SUMMARY SEMI-ANNUAL REPORT

Retail Holdings N.V.

For the Semi-Annual Period Ended
June 30, 2011

ABOUT RETAIL HOLDINGS

Retail Holdings N.V. ("ReHo", together with its subsidiaries and associates, the "Company") is a holding company with three principal assets: 1) a 56.2% equity interest in Singer Asia Limited, ("Singer Asia"), a distributor of consumer durable products in selected emerging markets in Asia, with consumer credit and other financial services available to qualified customers; 2) seller notes, arising from the sale of the Singer worldwide sewing business and trademark in 2004; and 3) cash and cash equivalents. The Company has no operating activities other than those carried out through Singer Asia.

ReHo is a Curacao (formerly part of the Netherlands Antilles) public company which is the successor company to the Singer Company N.V. and its predecessor companies. ReHo, formerly known as Singer N.V., changed its name to Retail Holdings N.V. following the sale of the sewing business and the Singer trademark.

Price quotations for ReHo shares are available on the "Pink Sheets" quotation service under the symbol "RHDGF". The Shares CUSIP number is N74108106.

Additional financial and other information about the Company, including: a copy of the Company's audited consolidated financial statements for the twelve months ended December 31, 2010, and all prior financial statements since September 2000, together with the Auditor's Reports thereon; the 2010 Annual Report dated March 2011, and all prior Disclosure Statements and Reports since September 2000; and copies of all semi-annual and quarterly reports and press releases since September 2000; may be found at the Corporate/Investor section of the Company's website at www.retailholdings.com. Investor relations requests may be addressed to Ms. Amy Pappas, Company Secretary, at the NV Adminservice Corporation office (indicated below); email apappas@retailholdings.com

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The Company prepares its consolidated financial statements in U.S. dollars, in accordance with International Financial Reporting Standards ("IFRSs").

The ReHo 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 ReHo's subsidiary, NV Adminservice Corporation, located at 280 North Bedford Road, Mt. Kisco, New York, 10549, telephone number 914-241-3404. ReHo's share transfer agent is Mellon Investor Services LLC, at P.O. Box 38015, Pittsburgh, Pennsylvania 15252, telephone number 800-522-6645 (or from non-US locations, 1-201-680-6578). The Company's website is www.retailholdings.com.

CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-LOOKING STATEMENTS

Statements made herein with respect to the Company's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of the Company. Forward-looking statements include, but are not limited to, those using words such as believe, expect, anticipate, plans, strategy, prospects, forecast, estimate, project, may or might, and words of similar meaning in connection with a discussion of future operations, financial performance, financial position, capital resources, and strategy and plans and objectives of management. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions and beliefs, which are expressed in light of the information available to management at the time. The ultimate outcome in many cases is outside 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 rely on any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The Company disclaims any such obligation. Risks and uncertainties that might affect the Company include, but are not limited to: general economic conditions, particularly in Asia, including levels of consumer spending; the payment of periodic interest and of principal at maturity on the unsecured, subordinated promissory notes issued to ReHo by KSIN Holdings Ltd. (now known as SVP Holdings Ltd.); recovery of amounts due from debtors; exchange rates, particularly between the U.S. dollar and the currencies in which Singer Asia makes significant sales or in which assets and liabilities are denominated; Singer Asia'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 set forth in the Company's 2010 Summary Annual Report.

The information included in this Summary Semi-Annual Report does not purport to be inclusive of all of the information that might be included in a Form 10Q quarterly report. It only contains summary information that, in the opinion of management, is most relevant for understanding the Company's financial results during the first six months of 2011.

As described in greater detail in the Company's 2010 Summary Annual Report, it is the Company's intention not to provide regular quarterly reports including the information that might be included in a Form 10-Q quarterly report. The Company expects to issue only a Summary Annual Report, 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.

RETAIL HOLDINGS N.V.

INDEX

PART I

PART II

PART I

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011 (Unaudited) AND DECEMBER 31, 2010 (Audited)
In thousands of US Dollars

	Notes	June 30, 2011	December 31, 2010
ASSETS:			
Property, plant and equipment		42,638	43,360
Intangible assets		6,769	6,751
Trade and other receivables due in excess of one year	*8*	48,241	43,995
Investment in equity accounted investees		13,646	13,140
Other non-current assets		8,654	7,888
Total non-current assets		**119,948**	**115,134**
Inventories		59,227	47,039
Trade and other receivables		83,215	68,872
Cash and cash equivalents		26,704	39,744
Other current assets		9,371	8,570
Total current assets		**178,517**	**164,225**
Total assets		**298,465**	**279,359**
EQUITY			
Share capital	*9*	53	53
Share premium		77,418	77,418
Reserves		3,099	4,232
Surplus		18,090	8,969
Total equity attributable to equity holders of the Company		**98,660**	**90,672**
Non-controlling interest		**64,509**	**71,084**
Total equity		**163,169**	**161,756**
LIABILITIES			
Loans and borrowings over one year	*10*	20,770	16,323
Employee benefits		3,376	3,027
Deferred income over one year		185	132
Warranty provision over one year		66	95
Deferred tax liabilities		2,746	2,908
Other non-current liabilities		5,246	4,773
Total non-current liabilities		**32,389**	**27,258**
Bank overdraft		17,303	12,756
Loans and borrowings	*10*	41,562	41,086
Trade and other payables		42,203	34,515
Deferred income		1,072	1,185
Warranty provision		767	803
Total current liabilities		**102,907**	**90,345**
Total liabilities		**135,296**	**117,603**
Total equity and liabilities		**298,465**	**279,359**

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010 (Unaudited)
In thousands of US Dollars

	Notes	June 30, 2011	June 30, 2010
Revenue		154,977	124,557
Cost of sales		102,690	84,242
Gross profit		**52,287**	**40,315**
Other income		4,570	890
Selling and administrative expenses		(36,101)	(26,617)
Other expenses		(1,550)	(1,246)
Results from operating activities		**19,206**	**13,342**
Finance income		2,465	1,839
Finance costs		(5,394)	(5,376)
Net finance costs		**(2,929)**	**(3,537)**
Share of profit of equity accounted investees (net of income tax)		1,204	1,643
Profit before income taxes		**17,481**	**11,448**
Income tax expense	*7*	(4,574)	(3,349)
Profit for the period		**12,907**	**8,099**
Attributable to:			
Owners of the Company		8,226	4,202
Non-controlling interest		4,681	3,897
Profit for the period		**12,907**	**8,099**
Earnings per share (U.S. Dollars)			
Basic earnings per share		1.55	0.80
Diluted earnings per share		1.55	0.80

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010 (Unaudited)
In thousands of US Dollars

	June 30, 2011	June 30, 2010
Profit for the period	**12,907**	**8,099**
Other comprehensive income		
Foreign currency translation differences for foreign operations	(1,574)	456
Revaluation of property, plant and equipment, net of tax	(153)	-
Other comprehensive income for the period, net of income tax	**(1,727)**	**456**
Total comprehensive income for the period	**11,180**	**8,555**
Total comprehensive income attributable to:		
Owners of the Company	7,102	4,335
Non-controlling interest	4,078	4,220
Total comprehensive income for the period	**11,180**	**8,555**

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED June 30, 2011 (Unaudited)

In thousands of US Dollars

	Attributable to equity holders of ReHo								
	Share capital	**Share premium**	**Translation reserve**	**Revaluation reserve**	**Investment fund reserve**	**Surplus**	**Total**	**Non-controlling interest**	**Total equity**
Balance at January 1, 2011	53	77,418	(5,366)	9,598	-	8,969	90,672	71,084	161,756
Total comprehensive income for the period									
Profit	-	-	-	-	-	8,226	8,226	4,681	12,907
Other comprehensive income									
Foreign currency translation differences	-	-	(1,037)	-	-	-	(1,037)	(537)	(1,574)
Revaluation of property, plant and equipment, net of tax	-	-	-	(144)	-	57	(87)	(66)	(153)
Transfer to investment fund reserve	-	-	-	-	48	(48)	-	-	-
Total other comprehensive income	-	-	(1,037)	(144)	48	9	(1,124)	(603)	(1,727)
Total comprehensive income for the period	-	-	(1,037)	(144)	48	8,235	7,102	4,078	11,180
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Distribution to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(12,172)	(12,172)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	(12,172)	(12,172)
Changes in ownership interests in subsidiaries									
Divestment of non-controlling interests	-	-				886	886	1,519	2,405
Total change in ownership interests in subsidiaries	-	-	-	-	-	886	886	1,519	2,405
Total transactions with owners	-	-	-	-	-	886	886	(10,653)	(9,767)
Balance at June 30, 2011	53	77,418	(6,403)	9,454	48	18,090	98,660	64,509	163,169

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED June 30, 2010 (Unaudited)
In thousands of US Dollars

	Attributable to equity holders of ReHo							
	Share capital	Share premium	Translation reserve	Revaluation reserve	Deficit	Total	Non-controlling interest	Total equity
Balance at January 1, 2010	52	81,428	(6,041)	5,630	(8,501)	72,568	44,630	117,198
Total comprehensive income for the period								
Profit	-	-	-	-	4,202	4,202	3,897	8,099
Other comprehensive income								
Foreign currency translation differences	-	-	132	(4)	5	133	323	456
Total other comprehensive income	-	-	132	(4)	5	133	323	456
Total comprehensive income for the period	-	-	132	(4)	4,207	4,335	4,220	8,555
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Purchase of Retail Holdings shares	-	(189)	-	-	-	(189)	-	(189)
Retail Holdings share option exercise	1	399	-	-	-	400	-	400
Singer Asia share option exercise	-	184	-	-	-	184	143	327
Distribution to non-controlling interests of subsidiaries	-	-	-	-	-	-	(2,827)	(2,827)
Total contributions by and distributions to owners	1	394	-	-	-	395	(2,684)	(2,289)
Changes in ownership interests in subsidiaries								
Divestment of non-controlling interests	-	(210)	8	(28)	3	(227)	227	-
Total change in ownership interests in subsidiaries	-	(210)	8	(28)	3	(227)	227	-
Total transactions with owners	1	184	8	(28)	3	168	(2,457)	(2,289)
Balance at June 30, 2010	53	81,612	(5,901)	5,598	(4,291)	77,071	46,393	123,464

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010 (Unaudited)
In thousands of US Dollars

	June 30, 2011	June 30, 2010
Cash flows from operating activities		
Profit for the period	12,907	8,099
Adjustments for:		
Depreciation	1,828	1,536
Gain from sale of property, plant and equipment	(40)	(54)
Net finance costs	2,929	3,537
Share of profit of equity accounted investees	(1,204)	(1,643)
Income tax expense	4,574	3,349
	20,994	**14,824**
Changes in inventories	(12,668)	(11,784)
Changes in trade receivables	(18,261)	(11,470)
Changes in other current assets	(740)	939
Changes in trade and other payables	2,825	5,135
Changes in provision and employee benefits	349	22
Changes in deferred income	(60)	264
Cash used in operating activities	**(7,561)**	**(2,070)**
Interest paid	(3,921)	(5,047)
Income tax paid	(2,300)	(828)
Net cash used in operating activities	**(13,782)**	**(7,945)**
Cash flows from investing activities		
Interest received	2,465	1,839
Proceeds from sale of property, plant and equipment	83	66
Proceeds from sale of investment	2,471	-
Repayment / return of investment	-	(284)
Acquisition of property, plant and equipment	(247)	(450)
Net cash generated from investing activities	**4,772**	**1,171**
Cash flows from financing activities		
Increase (decrease) in borrowings	4,228	(1,199)
Proceeds from stock options exercised	-	728
Repurchase of own shares	-	(189)
Distributions to non-controlling interests	(12,172)	(2,827)
Net cash used in financing activities	**(7,944)**	**(3,487)**
Net increase in cash and cash equivalents	**(16,954)**	**(10,261)**
Cash and cash equivalents at January 1	26,988	8,609
Effect of exchange rate fluctuations on cash held	(633)	86
Cash and cash equivalents at June 30	**9,401**	**(1,566)**

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Reporting entity

Retail Holdings N.V. ("ReHo") is a company domiciled in Curacao (formerly part of the Netherlands Antilles), incorporated in December 1999. The address of ReHo's registered office is Schottegatweg Oost 44, Willemstad, Curacao. These condensed consolidated interim financial statements as at and for the six months ended June 30, 2011 comprise ReHo, its subsidiaries and associates (together referred to as the "Company").

2. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited consolidated financial statements of the Company as at and for the year ended December 31, 2010 (the "2010 Statements"). The 2010 Statement may be found at the Corporate/Investor section of the Company's website at www.retailholdings.com.

These condensed consolidated interim financial statements were approved by the ReHo Board of Directors on August 11, 2011.

Results for the six month period ended June 30, 2011 are not necessarily indicative of the results that may be expected for the year ending December 31, 2011.

3. Significant accounting policies

The accounting policies applied by the Company in these condensed consolidated interim financial statements are consistent with those applied by the Company in its 2010 Statements and described therein.

4. Estimates

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

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the 2010 Statements and as described therein.

5. Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the 2010 Statements and as described therein.

6. Operating segments

The Company's operating segment reporting format is geographical because the Company 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 Company's management structure and internal reporting system to the CEO is set up accordingly. A geographical segment is a distinguishable component of the Company 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.

For the six months ended June 30, 2011

In thousands of U.S. Dollars	**Sri Lanka**	**Bangladesh**	**Pakistan**	**India**	**Others**	**Total**
External revenue	93,109	30,859	15,513	14,440	1,056	154,977
Inter-segment revenue	-	-	-	934	-	934
Profit before tax	9,261	3,268	73	730	4,149	17,481

For the six months ended June 30, 2010

In thousands of U.S. Dollars	**Sri Lanka**	**Bangladesh**	**Pakistan**	**India**	**Others**	**Total**
External revenue	65,478	32,216	14,603	10,104	2,156	124,557
Inter-segment revenue	-	-	-	963	296	1,259
Profit before tax	5,792	3,542	144	631	1,339	11,448

There is no material change in the operating segments' total assets as compared to the amounts disclosed in the 2010 Statements.

7. Income tax expense

Income tax expense is recognized based on management's best estimate of the weighted average income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The Company's consolidated effective tax rate in respect of the six months ended June 30, 2011 was 26 percent (six months ended June 30, 2010: 29 percent).

8. Trade and other receivables due in excess of one year

Trade and other receivables due in excess of one year include unsecured, subordinated promissory notes due from KSIN Holdings, Ltd ("KSIN") (the "KSIN Notes") in the amount of USD 26,222 thousand as at June 30, 2011 (December 31, 2010: USD 25,708 thousand).

As of December 31, 2009 the KSIN Notes were in default and, consequently, interest was payable at the default rate of 12%. In May 2010, KSIN cured the outstanding default and the interest rate of the Notes reverted to 10%. At the same time, in consideration for an increase in the interest rate on the KSIN Notes from 10% to 11%, effective October 2010, and from 11% to 12%, effective October 2011, with a minimum interest payment in cash of at least 7% of the outstanding principal, the Company agreed to an extension of the maturity of the KSIN Notes to February 2014.

9 Share capital

Issuance and repurchase of ordinary shares

During the six months ended June 30, 2011, no ordinary shares were issued and none were repurchased.

During the six months ended June 30, 2010, 100,000 ordinary shares were issued at a price of USD 4.00 per share as a result of the exercise of vested options arising from the 2000 Management Stock Plan granted to key employees of the Company. All issued share are fully paid. During the six months ended June 30, 2010, 35,000 ordinary shares were repurchased at an average cost of USD 5.40 per share.

10. Loans and borrowings

In thousands of U.S. Dollars	Currency	Interest rate nominal	Face value	Carrying amount	Year of maturity
Balance at January 1, 2011				57,409	
New Issues					
Secured bank loans	PKR	14.1%	1,163	1,163	2016
Unsecured bank loans	SLR	-	90	90	-
Public Deposits	SLR	11.5%	5,200	5,200	2011-2015
Promissory Notes	SLR	17.8%	2,280	2,280	2013
Repayments					
Secured bank loans	SLR	13.8%	(234)	(234)	-
Secured bank loans	PKR	14.2%	(848)	(848)	-
Debentures	SLR	13.5%	(392)	(392)	-
Promissory Notes	SLR	17.8%	(2,260)	(2,260)	-
Finance Leases	PKR	13.4% -16.4%	(76)	(76)	-
Balance at June 30, 2011				62,332	

PART II

Management Summary Discussion and Analysis

The following summary discussion and analysis should be read in conjunction with the unaudited consolidated interim financial statements of the Company for the six months ended June 30, 2011 and 2010 and the audited consolidated financial statements of the Company for the twelve months ended December 31, 2010.

Results of Operations

<u>Six months ended June 30, 2011 and June 30, 2010</u>

Company operating results and profit were substantially improved in the first six months of 2011 as compared with the same period prior year, reflecting both the continuing recovery in many of the markets in which the Company operates, particularly Sri Lanka, and further improvements in the Company's operations and market position.

For the six months ended June 30, 2011, the Company had consolidated revenue of $155.0 million compared to consolidated revenue of $124.6 million for the same period in 2010, an increase of 24.4%. Revenue at the retail operating units in Bangladesh, Pakistan and Sri Lanka increased by 24.2% to $139.5 million for the first six months of 2011. Revenue at the Company's unconsolidated affiliate in Thailand increased by 17.3% to $37.9 million.

The Company's revenue for the first six months of 2011 includes $11.9 million of finance earnings on consumer credit sales compared to $10.3 million for the same period in 2010. The slower growth in finance earnings compared to total revenue reflects the somewhat higher proportion of cash sales in 2011 as compared to credit sales.

Gross profit for the six months ended June 30, 2011 was $52.3 million, representing a gross profit margin of 33.7%, as compared to $40.3 million and a gross profit margin of 32.4% for the six months ended June 30, 2010. The increase in gross profit margin is mainly due to a shift in revenue mix from Singer Bangladesh to Singer Sri Lanka, which has a somewhat higher gross margin.

Other income for the six months ended June 30, 2011 was $4.6 million as compared to $0.9 million of other income for the six months ended June 30, 2010. The increase in 2011 is mainly due to the favorable settlement of long running litigation by ReHo in the United States, which generated net pre-tax income of $3.8 million.

Selling and administrative expenses ("S&A") for the six months ended June 30, 2011 were $36.1 million, representing 23.3% of revenue, as compared to $26.6 million and 21.4% of revenue for the six months ended June 30, 2010. The increase of S&A relative to revenue primarily reflects the decision to increase advertising and promotion during the first half of 2011 to coincide with the Cricket World Cup, which contributed to the growth in sales during this period, particularly in Sri Lanka, and to higher withholding taxes due to an increase in dividends from Singer Asia subsidiaries to Singer Asia.

Other expense, primarily royalty paid to SVP for the use of the Singer trademark by Singer Asia and its operating companies, was $1.6 million and $1.2 million for the six months ended June 30, 2011 and June 30, 2010 respectively, reflecting the increase in revenue.

Results from operating activities for the six months ended June 30, 2011 was a profit of $19.2 million, an increase of $5.9 million or 44.0%, as compared to the same period in 2010. The improvement in results from operating activities is due primarily to the increase in revenue, gross profit margin and other income, partly offset by the increase in S&A.

Net finance costs for the six months ended June 30, 2011 were $2.9 million as compared to $3.5 million for the same period in 2010. The reduction in net finance costs primarily reflects higher finance income from the KSIN Notes and larger cash balances.

Share of profit of equity accounted investees was $1.2 million and $1.6 million for the six months ended June 30, 2011 and June 30, 2010, respectively. The decrease is mainly due to a loss of income as a result of the sale during the third quarter of 2010 of the Company's equity interest in its operating affiliate, International Leasing and Financial Services Limited, in Bangladesh, compensated by an improvement in Singer Thailand's results. Singer Thailand's after tax profit increased 37.8% to $2.5 million for the six months ended June 30, 2011, from $1.8 million for the same period in 2010.

The Company's profit before income tax was $17.5 million for the six months ended June 30, 2011 compared to $11.4 million in pre-tax profit for the same period in 2010, representing an increase of 52.7% or $6.0 million. The higher profit before income tax reflects the flow through of the improvement in results from operating activities and the lower net finance costs.

Income tax expense was $4.6 million for the six months ended June 30, 2011 compared to income tax expense of $3.3 million for the six months ended June 30, 2010. This represents a decrease in the effective tax rate from 29.3% in 2010 to 26.2% in 2011. The decrease in the effective tax rate primarily reflects a shift in profit mix from Singer Sri Lanka and Singer Bangladesh, which operate in relatively high tax jurisdictions, to Singer Asia and to ReHo, which are incorporated in the Cayman Islands and Curacao, respectively, which have a lower tax structure, as well as a reduction in the corporate income tax rate in Sri Lanka from 35% to 28%.

For the six months ended June 30, 2011 the Company's net profit was $12.9 million compared to a net profit of $8.1 million for the same period in 2010. The $4.8 million or 59.4% improvement in net profit reflects the improvement in profit before tax and the lower effective tax rate.

The profit attributable to equity holders of the Company was $8.2 million for the six months ended June 30, 2011 as compared to $4.2 million for the same period prior year. A profit of $4.7 million is attributable to minority shareholders for the six months ended June 30, 2011 as compared to $3.9 million for the six months ended June 30, 2010. The higher percentage of profit attributable to equity holders of the Company in the first half of 2011 as compared to the same period prior year, 63.7% and 51.9%, respectively, reflects a shift in profit mix from the Singer Asia operating companies and Singer Asia to ReHo, primarily because of the $3.8 million other income from litigation settlement in the six months ended June 30, 2011.

The profit attributable to ReHo shareholders is equivalent to basic earnings and diluted earnings per share of $1.55 for the six months ended June 30, 2011 as compared to basic and diluted earnings per share of $0.80 per share for the same period prior year.

Liquidity and Capital Resources

Six Months Ended June 30, 2011

For the six months ended June 30, 2011, the Company had a net cash outflow from operations of $13.8 million. This is primarily due to the $28.1 million increase in net working capital (changes in inventories, receivables and payables) offset, in part, by a $12.9 million profit for the period. The increase in net working capital reflects the growth in revenue and accompanying growth of the balance sheet.

Net cash from investing activities for the six months ended June 30, 2011 was an inflow of $4.8 million, primarily reflecting interest received of $2.5 million and $2.5 million of proceeds from the disposal of a small cross company shareholding within the Sri Lanka group of companies as part of the initiative to simplify the corporate structure. Dividends paid by the Company to non-controlling interests during the six months ended June 30, 2011 utilized $12.2 million of cash.

Net loan borrowings increased by $4.2 million during the first six months of 2011.

The net effect of the cash flow movements and exchange rate fluctuations was to decrease the Company's cash and cash equivalents by $17.6 million for the six months ended June 30, 2011. As a result, cash and cash equivalents, net of bank overdrafts, decreased from $27.0 million as at December 31, 2010 to $9.4 million as at June 30, 2011. Cash and cash equivalents at ReHo corporate increased from $2.9 million as at December 31, 2010 to $15.5 million as at June 30, 2011.

Current assets less current liabilities as at June 30, 2011 were $75.6 million compared to $73.9 million as at December 31, 2010, an improvement of $1.7 million.

For a discussion of liquidity and capital resources during 2010, see the Company's 2010 Annual Report, dated March 30, 2011.

Neither the Company nor Singer Asia nor any of the Company's other subsidiaries were in default at June 30, 2011, at December 31, 2010, or at any time during 2011 or 2010 with respect to any interest or principal payments or with respect to any financial covenants under any of their lending arrangements.

Other

Research and Development; Environment

The Company does not carry out significant research and development, thus amounts spent on research and development for the six months ended June 30, 2011 and 2010 were not material.

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 six months ended June 30, 2011 and June 30, 2010.

Market Risks

The Company is exposed to default risk. ReHo is owed principal and interest pursuant to the terms of the KSIN Notes. The issuer of the Notes is current in all of its obligations to ReHo: ultimate repayment of the Notes in February 2014 may be difficult, however, in the absence of a capital restructuring by SVP, the sale of the business or a significant economic improvement. An economic downturn could adversely impact that company's results of operations and make it more difficult for them to meet their obligations to ReHo.

Singer Asia, in turn, is subject to default risk with respect to consumer installment and trade receivables. There has been an ongoing improvement in overall arrears and defaults on receivables outstanding; nevertheless, an economic downturn in Singer Asia's markets could impair collection performance, impairing the value of Singer Asia's receivables.

The Company is exposed to various foreign currency risks including, but not limited to, foreign denominated assets and liabilities, and revenues and expenses. Primary currency exposures include the currencies of the Indian subcontinent countries (Bangladesh, India, Pakistan and Sri Lanka) and Thailand. The Company mitigates the risk from foreign currency fluctuations by seeking to match the currency of its liabilities with the currency of its assets. The Company has no foreign exchange forward contracts outstanding.

The Company is exposed to market risk for changes in interest rates relating principally to its debt obligations, primarily those with variable interest rates. The Company mitigates the risk from interest rate increases by seeking to reduce the mismatch between the duration of its assets, and its liabilities and equity, and by adjusting the interest rate charged on installment receivables. The Company has no interest rate forward contracts outstanding.

The Company does not have any derivative financial instruments outstanding to hedge default, foreign currency, interest rate or other risks. The Company does not hold or issue financial instruments for trading purposes.