creditors and were forfeited pursuant to a United States Bankruptcy Court Order.

ReHo has actively sought to reduce the number of Shares and options for Shares outstanding. In 2002, 2003 and 2004 the Company and its subsidiaries purchased from former, third-party creditors their Claims against Old Singer, as a result of which the Company ultimately received 251,003 Shares. In the period 2003 to 2006, the Company, through negotiated transactions and open market purchases, purchased an additional 1,335,648 Shares. In 2009, the Company purchased a further 26,567 Shares and in 2010 an additional 35,000 Shares. The Company is seeking on a selective basis to purchase additional Shares through negotiated transactions and open market purchases.

The 3,669,406 Shares transferred to, or purchased by the Company and its subsidiaries initially were treated as Treasury Shares. Subsequently, 3,634,406 of these Shares were cancelled; 35,000 remain as Treasury Shares. None of the cancelled Shares or Treasury Shares is included as outstanding in the Financial Statements.

During 2004, 2005 and 2006, the Company purchased from current and former directors and employees, 138,750 outstanding vested, but unexercised options. A total of 854,277 options for Shares have been

exercised including 100,000 options exercised and Shares issued in 2010. No options for Shares remain outstanding.

5,306,699 Shares were issued and outstanding at December 31, 2010; 5,241,699 Shares were issued and outstanding at December 31, 2009. There are no differences in voting rights among the Shares.

The Company's Shares are quoted on the Pink Sheets quotation service under the symbol "RHDGF". Prices for the Company's Shares may also be found at Corporate/Stock Price section of the Company's website: www.retailholdings.com.

To the knowledge of the Company, it is not directly owned or controlled by any other corporation, by any government or by any other natural or legal person, severally or jointly. The Company is not aware of any arrangement, the operation of which at a subsequent date would result in a change of control of the Company.

The Company does not have sufficient data to accurately estimate the number of outstanding Shares which are held by residents of the United States or the current number of holders of record in the United States.

Director and Employee Share and Option Ownership

At December 31, 2010, the total number of Shares of the Company beneficially owned by the persons listed in the previous section under "Board of Directors" and "Executive Officers" was 1,122,389, representing approximately 21.2% of the total Shares outstanding. To the knowledge of the Company, none of the persons listed beneficially owns more than 1.0% of the Company's Shares outstanding other than Stephen H. Goodman, who beneficially owns 1,046,856 Shares, representing approximately 19.7% of ReHo's total Shares. A trust for which Mr. Goodman's spouse is the trustee owns an additional 293,228 Shares, representing approximately 5.5% of ReHo's total Shares outstanding.

Nil options for Shares were granted during 2010 and 2009; 100,000 and nil options for Shares were exercised during 2010 and 2009, respectively. Nil options were repurchased by the Company unexercised, and nil options were forfeited during the two years (see Note 21 to the Financial Statements).

Trading

The following table sets forth the high and low closing sales prices of ReHo's Shares on the OTC Pink ("Pink Sheets") quotation service for the periods indicated:

	High	Low
Annual highs and lows		
The year ended December 31, 2010	19.00	4.00
The year ended December 31, 2009	5.90	3.00
The year ended December 31, 2008	10.00	5.25
The year ended December 31, 2007	9.00	5.80
The year ended December 31, 2006	6.94	4.30
Quarterly highs and lows		
The year ended December 31, 2010		
4 th Quarter	19.00	10.40
3 rd Quarter	11.55	6.01
2 nd Quarter	8.00	4.10
1 st Quarter	4.80	4.00
The year ended December 31, 2009		
4 th Quarter	5.00	3.50
3 rd Quarter	4.95	3.30
2 nd Quarter	4.25	3.00
1 st Quarter	5.90	4.00
Monthly highs and lows		
2011		
March	15.75	12.85
February	16.20	15.60
January	16.60	16.00
2010		
December	17.00	16.00
November	19.00	13.50
October	12.90	10.40

The last reported sale price of the Company's Shares on the OTC Pink ("Pink Sheets") quotation service at March 31, 2011 was \$15.25.

Distributions

During 2007, the Company paid a special dividend to shareholders of \$1.00 per Share. The dividend, totalling \$5.2 million, was paid on July 26, 2007 to shareholders of record on July 19, 2007. The distribution was classified as an ordinary dividend for U.S. Federal income tax purposes.

During 2008, 2009 and 2010, the Company made distributions to shareholders of \$0.75, \$0.20 and of \$0.80 per Share, respectively. A distribution, totalling \$4.0 million, was made on September 4, 2008 to shareholders of record on August 27, 2008; a distribution of \$1.1 million was made on September 11, 2009 to shareholders of record on August 27, 2009; a distribution of \$4.2 million was made on August 19, 2010 to shareholders of record on August 5, 2010. These distributions were classified as non-dividend distributions reflecting a return of capital for U.S. Federal income tax purposes.

It is ReHo's intention to maintain a regular dividend/distribution program. The Company's Board of Directors anticipates recommending a distribution of at least \$1.00 per Share for 2011.

Additional Shareholder Information

Articles of Association; Shareholders' Meetings

The Company is a corporation registered with the Curaçao Chamber of Commerce Commercial Register in Willemstad, Curaçao under the registration number 83676.

The rights of holders of Shares in the Company are laid down and described in the Company's Articles of Association (the "Articles"). The Company has posted the text of the Articles on the Corporate/Investor section of the Company's website at www.retailholdings.com. There are no restrictions in the Articles that would have the effect of delaying, deferring or preventing a change in control of the Company.

The Articles require that all shareholders' meetings are to be held in Curaçao. An AGM must be held to adopt the financial statements of the Company within nine months after the end of the preceding fiscal year. Such financial statements and the annual financial report must be prepared within six months after the close of the preceding fiscal year and made available to the shareholders of the Company. The financial statements and the annual financial report must be presented at the AGM.

Enforceability of Foreign Judgments

The Company has been advised by its Curaçao counsel, that it is unlikely either that: (i) the courts of Curaçao would enforce judgments entered by United States courts predicated upon the civil liability provisions of the United States Federal securities laws, or (ii) actions can be brought in Curaçao in relation to liabilities predicated upon the United States Federal securities laws.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2010

(WITH INDEPENDENT AUDITORS' REPORT THEREON)

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2010

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Independent auditor's report

To the Board of Directors of
Retail Holdings N.V.

We have audited the accompanying consolidated financial statements of Retail Holdings N.V. (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2010 and the consolidated income statement and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2010, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG Phoomchai Audit Ltd.
30 March 2011
Bangkok

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER**

In thousands of U.S. Dollars

	<i>Note</i>	2010	2009
ASSETS			
Property, plant and equipment	<i>10</i>	43,360	31,444
Intangible assets	<i>11</i>	6,751	6,726
Trade and other receivables over one year	<i>15</i>	43,995	46,016
Investments in equity accounted investees	<i>12</i>	13,140	14,648
Deferred tax assets	<i>13</i>	-	997
Other non-current assets		7,888	5,195
Total non-current assets		115,134	105,026
Inventories	<i>14</i>	47,039	38,378
Trade and other receivables	<i>15</i>	68,872	53,241
Cash and cash equivalents	<i>16</i>	39,744	20,087
Other current assets		8,570	5,954
Total current assets		164,225	117,660
Total assets		279,359	222,686
EQUITY			
	<i>17</i>		
Share capital		53	52
Share premium		77,418	81,428
Reserves		4,232	(411)
Surplus / (Deficit)		8,969	(8,501)
Total equity attributable to equity holders of the Company		90,672	72,568
Non-controlling interest		71,084	44,630
Total equity		161,756	117,198
LIABILITIES			
Loans and borrowings over one year	<i>19</i>	16,323	11,587
Employee benefits	<i>20</i>	3,027	2,811
Deferred income over one year	<i>22</i>	132	103
Warranty provision over one year	<i>23</i>	95	123
Deferred tax liabilities	<i>13</i>	2,908	-
Other non-current liabilities		4,773	4,327
Total non-current liabilities		27,258	18,951
Bank overdraft	<i>16</i>	12,756	11,478
Loans and borrowings	<i>19</i>	41,086	46,354
Trade and other payables	<i>24</i>	34,515	26,949
Deferred income	<i>22</i>	1,185	1,051
Warranty provision	<i>23</i>	803	705
Total current liabilities		90,345	86,537
Total liabilities		117,603	105,488
Total equity and liabilities		279,359	222,686

The notes on pages 47 to 88 are an integral part of these consolidated financial statements.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER

In thousands of U.S. Dollars

	<i>Note</i>	<u>2010</u>	<u>2009</u>
Continuing operations			
Revenue	25	264,130	256,557
Cost of sales		<u>(178,842)</u>	<u>(156,062)</u>
Gross profit		85,288	100,495
Other income	26	26,159	10,674
Selling and administrative expenses		(58,935)	(78,926)
Other expenses	27	<u>(2,641)</u>	<u>(2,566)</u>
Results from operating activities		49,871	29,677
Finance income	29	3,602	3,306
Finance costs	29	<u>(10,455)</u>	<u>(16,824)</u>
Net finance costs		(6,853)	(13,518)
Share of profit of equity accounted investees (net of income tax)	12	2,519	1,124
Profit before income tax		45,537	17,283
Income tax expense	30	<u>(9,398)</u>	<u>(1,882)</u>
Profit from continuing operations		36,139	15,401
Discontinued operations			
Profit from discontinued operations (net of income tax)	6	-	1,905
Profit for the period		36,139	17,306
Attributable to:			
Owners of the Company		16,612	9,866
Non-controlling interest		<u>19,527</u>	<u>7,440</u>
Profit for the period		36,139	17,306
Earnings per share			
Basic earnings per share (U.S. Dollars)	18	<u>3.14</u>	<u>1.87</u>
Diluted earnings per share (U.S. Dollars)	18	<u>3.14</u>	<u>1.87</u>
Continuing operations			
Basic earnings per share (U.S. Dollars)	18	<u>3.14</u>	<u>1.78</u>
Diluted earnings per share (U.S. Dollars)	18	<u>3.14</u>	<u>1.78</u>

The notes on pages 47 to 88 are an integral part of these consolidated financial statements.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

***CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER***

In thousands of U.S. Dollars

	<u>Note</u>	<u>2010</u>	<u>2009</u>
Profit for the period		36,139	17,306
Foreign currency translation differences for foreign operations		1,602	(730)
Revaluation of property, plant and equipment	10	12,311	-
Income tax on income and expense recognized directly in equity	13	(3,062)	-
Total comprehensive income for the period		<u>46,990</u>	<u>16,576</u>
Attributable to:			
Owners of the Company		21,275	9,764
Non-controlling interest		25,715	6,812
Total comprehensive income for the period		<u>46,990</u>	<u>16,576</u>

The notes on pages 47 to 88 are an integral part of these consolidated financial statements.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of U.S. Dollars

	Note	Attributable to equity holders of the Company							
		Share capital	Share premium	Translation reserve	Revaluation reserve	Deficit	Total	Non-controlling interest	Total equity
Balance at 1 January 2009		53	82,551	(5,948)	5,877	(18,502)	64,031	47,218	111,249
Total comprehensive income for the period									
Profit		-	-	-	-	9,866	9,866	7,440	17,306
Other comprehensive income									
Foreign currency translation differences		-	-	(102)	-	-	(102)	(628)	(730)
Total other comprehensive income		-	-	(102)	-	-	(102)	(628)	(730)
Total comprehensive income for the period		-	-	(102)	-	9,866	9,764	6,812	16,576
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Cancellation of shares	17	(1)	(112)	-	-	-	(113)	-	(113)
Issuance of share options to Singer Asia Ltd employees	21	-	81	-	-	-	81	62	143
Share options exercised by Singer Asia Ltd employees	21	-	183	-	-	-	183	141	324
Return of capital to equity holders	17	-	(1,054)	-	-	-	(1,054)	-	(1,054)
Dividends to non-controlling interests of subsidiaries		-	-	-	-	-	-	(644)	(644)
Total contributions by and distributions to owners		(1)	(902)	-	-	-	(903)	(441)	(1,344)
Changes in ownership interests in subsidiaries									
Divestment of non-controlling interests		-	(221)	9	(141)	29	(324)	1,705	1,381
Acquisition of subsidiary		-	-	-	-	-	-	(203)	(203)
Sale of controlling interest in subsidiaries		-	-	-	-	-	-	(10,461)	(10,461)
Sale of revalued property, plant and equipment, net of taxes		-	-	-	(106)	106	-	-	-
Total change in ownership interests in subsidiaries		-	(221)	9	(247)	135	(324)	(8,959)	(9,283)
Total transactions with owners		(1)	(1,123)	9	(247)	135	(1,227)	(9,400)	(10,627)
Balance at 31 December 2009		52	81,428	(6,041)	5,630	(8,501)	72,568	44,630	117,198

The notes on pages 47 to 88 are an integral part of these consolidated financial statements.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of U.S. Dollars

	Note	Attributable to equity holders of the Company						Non-controlling interest	Total equity
		Share capital	Share premium	Translation reserve	Revaluation reserve	Surplus /(Deficit)	Total		
Balance at 1 January 2010		52	81,428	(6,041)	5,630	(8,501)	72,568	44,630	117,198
Total comprehensive income for the period									
Profit		-	-	-	-	16,612	16,612	19,527	36,139
Other comprehensive income									
Foreign currency translation differences		-	-	667	-	-	667	935	1,602
Revaluation of property, plant and equipment, net of tax		-	-	-	3,996	-	3,996	5,253	9,249
Total other comprehensive income		-	-	667	3,996	-	4,663	6,188	10,851
Total comprehensive income for the period		-	-	667	3,996	16,612	21,275	25,715	46,990
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Cancellation of shares	17	-	(189)	-	-	-	(189)	-	(189)
Share options exercised		1	399	-	-	-	400	-	400
Issuance of share options to Singer Asia Ltd employees	21	-	51	-	-	-	51	40	91
Share options exercised by Singer Asia Ltd employees	21	-	184	-	-	-	184	143	327
Return of capital to equity holders	17	-	(4,245)	-	-	-	(4,245)	-	(4,245)
Distribution to non-controlling interests of subsidiaries		-	-	-	-	-	-	(2,904)	(2,904)
Total contributions by and distributions to owners		1	(3,800)	-	-	-	(3,799)	(2,721)	(6,520)
Changes in ownership interests in subsidiaries									
Divestment of non-controlling interests		-	(210)	8	(28)	858	628	3,460	4,088
Total change in ownership interests in subsidiaries		-	(210)	8	(28)	858	628	3,460	4,088
Total transactions with owners		1	(4,010)	8	(28)	858	(3,171)	739	(2,432)
Balance at 31 December 2010		53	77,418	(5,366)	9,598	8,969	90,672	71,084	161,756

The notes on pages 47 to 88 are an integral part of these consolidated financial statements.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

In thousands of U.S. Dollars

	<i>Note</i>	2010	2009
Cash flows from operating activities			
Profit for the period		36,139	17,306
Adjustments for:			
Depreciation	<i>10</i>	2,987	3,912
Goodwill		-	166
Warranty provision	<i>26</i>	-	(3,500)
Non-cash compensation	<i>21</i>	91	143
Gain from sale of property, plant and equipment	<i>26</i>	(76)	(625)
Gain on sale of investment	<i>12</i>	(24,496)	(5,261)
Gain on sale of discontinued operations, net of income tax		-	(3,569)
Net finance costs	<i>29</i>	6,853	13,518
Share of profit of equity accounted investees	<i>12</i>	(2,519)	(1,124)
Income tax expense	<i>30</i>	9,398	1,882
		28,377	22,848
Change in inventories		(8,271)	21,609
Change in trade and other receivables		(15,220)	51,250
Change in other current assets		(2,445)	13,615
Change in trade and other payables		7,069	(17,982)
Change in provision and employee benefits		70	(7,901)
Change in deferred income		163	(238)
Cash generated from operating activities		9,743	83,201
Interest paid		(10,311)	(16,098)
Income tax paid		(7,146)	(2,911)
Net cash (used in) / generated from operating activities		(7,714)	64,192
Cash flows from investing activities			
Interest received		3,658	2,924
Changes due to controlling interest		-	(366)
Proceeds from sale of property, plant and equipment		539	2,832
Proceeds from sale of investment		32,504	7,874
Acquisition of property, plant and equipment		(2,533)	(7,333)
Disposal of discontinued operations, net of income tax	<i>6</i>	-	(167)
Acquisition of subsidiary, net of cash acquired		-	(469)
Net cash from investing activities		34,168	5,295
Cash flows from financing activities			
Decrease in borrowings		(2,060)	(46,340)
Distribution to non-controlling interest		(2,904)	(644)
Proceeds from share options exercised		727	324
Repurchase of own shares		(189)	(113)
Return of capital paid to equity holders	<i>17</i>	(4,245)	(1,054)
Net cash used in financing activities		(8,671)	(47,827)
Net increase in cash and cash equivalents		17,783	21,660
Cash and cash equivalents at 1 January		8,609	(14,032)
Effect of exchange rate fluctuations on cash held		596	981
Cash and cash equivalents at 31 December	<i>16</i>	26,988	8,609

The notes on pages 47 to 88 are an integral part of these consolidated financial statements.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting entity

Retail Holdings N.V. (“ReHo” or the “Company”) is a company domiciled in Curacao (formerly part of the Netherlands Antilles). The address of the Company’s registered office is Schottegatweg Oost 44, Willemstad, Curacao. The consolidated financial statements of the Company as at and for the year ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in associates.

The Company is a holding company with three principal assets:

1. A 56.2% equity interest in Singer Asia Limited (“Singer Asia”) which is engaged in the retail distribution of consumer durable products through operating units located in selected emerging markets in Asia, with consumer credit and other financial services available to qualified customers. The Company licenses the SINGER trademark from a third party.
2. “Seller notes”, primarily arising from the sale in 2004 of the Singer worldwide sewing business and trademark (See Note 15);
3. Cash and cash equivalents.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The consolidated financial statements were authorized for issue by the Board of Directors on 30 March 2011.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Land and buildings are measured at fair value
- Liabilities for cash-settled share-based payment arrangements are measured at fair value
- The defined benefit liability is recognized as the present value of the defined benefit obligation less the net total of plan assets

The methods used to measure fair values are discussed further in Note 4.

(c) Presentation currency

These consolidated financial statements are presented in U.S. Dollars. All financial information presented in U.S. Dollars has been rounded to the nearest thousand.

(d) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- Note 11 – recoverability of amounts of cash-generating units containing goodwill
- Note 13 and 30 – utilization of tax losses
- Note 15 – recovery of trade and other receivables
- Note 20 – measurement of defined benefit obligations

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Basis of preparation (continued)

(e) Adoption of new accounting standards

(i) Overview

Starting as of 1 January 2010, the Group adopted new accounting standards in the following areas:

- Accounting for business combinations
- Accounting for acquisition of non-controlling interests

(ii) Accounting for business combinations

Prior to 1 January 2010, business combinations were accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

From 1 January 2010 the Group has applied IFRS 3 *Business Combinations (2008)* in accounting for business combinations, which represents a continuation of the previous practice.

(iii) Accounting for acquisition of non-controlling interests

Prior to 1 January 2010, goodwill was recognized on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the costs of the additional investment over the carrying amount of the interest in the net assets acquired at the date of transaction.

From 1 January 2010 the Group has applied IAS 27 *Consolidated and Separate Financial Statements (2008)* in accounting for acquisitions of non-controlling interests. The change in accounting policy has been applied prospectively and has had no impact on earnings per share. Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and, except as explained in Note 2 (e), which addresses changes in accounting policies, have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Investments in associates (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method (equity accounted investees) and are initially recognized at cost. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated to U.S. Dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to U.S. Dollars at the average monthly exchange rate in the month in which the transactions arise.

Foreign currency differences are recognized in other comprehensive income. Since 1 January 2007, the Group's date of transition to IFRSs, such differences have been recognized in the foreign currency translation reserve (translation reserve or FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income and presented within equity in the FCTR.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Significant accounting policies (continued)

(c) Financial instruments

(i) Non-derivative financial assets

The Group initially recognizes receivables and deposits on the date that they are originated.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Group has receivables as non-derivative financial assets. Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(ii) Non-derivative financial liabilities

Financial liabilities are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except for land and buildings which are measured at fair value.

Where items of property, plant and equipment are subsequently revalued, the entire class of such assets is revalued. Revaluations are made with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair values at the balance sheet date.

When an asset is revalued, any increase in the carrying amount is credited directly to a revaluation reserve within equity unless it reverses a previous revaluation decrease relating to the same asset, which was recognized as an expense at the time. In these circumstances, the increase is recognized as income to the extent of the previous write down. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized as an expense unless it reverses a previous surplus relating to that asset, in which case it is charged against any related revaluation reserve, to the extent that the decrease does not exceed the amount held in the revaluation reserve in respect of that same asset. Any balance remaining in the revaluation reserve in respect of an asset, is transferred directly to retained earnings on retirement or disposal of the asset.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its costs can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	10 - 50 years
Plant and equipment	2 - 20 years
Fixtures and fittings	2 - 10 years

(e) Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The Group measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the operating subsidiaries of Singer Asia, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Significant accounting policies (continued)

(e) Intangible assets (continued)

(ii) Trademarks

The useful lives of the trademarks are determined after considering the specific facts and circumstances related to each trademark. Factors that are taken into account when determining useful lives include the contractual term of any agreement related to the trademark, its historical level of acceptance and performance, the Company's long-term strategy for using the trademark, any laws or other local regulations which could impact its useful life, and other economic factors, including competition and specific market conditions.

Trademarks which have indefinite useful lives are measured at cost less accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(f) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognized on the Group's statement of financial position.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventory is based on the weighted average principle for finished goods and on the standard cost principle for raw materials and work-in-progress for inventories that are manufactured.

Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

(h) Impairment

(i) Financial assets (including receivables)

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise or indications that a debtor or issuer will enter bankruptcy.

The Group considers evidence of impairment of receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Significant accounting policies (continued)

(h) Impairment (continued)

(i) Financial assets (including receivables) (continued)

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Significant accounting policies (continued)

(i) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods in which the services are rendered by the employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit rated bonds or equivalent that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefits relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

The Group recognizes all actuarial gains and losses arising from defined benefit plans immediately in profit and loss.

(iii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on that AA credit rated bonds or equivalent that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognized in profit or loss in the period in which they arise.

(iv) Termination benefits

Termination benefits are recognized as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(v) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Significant accounting policies (continued)

(i) Employee benefits (continued)

(vi) Share-based payment transactions

The grant date fair value of options granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognized as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are met, such that the amount ultimately recognized as an expense is based on the number of options that do meet the related service and non-market performance conditions at the vesting date.

(j) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Warranties

A provision for warranties is recognised when the underlying products are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(k) Revenue

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

(ii) Finance charges

Finance charges on installment sales are recognized using the effective interest method.

(iii) Services

Revenue from services rendered is recognized in the profit or loss when the services are performed.

(iv) Commissions

When the Group acts in the capacity of an agent rather than as principal in a transaction, the revenue recognized is the net amount of commission made by the Group.

(v) Royalty and license income

Royalty and license fees paid by third parties and affiliates for the right to use the SINGER name for certain products, services and locations in selected markets are included in revenues.

(l) Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

Minimum lease payment made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Significant accounting policies (continued)

(m) Finance income and costs

Finance income comprises interest income. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not related to the acquisition or construction of qualifying assets are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis and are included in finance costs.

(n) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity, or in comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied on temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(o) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

(p) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Significant accounting policies (continued)

(q) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with internal reporting provided to the Group's CEO about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include item directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated comprise mainly corporate assets (primarily the Company's headquarters), head office expenses and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

(r) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2010, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group except for IFRS 9 *Financial Instruments*, which becomes mandatory for the Group's 2013 consolidated financial statements and could change the classification and measurement of financial assets. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Land and buildings

The fair value of land and buildings is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

(ii) Trade and other receivables

The fair value of trade and other receivables which is determined for disclosure purposes in Note 31 is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value is determined for disclosure purposes.

(iii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

(iv) Share-based payment transactions

The fair value of employee stock options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors oversee how management monitors compliance with the Group's risk management policies and procedures, and review the adequacy of the risk management framework in relation to the risks faced by the Group. The Company's Directors are assisted in their oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Company's Directors.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables.

Trade and other receivables

The Group's exposure to credit risk relates to sale of products on installment credit / hire purchase which is an integral part of the business of the Group, and from the KSIN Notes (see Note 15).

The Group's exposure to credit risk on installment credit / hire purchase contracts is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the country in which customers reside, has a lesser influence on credit risk. Geographically there is no concentration of credit risk.

Goods are sold subject to collateral undertakings so that in the event of non-payment, the Group can have a secured claim.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Guarantees

The Group's policy is not to provide financial guarantees to subsidiaries.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Group is exposed to currency risk on purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currency in which these transactions primarily are denominated is U.S. Dollars. The currency risk is limited by the short-term nature of the period between the dates of the purchase and the settlements of the related liability.

Interest rate risk

The Group manages interest rate risk on borrowings by using a combination of fixed and floating interest rates.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a program of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Financial risk management (continued)

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, and non-controlling interests.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements except for one finance subsidiary. In this case all required capital requirements have been complied.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Discontinued operations

In April 2009 the Group sold the holding company for its operating subsidiary in the Philippines. A nominal consideration was received on the disposal and a profit on disposal recorded in the amount of USD 2,090 thousand.

The comparative consolidated income statement has now been re-presented to show this discontinued operation separately from continued operations as summarized below:

<i>In thousands of US Dollars</i>	2009
Results of discontinued operations	
Revenues	227
Expenses net of other income	(638)
Results from operating activities	(411)
Net finance cost	(51)
Share of profit from equity accounted investees (net of tax)	279
Income tax	(2)
Results from operating activities, net of income tax	(185)
Gain on sale of discontinued operations	2,090
Profit for the period	1,905
Basic earnings per share (US Dollars)	0.10
Diluted earnings per share (US Dollars)	0.10
Net cash used in operating activities	(579)
Net cash from investing activities	629
Net cash used in financing activities	(118)
Net cash used in discontinued operations	(68)
Effect of disposal on the financial position of the Group	
<i>In thousands of US Dollars</i>	2009
Property, plant and equipment	(126)
Inventories	(81)
Trade and other receivables	(775)
Cash and cash equivalents	(167)
Other assets	(350)
Trade and other payables	1,418
Loans and borrowings	1,246
Net assets and liabilities	1,165

The sale reflects management's strategic decision to concentrate on growth and development in the Group's core markets: Bangladesh, India, Pakistan, Sri Lanka and Thailand.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Acquisition of subsidiary

Prior to March 2009, the Group had a 49.6% interest in Singer India Limited (“SIL”). Since May, 2005 SIL has been registered as a sick company by the Board for Industrial and Financial Reconstruction (“BIFR”) pursuant to the Sick Industries Companies (Special Provisions) Act, 1985 of India.

During 2008, the BIFR approved a restructuring plan for SIL which provided for an equity infusion by the Group of India Rupee (INR) 83.5 million (USD1,720 thousand) and relief from certain claims by secured and unsecured creditors.

In accordance with the BIFR plan, the Group remitted INR 40.2 million (USD 780 thousand) in March 2009 and INR 28.4 million (USD 578 thousand) in May 2009, resulting in the Group owning a 90.1% interest in SIL. The Group subsequently sold shares from this holding, reducing its percentage of ownership to 85.9% at 31 December, 2009. In February 2010, the Group made a further infusion of INR 14.9 million (USD 322 thousand) to meet the requirements of the BIFR.

The Group has been selling down its ownership in SIL since March 2009 to reduce its ownership stake to the 75% level required to maintain the SIL stock exchange listing. As at 31 December 2010, the Group had an 80.1% interest in SIL.

The Company started accounting for its investment in SIL as a subsidiary in March 2009. In the period to 31 December, 2009, SIL contributed revenue of USD 12,845 thousand and profit of USD 953 thousand. If the acquisition had occurred on 1 January, 2009 management estimates that consolidated revenue from continuing operations would have been USD 258,595 thousand and consolidated profit for the period would have been USD 16,666 thousand. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January, 2009.

The following summarizes the recognized amounts of assets acquired and liabilities assumed as at the acquisition date:

Identifiable assets acquired and liabilities assumed

<i>In thousands of US Dollars</i>	2009
Property, plant and equipment	147
Intangible assets	3,221
Inventories	1,083
Trade and other receivables	330
Cash and cash equivalents	1,060
Other assets	187
Trade and other payables	(6,078)
Loans and borrowings	(226)
Total net identifiable assets	<u>(276)</u>

The values attributed to the assets and liabilities acquired are based on their book values as at 1 March, 2009. Management believes that the book value of the assets and liabilities acquired approximates their fair value.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. Sale of controlling interest

Effective December 2009, the group sold a controlling interest in Singer Thailand Public Company Limited (“STL”) which decreased its ownership interest to 48.5%. Consequently, STL is considered as an equity accounted investee at the year end. The consolidated financial statements include the results of operation of STL until the date of the sale.

The consideration received was USD 499 thousand in cash. The carrying amount of STL’s net assets in the consolidated financial statements on the date of divestiture was USD 987 thousand. Accordingly, the Group recognized a loss of USD 488 thousand on the sale. Due to the adjustments for the foreign currency transaction differences for foreign operations, the consolidated statement of income recorded a gain of USD 81 thousand while the consolidated statement of comprehensive income recorded a loss of USD 569 thousand.

The assets and liabilities mentioned below were reduced and the net value of assets and liabilities were accounted as equity accounted investees.

Effect of sale of controlling interest on the financial position of the Group

<i>In thousands of US Dollars</i>	2009
Property, plant and equipment	8,041
Inventories	5,975
Trade and other receivables	32,298
Cash and cash equivalents	8,504
Other assets	7,613
Trade and other payables	(6,469)
Loans and borrowings	(26,154)
Other liabilities	(9,501)
Minority interest	(10,461)
Net value of assets and liabilities accounted as equity accounted investees	<u>9,846</u>

9. Sale of non-controlling interest

In 2009, the Group sold a 5.0% interest in Singer Bangladesh Limited (“SBL”) for a cash consideration of USD 3,950 thousand. SBL’s net assets in the consolidated financial statements on the date of divestiture was USD 831 thousand. The Group recognized a profit of USD 3,119 thousand. Due to the adjustments for the foreign currency transaction differences for foreign operations, the consolidated statement of income recorded a gain of USD 2,918 thousand while the consolidated statement of comprehensive income recorded a gain of USD 49 thousand.

The following summarizes the effect of changes in the Group’s (parent) ownership interest in SBL:

<i>In thousands of U.S. Dollars</i>	2009
Parent's ownership interest at beginning of the year	7,125
Effect of decrease in parent's ownership interest	(507)
Share of comprehensive income	2,492
Share of dividend	(1,327)
Parent's ownership interest at end of the year	<u>7,783</u>

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. Property, plant and equipment

<i>In thousands of U.S. Dollars</i>	Land, buildings and leasehold improvements	Plant and equipment	Fixtures and fittings	Total
Cost or revalued				
Balance at 1 January 2009	40,479	18,538	6,764	65,781
Acquisitions	551	2,320	308	3,179
Disposals	(1,305)	(2,261)	(602)	(4,168)
Change of controlling interest	(12,513)	(1,049)	(568)	(14,130)
Effect of movements in exchange rates	437	(1)	(6)	430
Balance at 31 December 2009	27,649	17,547	5,896	51,092
Balance at 1 January 2010	27,649	17,547	5,896	51,092
Acquisitions	576	1,691	266	2,533
Disposals	(1,047)	(593)	(85)	(1,725)
Revaluation of land and buildings	11,343	-	-	11,343
Effect of movements in exchange rates	556	325	119	1,000
Balance at 31 December 2010	39,077	18,970	6,196	64,243
Depreciation and impairment losses				
Balance at 1 January 2009	10,017	10,014	3,295	23,326
Depreciation charge for the year	1,405	1,617	890	3,912
Disposals	(391)	(698)	(407)	(1,496)
Change of controlling interest	(5,423)	(373)	(659)	(6,455)
Effect of movements in exchange rates	233	87	41	361
Balance at 31 December 2009	5,841	10,647	3,160	19,648
Depreciation and impairment losses				
Balance at 1 January 2010	5,841	10,647	3,160	19,648
Depreciation charge for the year	1,079	1,231	677	2,987
Disposals	(746)	(404)	(67)	(1,217)
Revaluation of land and buildings	(968)	-	-	(968)
Effect of movements in exchange rates	134	221	78	433
Balance at 31 December 2010	5,340	11,695	3,848	20,883
Carrying amounts				
At 1 January 2009	30,462	8,524	3,469	42,455
At 31 December 2009	21,808	6,900	2,736	31,444
At 1 January 2010	21,808	6,900	2,736	31,444
At 31 December 2010	33,737	7,275	2,348	43,360

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. Property, plant and equipment (continued)

Change of Accounting Policy

As at 31 December 2010, the Group changed its accounting policy for measuring leasehold land and buildings from historical costs to fair value determined by qualified independent valuers. As at 31 December 2010, the carrying amounts of land and buildings measured under historical costs was USD 7,347 thousand.

Lease plant and machinery

The Group leases production equipment under a number of finance lease agreements. At 31 December 2010 the net carrying amount of leased plant and machinery was USD 719 thousand (2009: USD 768 thousand).

Security

At 31 December, 2010 properties with a carrying amount of USD 6,343 thousand (2009: USD 3,671 thousand) were collateralized to secure bank loans (see Note 19).

11. Intangible assets

<i>In thousands of U.S. Dollars</i>	<i>Note</i>	Trademarks	Goodwill	Total
Cost				
Balance at 1 January 2009		800	15,197	15,997
Acquisition of minority interest	7	3,221	-	3,221
Adjustments for dilution of control		-	(166)	(166)
Effect of movements in exchange rates		(7)	-	(7)
Balance at 31 December 2009		4,014	15,031	19,045
Balance at 1 January 2010		4,014	15,031	19,045
Effect of movements in exchange rates		25	-	25
Balance at 31 December 2010		4,039	15,031	19,070
Impairment losses				
Balance at 1 January and 31 December 2009		-	12,319	12,319
Balance at 1 January and 31 December 2010		-	12,319	12,319
Carrying amounts				
At 1 January 2009		800	2,878	3,678
At 31 December 2009		4,014	2,712	6,726
At 1 January 2010		4,014	2,712	6,726
At 31 December 2010		4,039	2,712	6,751

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. Intangible assets (continued)

The carrying values of intangible assets are tested for impairment loss annually. The recoverable amounts of intangible assets were based on fair values less costs to sell, and were determined by comparing the closing prices of the shares of the operating companies listed on their respective stock exchanges at the reporting date.

For the purpose of impairment testing, goodwill is allocated to the Group's operating subsidiaries which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

In 2009, the value of goodwill reduced from USD 2,878 thousand to USD 2,712 thousand on account of the dilution of ownership in the Group's subsidiaries.

In 2010, management, after review, considers that the trademarks, which have indefinite useful lives, and goodwill of USD 4,039 thousand and USD 2,712 thousand, respectively, are unimpaired.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. Equity accounted investees

The Group's share of profit in its equity accounted investees for the year was USD 2,519 thousand (2009: USD 1,124 thousand).

Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by the Group.

<i>In thousands of U.S. Dollars</i>	Ownership	Non-current assets	Current asset	Total assets	Non-current liabilities	Current liabilities	Total liabilities	Revenues	Expenses	Profit
2009										
International Leasing and Financial Services Ltd (Bangladesh)	35.6%	2,391	185,480	187,871	1,677	9,988	11,665	21,724	(18,849)	2,875
Singer Thailand Public Company Limited	48.5%	15,080	47,351	62,431	33,823	8,301	42,124	46,767	(45,135)	1,632
		<u>17,471</u>	<u>232,831</u>	<u>250,302</u>	<u>35,500</u>	<u>18,289</u>	<u>53,789</u>	<u>68,491</u>	<u>(63,984)</u>	<u>4,507</u>
2010										
Singer Thailand Public Company Limited	48.5%	15,264	52,699	67,963	32,427	8,437	40,864	62,174	(59,536)	2,638

During 2009, the Group sold a 9.4% interest in its holding in International Leasing and Financial Services Ltd and recorded a gain in the amount of USD 1,954 thousand. During 2010, the Group disposed of its remaining 35.6% interest in International Leasing and Financial Services Ltd and recorded a gain of USD 24,496 thousand (see Note 26).

Effective 31 December, 2009 the Group sold a controlling interest in Singer Thailand Public Company Limited (STL), which decreased its ownership interest to 48.5%, at which time Singer Thailand became an equity accounted investee, and recorded a loss of USD 488 thousand (see Note 8).

The total market value of STL, not adjusted for the percentage ownership held by Singer Asia or ReHo, amounted to USD32,228 thousand as at 31 December 2010.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. Deferred tax assets and liabilities

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

<i>In thousands of U.S. Dollars</i>	2010	2009
Tax losses	10,749	11,040
Deductible temporary differences	1,270	1,032
	<u>12,019</u>	<u>12,072</u>

The major portion of the tax loss will expire in the period 2014 to 2016. Deferred tax assets have not been recognized in respect of tax losses of USD 10,749 thousand because it is not probable that future taxable profit will be available against which the Group can utilize the benefits.

The Group does not provide for deferred taxes on the accumulated, undistributed earnings of subsidiaries and affiliates as such earnings are considered indefinitely reinvested.

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

<i>In thousands of U.S. Dollars</i>	Assets		Liabilities		Net	
	2010	2009	2010	2009	2010	2009
Property, plant and equipment	-	-	(5,172)	(1,749)	(5,172)	(1,749)
Receivables	1,465	1,529	-	-	1,465	1,529
Inventories	544	306	-	-	544	306
Employee benefit plans	909	817	-	-	909	817
Provision	244	164	-	-	244	164
Finance charges on installment sales	-	-	(399)	(330)	(399)	(330)
Tax loss carry forward	-	471	-	-	-	471
Others	-	-	(499)	(211)	(499)	(211)
Net tax assets / (liabilities)	<u>3,162</u>	<u>3,287</u>	<u>(6,070)</u>	<u>(2,290)</u>	<u>(2,908)</u>	<u>997</u>

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. Deferred tax assets and liabilities (continued)

Movement in temporary differences during the year

	Balance 1 January 2009	Recognized in profit or loss	Effects from movements in exchange rate	Sale of controlling interest	Balance 31 December 2009	Recognized in profit or loss	Recognized directly in equity	Effects from movements in exchange rate	Balance 31 December 2010
<i>In thousands of U.S. Dollars</i>									
Property, plant and equipment	(3,073)	265	(108)	1,167	(1,749)	(39)	(3,062)	(322)	(5,172)
Receivables	4,813	334	(21)	(3,597)	1,529	(82)	-	18	1,465
Inventories	1,344	41	(4)	(1,075)	306	231	-	7	544
Employee benefit plans	2,855	28	(6)	(2,060)	817	74	-	18	909
Provision	-	(115)	1	278	164	75	-	5	244
Finance charges on installment sales	341	(1)	(1)	(669)	(330)	(82)	-	13	(399)
Tax loss carry forward	576	(256)	152	(1)	471	(607)	-	136	-
Others	120	161	2	(494)	(211)	(303)	-	15	(499)
	6,976	457	15	(6,451)	997	(733)	(3,062)	(110)	(2,908)

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Inventories

<i>In thousands of U.S. Dollars</i>	2010	2009
Raw materials and consumables	6,623	5,091
Work in progress	2,413	1,906
Finished goods	40,125	32,764
	<u>49,161</u>	<u>39,761</u>
Impairment loss	(2,122)	(1,383)
	<u>47,039</u>	<u>38,378</u>

In 2010 raw materials, consumables and changes in finished goods and work in progress recognized as cost of sales amounted to USD 178,842 thousand (2009: USD 156,062 thousand). In 2010 the write-down of inventories to net realizable value amounted to USD 1,166 thousand (2009: USD 354 thousand). The write-down is included in cost of sales.

At 31 December, 2010, inventories with carrying amount of USD 5,430 thousand (2009: USD 3,369 thousand) were collateralized to secure bank loans (see Note 19).

The movement in the allowance for impairment in respect of inventory during the year was as follows:

<i>In thousands of U.S. Dollars</i>	2010	2009
Balance at 1 January	1,383	1,012
Impairment loss recognized	859	527
Impairment loss reversed	(120)	(156)
Balance at 31 December	<u>2,122</u>	<u>1,383</u>

15. Trade and other receivables

<i>In thousands of U.S. Dollars</i>	2010	2009
Trade receivables	96,839	79,700
Others	31,662	33,749
Less: Unearned finance charges	(15,634)	(14,192)
	<u>112,867</u>	<u>99,257</u>
Non-current	43,995	46,016
Current	68,872	53,241
	<u>112,867</u>	<u>99,257</u>

Other receivables (non-current) include unsecured, subordinated promissory notes due from KSIN Holdings, Ltd (“KSIN”) as part of the consideration for the sale in 2004 of the Singer worldwide sewing business and of the ownership of the Singer trademark (the “KSIN Notes”). The principal amount outstanding at 31 December, 2010 was USD 25,708 thousand (2009: USD 24,421 thousand). The notes are guaranteed by SVP Holdings Ltd (“SVP”).

The KSIN Notes currently bear interest at 11.0% per annum (until 30 September 2011), payable semi-annually in arrears in June and December. On each interest payment date, KSIN has the option to pay cash interest up to 7.0% of the outstanding principal and to capitalize the balance of the interest due by increasing the outstanding principal amount of the notes by a corresponding amount.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Trade and other receivable (continued)

In the fall of 2009, as a consequence primarily of the economic downturn and its impact on the worldwide sewing market, SVP defaulted with respect to certain financial covenants in its principal credit agreement and with respect to a principal repayment obligation in a secondary credit agreement. Consequently, an event of cross-default occurred with respect to the KSIN Notes with effect from 1 October, 2009. The consequence of this default was to increase the interest rate on the notes from 10.0% to 12.0%.

In May 2010, following and as a result of amendments of the respective credit agreements, KSIN cured all outstanding defaults with respect to the credit agreements and also paid ReHo 70% of the past due interest and capitalized 30%. As a result, KSIN became current in all its obligation to the Company, and the interest rate on the KSIN Notes reverted to 10.0%.

Under an amendment agreement signed in May 2010, the interest rate on the KSIN Notes increased to 11%, effective 1 October 2010, and to 12%, effective 1 October 2011, in return for the maturity date being extended to February 2014. Minimum cash interest payments equal to at least 7% of the outstanding principal are to be paid.

KSIN is current in all of its obligations to the Company. For the June and December 2010 payments and the June 2009 payment KSIN elected to make the minimum cash interest payments and to capitalize the balance.

16. Cash and cash equivalents

In thousands of U.S. Dollars

	2010	2009
Bank balances	9,291	14,240
Call deposits	30,453	5,847
Cash and cash equivalents	39,744	20,087
Bank overdrafts	(12,756)	(11,478)
Cash and cash equivalents in the statement of cash flows	<u>26,988</u>	<u>8,609</u>

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 31.

17. Capital and reserves

Ordinary shares and preferred shares

In thousands of shares

	Ordinary shares		Preference shares	
	2010	2009	2010	2009
On issue at 1 January	5,242	5,269	-	-
Exercise of share options	100	-	-	-
Purchased and cancelled	-	(27)	-	-
Purchased	(35)	-	-	-
On issue at 31 December	<u>5,307</u>	<u>5,242</u>	<u>-</u>	<u>-</u>

As at 31 December, 2010 the authorized capital of the Company comprised USD 210 thousand (2009: USD 210 thousand) divided into (a) 20,000,000 common shares with a par value of USD 0.01 per share and (b) 1,000,000 preferred shares with a par value of USD 0.01 per share.

Preferred shares can be issued in series. To date, the Company has issued Series A Convertible Preferred Stock, consisting of 40 preferred shares. The Company repurchased the outstanding preferred shares in 2003 and cancelled them in 2006.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. Capital and reserves (continued)

Ordinary shares and preferred shares (continued)

To date, the Company has issued 8,976,105 ordinary shares, and has acquired 3,669,406 ordinary shares through purchase and pursuant to the terms of the original share distribution plan (including 35,000 ordinary shares purchased in 2010 (2009: 26,567)). All shares purchased have been cancelled other than the shares purchased in 2010, which remain as treasury shares.

All shares have equal voting rights.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Revaluation reserve

The revaluation reserve relates to the increase in the carrying amount of freehold land and buildings.

Distributions

The following returns of capital were made to equity holders.

<i>In thousands of U.S. Dollars</i>	2010	2009
USD 0.80 per qualifying ordinary share (2009: USD 0.20)	4,245	1,054

18. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2010 was based on the earnings attributable to ordinary shareholders of USD 16,612 thousand (2009: USD 9,866 thousand) and a weighted average number of ordinary shares outstanding of 5,286 thousand (2009: 5,266 thousand), calculated as follows:

Weighted average number of ordinary shares

<i>In thousands of shares</i>	<i>Note</i>	2010	2009
Issued ordinary shares at 1 January	17	5,242	5,268
Effect of share options exercised		64	-
Effect of shares purchased and cancelled	17	-	(2)
Effect of shares purchased	17	(20)	-
Weighted average number of ordinary shares at 31 December		5,286	5,266

Diluted earnings per share

The calculation of diluted earnings per share at 31 December, 2010 was based on the earnings attributable to ordinary shareholders of USD 16,612 thousand and a weighted average number of ordinary shares outstanding of 5,286 thousand calculated as shown below:

Weighted average number of ordinary shares

<i>In thousands of shares</i>	2010	2009
Weighted average number of ordinary shares (basic) at 31 December	5,286	5,266
Effect of share options on issue	-	5
Weighted average number of ordinary shares at 31 December	5,286	5,271

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see Note 31.

<i>In thousands of U.S. Dollars</i>	2010	2009
Non-current liabilities		
Secured bank loans	2,776	3,522
Unsecured bank loans	11,406	4,088
Public deposits	1,766	1,311
Promissory notes	-	2,185
Finance lease liabilities	375	481
	<u>16,323</u>	<u>11,587</u>
Current liabilities		
Current portion of secured bank loans	1,396	3,848
Current portion of unsecured bank loans	24,129	30,820
Public deposits	13,081	11,483
Promissory notes	2,252	-
Current portion of finance lease liabilities	228	203
	<u>41,086</u>	<u>46,354</u>

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

<i>In thousands of U.S. Dollars</i>	Currency	Nominal interest rate	Year of maturity	31 December 2010		31 December 2009	
				Face value	Carrying amount	Face value	Carrying amount
Secured bank loans	PKR	14.1%	2011 - 2015	3,081	3,081	3,073	3,073
Secured bank loans	SLR	13.7%	2012 - 2015	1,084	1,084	2,441	2,441
Secured bank loans	BDT	-	-	-	-	1,780	1,780
Secured bank loans	INR	12.0%	2011	7	7	76	76
Unsecured bank loans	SLR	-	2011 -2014	35,535	35,535	34,908	34,908
Public Deposits	SLR	12.2%	2011 - 2015	14,847	14,847	12,794	12,794
Promissory Notes	SLR	17.8%	2011	2,252	2,252	2,185	2,185
Total interest-bearing liabilities				<u>56,806</u>	<u>56,806</u>	<u>57,257</u>	<u>57,257</u>

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Loans and borrowings (continued)

Security

The bank loans are secured by plant and equipment, receivables and inventories with the following carrying amounts:

<i>In thousands of U.S. Dollars</i>	2010	2009
Property, plant and equipment	6,343	3,671
Receivables	779	7,647
Inventories	5,430	3,369
	<u>12,552</u>	<u>14,687</u>

Finance lease liabilities

Finance lease liabilities are payable as follows:

<i>In thousands of U.S. Dollars</i>	Future minimum lease payments 2010	Interest 2010	Present value of minimum lease payments 2010	Future minimum lease payments 2009	Interest 2009	Present value of minimum lease payments 2009
Less than one year	299	71	228	282	79	203
Between one and five years	463	88	375	556	75	481
	<u>762</u>	<u>159</u>	<u>603</u>	<u>838</u>	<u>154</u>	<u>684</u>

20. Employee benefits

In thousands of U.S. Dollars

	2010	2009
Present value of unfunded obligations	3,170	2,929
Present value of funded obligations	1,464	1,406
Total present value of obligations	<u>4,634</u>	<u>4,335</u>
Fair value of plan assets	<u>(1,683)</u>	<u>(1,574)</u>
Recognized liability for defined benefit obligations	<u>2,951</u>	<u>2,761</u>
Other long-term employee benefits	76	50
Total employee benefits	<u>3,027</u>	<u>2,811</u>

The Group makes contributions to non-contributory defined benefit plans that provide benefits for employees upon retirement. Plans vary from location to location. Most plans entitle a retired employee to receive a lump sum payment equal to 10 days to 1 month of the final salary for each year of service that the employee provided. Other plans entitle a retired employee to receive an annual payment equal to a percentage of final salary, based on the years of service.

Plan assets comprise:

<i>In thousands of U.S. Dollars</i>	2010	2009
Term deposits	223	499
Government securities	1,358	949
Cash and cash equivalents	3	33
Equity securities	-	-
Others	99	93
	<u>1,683</u>	<u>1,574</u>

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. Employee benefits (continued)

Movement in the present value of the defined benefit obligations

<i>In thousands of U.S. Dollars</i>	2010	2009
Defined benefit obligations at 1 January	4,335	8,306
Benefits paid by the plan	(149)	(529)
Sale of controlling interest	-	(4,442)
Current service costs and interest (see below)	686	709
Actuarial (gains) losses recognized in the period	(280)	422
Effect from movements in exchange rates	42	(131)
Defined benefit obligations at 31 December	<u>4,634</u>	<u>4,335</u>

Movement in the present value of plan assets

<i>In thousands of U.S. Dollars</i>	2010	2009
Fair value of plan assets at 1 January	1,574	1,590
Contributions to the plan	-	28
Benefits paid by the plan	(64)	(116)
Expected return on plan assets	215	187
Actuarial (losses) gains recognized in profit and loss	(19)	(20)
Effect from movements in exchange rates	(23)	(95)
Fair value of plan assets at 31 December	<u>1,683</u>	<u>1,574</u>

Expense recognized in profit or loss

<i>In thousands of U.S. Dollars</i>	2010	2009
Current service costs	270	278
Interest on obligation	416	429
Expected return on plan assets	(215)	(187)
Actuarial (gain) / loss	(83)	(22)
	<u>388</u>	<u>498</u>

The expense is recognized in the following line item in the income statements:

<i>In thousands of U.S. Dollars</i>	2010	2009
Cost of sales	-	39
Selling and administrative expenses	388	459
	<u>388</u>	<u>498</u>

Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2010	2009
Discount rate at 31 December	11.3%	10.6%
Expected return on plan assets at 1 January	10.0%	9.7%
Future salary increases	7.8%	7.0%

Assumptions regarding future mortality are based on published statistics and mortality tables.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. Employee benefits (continued)

Historical information

In thousands of U.S. Dollars

	2010	2009
Present value of the defined benefit obligation	4,634	4,335
Fair value of plan assets	(1,683)	(1,574)
Deficit in the plan	<u>2,951</u>	<u>2,761</u>

The Group expects USD 128 thousand in contributions to be paid to the funded defined benefit plans and USD 244 thousand in benefits to be paid for the unfunded plans in 2011.

21. Share-based payments

Retail Holdings N.V.

ReHo's 2000 Management Stock Plan, as amended, provides for the issuance of a maximum of 1,000,000 options for common shares to key employees of the Company. All options are granted at no less than fair market value at the date of the grant. Options granted may vest immediately or over a two-year period and expire at up to ten years from the date of grant. All options outstanding at 31 December, 2009 were fully vested.

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

	Shares under options	Weighted average exercise price (USD)
Outstanding, 31 December 2008	100,000	4.00
Exercised in 2009	-	-
Outstanding, 31 December 2009	100,000	4.00
Exercised in 2010	(100,000)	-
Outstanding, 31 December 2010	-	-

Singer Asia Limited

In 2005 Singer Asia granted stock options to Singer Asia employees to purchase 60,000 shares of Singer Asia stock. The options are exercisable at 40% of the number of options granted on the second anniversary of the date of grant and 20% of the number of options granted on each successive anniversary of the date of grant so that they are fully exercisable within 5 years from date of grant. During 2009 and 2010, 5,025 and 5,077 stock options were exercised at a value of USD 324 thousand and USD 327 thousand respectively. During 2008, 10,000 options were forfeited. At 31 December, 2010, 39,898 options were fully vested (2009: 34,975 options).

The Company recognized stock-based compensation expense of USD 91 thousand in 2010 and USD 143 thousand in 2009, which was based on the fair value of the awards.

22. Deferred income

Deferred income consists of customers' advances under service contracts where the service will be performed in a future period. The income is deferred and recognized as income in the period that the service is performed.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Warranty provision

<i>In thousands of U.S. Dollars</i>	2010	2009
Balance at 1 January	828	887
Provisions made during the year	1,215	1,010
Provisions used during the year	(1,145)	(920)
Sale of controlling interest	-	(149)
Balance at 31 December	<u>898</u>	<u>828</u>
Non-current	95	123
Current	<u>803</u>	<u>705</u>
	<u>898</u>	<u>828</u>

The provision for warranty relates mainly to products sold during the years ended 31 December, 2010 and 2009. The provision is based on estimates made from historical warranty data associated with similar products.

24. Trade and other payables

<i>In thousands of U.S. Dollars</i>	2010	2009
Trade payables	11,579	9,341
Non-trade payables and accrued expenses	<u>22,936</u>	<u>17,608</u>
	<u>34,515</u>	<u>26,949</u>

The Group's exposure to currency and liquid risks related to trade and other payables is disclosed in Note 31.

25. Revenue

<i>In thousands of U.S. Dollars</i>	2010	2009
Sale of goods	238,804	219,165
Finance charges	21,304	33,599
Commission	219	504
Service income	1,935	1,786
Others	<u>1,868</u>	<u>1,503</u>
	<u>264,130</u>	<u>256,557</u>

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. Other income

<i>In thousands of U.S. Dollars</i>	2010	2009
Gain on disposal of subsidiary and affiliate shares	24,496	5,261
Reversal of warranty provision from sewing sale	-	3,500
Gain on sale of property, plant and equipment	76	625
Others	1,587	1,288
	<u>26,159</u>	<u>10,674</u>

During 2010, the Company's subsidiary, Singer Bangladesh disposed of its entire 35.6% interest in International Leasing and Financial Services Limited for a cash consideration of USD 31,877 thousand. Singer Bangladesh's share of International Leasing and Financial Services Limited's assets on the date of disposal was USD 6,015 thousand. A gain on disposal of USD 24,496 thousand was recorded after deduction of related expenses and the required contribution to Singer Bangladesh's Worker's Profit Participation and Welfare Fund.

At the time of the purchase from the company of the Singer sewing business and trademark by KSIN (see Note 15), KSIN was indemnified by the Company with respect to certain tax and environmental warranties. At 31 December, 2008, the Company had maintained a provision of USD 3,500 thousand, included in other non-current liabilities, reflecting management's best estimate of the potential amount of any claims. The warranties expired in September 2009 without any claim being made by KSIN on the Company. Consequently, the valuation reserve was reversed in 2009 and USD 3,500 thousand was recognized as other income.

27. Other expenses

<i>In thousands of U.S. Dollars</i>	2010	2009
Royalty expense	<u>2,641</u>	<u>2,566</u>

28. Personnel expenses

<i>In thousands of U.S. Dollars</i>	Note	2010	2009
Wages and salaries		24,870	33,845
Compulsory social security contributions		157	406
Contributions to defined contribution plans		895	1,223
Expenses related to defined benefit plans	20	388	498
Others		728	3,480
		<u>27,038</u>	<u>39,452</u>

29. Finance income and finance costs

<i>In thousands of U.S. Dollars</i>	2010	2009
Interest income on bank deposits	90	53
Interest from KSIN Notes	2,800	2,546
Other	712	707
Finance income	<u>3,602</u>	<u>3,306</u>
Interest expense	10,306	16,640
Net foreign exchange loss	149	184
Finance costs	<u>10,455</u>	<u>16,824</u>
Net finance costs recognized in profit or loss	<u>6,853</u>	<u>13,518</u>

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. Income tax expense

<i>In thousands of U.S. Dollars</i>	<i>Note</i>	2010	2009
Current tax expense			
Current period		8,175	2,552
Adjustment for prior periods		490	(211)
		<u>8,665</u>	<u>2,341</u>
Deferred tax expense			
Origination and reversal of temporary differences		794	(371)
Change in unrecognized deductible temporary differences		(370)	(167)
Change in tax rate		340	-
Change in previously unrecognized tax losses		9	92
Other		(40)	(11)
		<u>733</u>	<u>(457)</u>
Income tax expense excluding tax on sale of discontinued operations and share of income tax of equity accounted investees		<u>9,398</u>	<u>1,884</u>
Income tax expense from continuing operations		-	1,882
Income tax from discontinued operations (excluding gain on sale)	6	-	2
		<u>-</u>	<u>1,884</u>
Share of income tax of equity accounted investees		-	275
Total income tax expense		<u>9,398</u>	<u>2,159</u>

Income tax recognized directly in equity

<i>In thousands of U.S. Dollars</i>	2010	2009
Revaluation of property, plant and equipment	<u>3,062</u>	<u>-</u>

Reconciliation of effective tax rate

<i>In thousands of U.S. Dollars</i>	2010	2010	2009	2009
	%		%	
Profit for the period		36,139		17,306
Total income tax expense		9,398		2,159
Profit excluding income tax		<u>45,537</u>		<u>19,465</u>
Weighted average tax using the tax rates in the jurisdictions where the Group operates	26.49%	12,065	14.99%	2,917
Adjustment for prior periods	1.08%	490	(1.08%)	(211)
Change in tax rate	0.75%	340	-	-
Change in unrecognized temporary differences and effect of tax expense on loss before tax	0.02%	8	(1.98%)	(386)
Permanent differences	(6.77%)	(3,081)	(0.10%)	(19)
Other	(0.93%)	(424)	(0.73%)	(142)
	<u>20.64%</u>	<u>9,398</u>	<u>11.09%</u>	<u>2,159</u>

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. Financial instruments

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

<i>In thousands of U.S. Dollars</i>	Carrying amount	
	2010	2009
Receivables	112,867	99,257
Cash and cash equivalents	39,744	20,087
	<u>152,611</u>	<u>119,344</u>

The maximum exposure to credit risk for loans and receivables at the reporting date by geographic region was:

<i>In thousands of U.S. Dollars</i>	Carrying amount	
	2010	2009
Asian countries	87,159	73,493
Other countries	25,708	25,764
	<u>112,867</u>	<u>99,257</u>

The maximum exposure to credit risk for receivables at the reporting date by type of counterparty was:

<i>In thousands of U.S. Dollars</i>	Carrying amount	
	2010	2009
Retail customers	74,360	60,815
Wholesale customers	8,986	6,805
Others	29,521	31,637
Total	<u>112,867</u>	<u>99,257</u>

Impairment losses

The aging of receivables at the reporting date was:

<i>In thousands of U.S. Dollars</i>	Gross 2010	Impairment 2010	Gross 2009	Impairment 2009
Not past due	101,810	-	79,766	-
Past due 0-30 days	4,480	58	7,374	1
Past due 31-120 days	6,526	811	9,666	447
Past due more than 120 days	4,078	3,158	6,796	3,897
	<u>116,894</u>	<u>4,027</u>	<u>103,602</u>	<u>4,345</u>

The movement in the allowance for impairment in respect of receivables during the year was as follows:

<i>In thousands of U.S. Dollars</i>	2010	2009
Balance at 1 January	4,345	21,643
Impairment loss recognized	1,596	1,771
Impairment loss reversed	(1,914)	(19,069)
Balance at 31 December	<u>4,027</u>	<u>4,345</u>

The Group believes that the unimpaired amounts that are past due are still collectible, based on historic payment behavior and analysis of the underlying customers' crediting rating.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. Financial instruments (continued)

Impairment losses (continued)

Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due; the balance relates to customers that have a good track record with the Group.

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

31 December 2010

<i>In thousand of U.S. Dollars</i>	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Secured bank loans	4,172	4,853	950	677	1,462	1,764	-
Unsecured bank loans	35,535	38,762	21,340	4,206	10,617	2,599	-
Public deposits	14,847	16,441	7,242	7,242	1,126	831	-
Promissory notes	2,252	2,415	2,415	-	-	-	-
Finance lease liabilities	603	762	150	149	271	192	-
Trade and other payables	34,515	34,515	33,397	1,118	-	-	-
Bank overdraft	12,756	14,866	9,787	5,079	-	-	-
	<u>104,680</u>	<u>112,614</u>	<u>75,281</u>	<u>18,471</u>	<u>13,476</u>	<u>5,386</u>	<u>-</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

31 December 2009

<i>In thousand of U.S. Dollars</i>	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Secured bank loans	7,370	9,035	2,696	1,381	2,878	2,080	-
Unsecured bank loans	34,908	33,087	24,453	6,626	143	1,865	-
Public deposits	12,794	14,753	6,620	6,620	808	705	-
Promissory notes	2,185	2,733	1,104	1,629	-	-	-
Finance lease liabilities	684	838	147	135	268	288	-
Trade and other payables	26,949	26,949	26,070	879	-	-	-
Bank overdraft	11,478	13,109	8,686	4,423	-	-	-
	<u>96,368</u>	<u>100,504</u>	<u>69,776</u>	<u>21,693</u>	<u>4,097</u>	<u>4,938</u>	<u>-</u>

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. Financial instruments (continued)

Currency risk

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts:

Net exposure consists of :

In thousands of U.S. Dollars

	31 December 2010	31 December 2009
U.S. Dollar to Bangladesh Taka	(619)	(554)
U.S. Dollar to Sri Lanka Rupee	(13,728)	(11,825)
Total exposure	<u>(14,347)</u>	<u>(12,379)</u>

The significant foreign currencies during the year for the Group were the Bangladesh Taka (BT), Pakistan Rupee (PKR) and Sri Lanka Rupee (SLR):

<i>U.S. Dollar</i>	Average rate		Reporting date Spot rate	
	2010	2009	2010	2009
BT 1	69.70	69.04	70.75	69.26
PKR 1	85.15	81.51	85.67	84.25
SLR 1	113.08	114.95	111.00	114.40

Sensitivity analysis

A 10 percent strengthening of the U.S. Dollar against the following currencies at 31 December would have increased (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2009 and 2010 as indicated below:

<i>Effect in thousands of U.S. Dollars</i>	Equity	Profit or loss
31 December 2010		
SLR	(4,299)	(165)
BT	(4,208)	(62)
31 December 2009		
SLR	(3,187)	(134)
BT	(1,669)	(55)

A 10 percent weakening of the U.S. Dollars against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. Financial instruments (continued)

Interest rate risk

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

<i>In thousands of U.S. Dollars</i>	2010	2009
Fixed rate instruments		
Financial assets	112,944	102,699
Financial liabilities	(41,992)	(36,552)
	<u>70,952</u>	<u>66,147</u>
Variable rate instruments		
Financial assets	-	-
Financial liabilities	(28,173)	(10,024)
	<u>(28,173)</u>	<u>(10,024)</u>

Fair value flow sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit and loss.

A change of 100 basis points in interest rates would have increased or decreased equity by USD 710 thousand (2009: USD 661 thousand).

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at 31 December would have increased (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that other variables, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for 2010 and 2009.

<i>In thousands of U.S. Dollars</i>	Profit or loss	
	100 bp increase	100 bp decrease
31 December 2010		
Variable rate instruments	(282)	282
Cash flow sensitivity	<u>(282)</u>	<u>282</u>
31 December 2009		
Variable rate instruments	(100)	100
Cash flow sensitivity	<u>(100)</u>	<u>100</u>

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. Financial instruments (continued)

Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

In thousands of U.S. Dollars

	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
31 December 2010				
Cash and cash equivalents	39,744	-	39,744	39,744
Loans and receivables	112,867	-	112,867	112,867
	<u>152,611</u>	<u>-</u>	<u>152,611</u>	<u>152,611</u>
Secured bank loans	-	(4,172)	(4,172)	(4,411)
Unsecured bank loans	-	(35,535)	(35,535)	(38,762)
Promissory notes	-	(2,252)	(2,252)	(2,415)
Public deposits	-	(14,847)	(14,847)	(16,441)
Finance lease liabilities	-	(603)	(603)	(610)
Trade and other payables	-	(34,515)	(34,515)	(34,515)
Bank overdraft	-	(12,756)	(12,756)	(12,756)
	<u>-</u>	<u>(104,680)</u>	<u>(104,680)</u>	<u>(109,910)</u>
31 December 2009				
Cash and cash equivalents	20,087	-	20,087	20,087
Loans and receivables	99,257	-	99,257	99,257
	<u>119,344</u>	<u>-</u>	<u>119,344</u>	<u>119,344</u>
Secured bank loans	-	(7,370)	(7,370)	(7,713)
Unsecured bank loans	-	(34,908)	(34,908)	(35,008)
Promissory notes	-	(2,185)	(2,185)	(2,733)
Public deposits	-	(12,794)	(12,794)	(12,830)
Finance lease liabilities	-	(684)	(684)	(684)
Trade and other payables	-	(26,949)	(26,949)	(26,949)
Bank overdraft	-	(11,478)	(11,478)	(11,478)
	<u>-</u>	<u>(96,368)</u>	<u>(96,368)</u>	<u>(97,395)</u>

The basis for determining fair values is discussed in Note 4.

Interest rates used for determining fair values

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread, and were as follows:

	2010	2009
Loans and other receivables (other than KSIN Notes)	27.1%	24.2%
KSIN Notes	11.0%	11.0%
Loans and borrowings	12.7%	14.3%
Leases	16.8%	16.8%

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

<i>In thousands of U.S. Dollars</i>	2010	2009
Less than one year	1,071	1,477
Between one and five years	3,866	1,682
	<u>4,937</u>	<u>3,159</u>

The Group leases a number of shop, warehouse and factory facilities under operating leases. The lease periods vary and may contain an option to renew after the end of the lease term. Some lease payments increase at regular intervals to reflect market rentals.

During the year ended 31 December, 2010, USD 1,103 thousand was recognized as an expense in the income statement in respect of operating leases (2009: USD 1,590 thousand).

33. Capital Commitments

The Group is committed to incur capital expenditure of USD 399 thousand to acquire software.

34. Contingencies

The Company is subject to a number of environmental and pollution control laws and regulations in some jurisdictions in which it operates and has operated, and may face exposure from actual or potential claims involving such matters. The Company believes that any costs resulting from environmental matters known to it will not have a material adverse impact on the Company's financial position, results of operations or liquidity.

35. Related parties

Transactions with key management personnel

Loans to directors

There were no loans made to directors in 2010 (2009: nil).

Key management personnel compensation

In addition to their salaries, the Group also provides other benefits to directors and executive officers. Key management compensation comprised:

<i>In thousands of U.S. Dollars</i>	2010	2009
Short-term employee salaries and benefits	2,084	2,206
Termination benefits	-	250
Other long-term benefits	56	86
Share-based payments	91	143
	<u>2,231</u>	<u>2,685</u>

Key management personnel and directors of the company control 21.2% of the Company. A trust for which a relative of a director is the trustee controls 5.5% of the Company.

36. Group entities

Significant subsidiaries	Country of incorporation	Ownership interest	
		2010	2009
Singer Asia Limited	Cayman Islands	56.2%	56.5%

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. Segment information

The Group's operating segment reporting format is geographical because the Group has only one business segment which is the retail business. Its risks and return are affected predominantly by the different geographical areas in which it operates and the Group's management structure and internal reporting system to the CEO is set up accordingly. A geographical segment is a distinguishable component of the Group that is engaged in providing products and services within a particular economic environment, which is subject to risks and returns that are different from those of other segments.

Operating segments that are considered significant in terms of their risks and returns are presented on a standalone basis as reportable segments. Other business units including the corporate administrative and management office and investment holding are aggregated and presented as "Others".

The following is a summary of the Group's results and financial position by operating segments:

31 December 2010

<i>In thousands of U.S. Dollars</i>	Sri Lanka	Bangladesh	Pakistan	India	Thailand	Others	Total
External revenue	142,077	69,226	27,310	23,111	-	2,406	264,130
Depreciation	1,856	766	310	51	-	4	2,987
Impairment charge – accounts receivable	1,011	344	166	8	-	-	1,529
Impairment charge – inventory	901	181	53	31	-	-	1,166
Results from operating activities	17,601	31,104	2,273	1,078	-	(2,185)	49,871
Net interest income / (expenses)	(7,657)	34	(1,983)	78	-	2,807	(6,721)
Income tax credit / (charge)	(5,227)	(4,164)	(81)	(8)	-	82	(9,398)
Profit from continuing operations	6,326	28,746	477	1,379	1,279	(2,068)	36,139
Total assets	129,513	60,662	27,443	9,539	13,140	39,062	279,359
Net assets	47,287	46,291	8,837	4,214	13,140	41,987	161,756

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. Segment information (continued) 31 December 2009

*In thousands of U.S.
Dollars*

	Sri Lanka	Bangladesh	Pakistan	India	Thailand	Others	Total
External revenue	103,756	63,426	26,465	14,261	46,767	1,882	256,557
Depreciation	2,118	726	313	27	703	25	3,912
Impairment charge – accounts receivable	1,166	432	135	10	3,048	360	5,151
Impairment charge / (credit) – inventory	94	131	81	48	(1,589)	-	(1,235)
Results from operating activities	12,519	7,535	2,276	814	3,497	3,036	29,677
Net interest income / (expenses)	(10,243)	(1,837)	(1,970)	(8)	(1,862)	2,569	(13,351)
Income tax credit / (charge)	(1,014)	(1,148)	(84)	-	(3)	367	(1,882)
Profit from continuing operations	<u>2,416</u>	<u>6,269</u>	<u>473</u>	<u>814</u>	<u>2,276</u>	<u>3,153</u>	<u>15,401</u>
Total assets	107,535	33,984	19,905	7,907	9,846	43,509	222,686
Net assets	<u>35,054</u>	<u>18,359</u>	<u>5,519</u>	<u>3,636</u>	<u>9,846</u>	<u>44,784</u>	<u>117,198</u>

“Others” total assets include investments in equity accounted investee, goodwill and KSIN Notes totaling USD 28,420 thousand as at 31 December 2010 (31 December 2009: USD 31,935 thousand).

Intra-group sales and other transactions were made on an arm's length basis or at market prices.