

SUMMARY SEMI-ANNUAL REPORT

Retail Holdings N.V.

**For the Semi-Annual Period Ended
June 30, 2012**

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 56.13% equity interest in Singer Asia Limited, (“Singer Asia”), a distributor of consumer durable products in Bangladesh, India, Pakistan, Sri Lanka and Thailand, 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, 2011, and all prior financial statements since September 2000, together with the Auditor’s Reports thereon; the 2011 Annual Report dated March 2012, 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

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

All information in this Summary Semi-Annual Report is presented as of June 30, 2012, unless otherwise indicated.

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 Computershare Shareowner Services LLC at P.O. Box 358015, Pittsburgh, Pennsylvania, 15252-8015, telephone number 800-851-9677 (or from outside the United States, 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., (the "SVP Notes"); 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 2011 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 2012.

As described in greater detail in the Company's 2011 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.

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PART I

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2012 (Unaudited) AND DECEMBER 31, 2011 (Audited)

In thousands of US Dollars

| | <u>Notes</u> | <u>June 30, 2012</u> | <u>December 31, 2011</u> |
|---|--------------|----------------------|--------------------------|
| ASSETS: | | | |
| Property, plant and equipment | | 38,231 | 42,131 |
| Intangible assets | | 6,503 | 6,289 |
| Trade and other receivables due in excess of one year | 8 | 54,897 | 59,545 |
| Investment in equity accounted investees | | 14,037 | 13,647 |
| Deferred tax assets | | 349 | 538 |
| Other non-current assets | | 7,402 | 7,209 |
| Total non-current assets | | 121,419 | 129,359 |
| Inventories | | 73,331 | 63,515 |
| Trade and other receivables | | 79,380 | 79,938 |
| Cash and cash equivalents | | 27,616 | 20,709 |
| Other current assets | | 10,273 | 10,752 |
| Total current assets | | 190,600 | 174,914 |
| Total assets | | 312,019 | 304,273 |
| EQUITY | | | |
| Share capital | 9 | 53 | 53 |
| Share premium | | 64,166 | 64,151 |
| Reserves | | (5,765) | (609) |
| Surplus | | 30,270 | 24,008 |
| Total equity attributable to equity holders of the Company | | 88,724 | 87,603 |
| Non-controlling interest | | 65,425 | 66,873 |
| Total equity | | 154,149 | 154,476 |
| LIABILITIES | | | |
| Loans and borrowings over one year | 10 | 17,030 | 16,815 |
| Employee benefits | | 3,341 | 3,554 |
| Deferred income over one year | | 237 | 208 |
| Warranty provision over one year | | 115 | 103 |
| Deferred tax liabilities | | 2,409 | 2,531 |
| Other non-current liabilities | | 5,239 | 5,273 |
| Total non-current liabilities | | 28,371 | 28,484 |
| Bank overdraft | | 18,924 | 15,511 |
| Current tax liabilities | | 2,465 | 2,212 |
| Loans and borrowings | 10 | 64,756 | 59,005 |
| Trade and other payables | | 40,915 | 41,812 |
| Deferred income | | 1,374 | 1,638 |
| Warranty provision | | 1,065 | 1,135 |
| Total current liabilities | | 129,499 | 121,313 |
| Total liabilities | | 157,870 | 149,797 |
| Total equity and liabilities | | 312,019 | 304,273 |

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

**CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011 (Unaudited)**

In thousands of US Dollars

| | <u>Notes</u> | <u>June 30, 2012</u> | <u>June 30, 2011</u> |
|---|--------------|----------------------|----------------------|
| Revenue | | 165,971 | 154,977 |
| Cost of sales | | 110,629 | 102,690 |
| Gross profit | | 55,342 | 52,287 |
| Other income | | 1,180 | 4,570 |
| Selling and administrative expenses | | (35,794) | (34,891) |
| Other expenses | | (1,660) | (1,550) |
| Results from operating activities | | 19,068 | 20,416 |
| Finance income | | 2,193 | 2,465 |
| Finance costs | | (7,475) | (5,394) |
| Net finance costs | | (5,282) | (2,929) |
| Share of profit of equity accounted investees (net of income tax) | | 1,868 | 1,204 |
| Profit before income taxes | | 15,654 | 18,691 |
| Income tax expense | 7 | (4,455) | (5,784) |
| Profit for the period | | 11,199 | 12,907 |
| Attributable to: | | | |
| Owners of the Company | | 5,085 | 8,226 |
| Non-controlling interest | | 6,114 | 4,681 |
| Profit for the period | | 11,199 | 12,907 |
| Earnings per share (U.S. Dollars) | | | |
| Basic and diluted earnings per share | | 0.96 | 1.55 |

RETAIL HOLDINGS N.V. AND SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011 (Unaudited)***In thousands of US Dollars*

| | <u>June 30, 2012</u> | <u>June 30, 2011</u> |
|---|----------------------|----------------------|
| Profit for the period | 11,199 | 12,907 |
| Other comprehensive income | | |
| Foreign currency translation differences for foreign operations | (8,629) | (1,574) |
| Revaluation of property, plant and equipment, net of tax | - | (153) |
| Decrease in interests in associates | (295) | - |
| Other comprehensive income for the period, net of income tax | (8,924) | (1,727) |
| Total comprehensive income for the period | 2,275 | 11,180 |
| Total comprehensive income attributable to: | | |
| Owners of the Company | 1,083 | 7,102 |
| Non-controlling interest | 1,192 | 4,078 |
| Total comprehensive income for the period | 2,275 | 11,180 |

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED June 30, 2012 (Unaudited)**

In thousands of US Dollars

| | Attributable to equity holders of ReHo | | | | | | Non- controlling interest | Total equity | |
|--|--|------------------|------------------------|------------------------|----------------------------|---------|---------------------------------|-----------------|---------|
| | Share capital | Share premium | Translation reserve | Revaluation reserve | Investment fund reserve | Surplus | | | Total |
| Balance at January 1, 2012 | 53 | 64,151 | (10,164) | 9,462 | 93 | 24,008 | 87,603 | 66,873 | 154,476 |
| Total comprehensive income for the period | | | | | | | | | |
| Profit | - | - | - | - | - | 5,085 | 5,085 | 6,114 | 11,199 |
| Other comprehensive income | | | | | | | | | |
| Foreign currency translation differences | - | - | (3,888) | 52 | - | - | (3,836) | (4,793) | (8,629) |
| Decrease in interests in associates | - | - | (166) | (58) | - | 58 | (166) | (129) | (295) |
| Transfer to retained earnings | - | - | - | (56) | - | 56 | - | - | - |
| Transfer to legal reserve | - | - | - | - | 35 | (35) | - | - | - |
| Total other comprehensive income | - | - | (4,054) | (62) | 35 | 79 | (4,002) | (4,922) | (8,924) |
| Total comprehensive income for the period | - | - | (4,054) | (62) | 35 | 5,164 | 1,083 | 1,192 | 2,275 |
| Transactions with owners, recorded directly in equity | | | | | | | | | |
| Contributions by and distributions to owners | | | | | | | | | |
| Share options exercised by Singer Asia Ltd employees | - | 64 | - | - | - | - | 64 | 51 | 115 |
| Distribution to non-controlling interests of subsidiaries | - | - | - | - | - | - | - | (2,711) | (2,711) |
| Total contributions by and distributions to owners | - | 64 | - | - | - | - | 64 | (2,660) | (2,596) |
| Changes in ownership interests in subsidiaries | | | | | | | | | |
| Divestment of interests in subsidiaries | - | (49) | (1,058) | (17) | - | 1,098 | (26) | 20 | (6) |
| Total change in ownership interests in subsidiaries | - | (49) | (1,058) | (17) | - | 1,098 | (26) | 20 | (6) |
| Total transactions with owners | - | 15 | (1,058) | (17) | - | 1,098 | 38 | (2,640) | (2,602) |
| Balance at June 30, 2012 | 53 | 64,166 | (15,276) | 9,383 | 128 | 30,270 | 88,724 | 65,425 | 154,149 |

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 | | | | | | Non-controlling interest | Total equity | |
|--|--|---------------|---------------------|---------------------|-------------------------|---------|--------------------------|--------------|----------|
| | Share capital | Share premium | Translation reserve | Revaluation reserve | Investment fund reserve | Surplus | | | Total |
| 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 CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011 (Unaudited)**

In thousands of US Dollars

| | <u>June 30, 2012</u> | <u>June 30, 2011</u> |
|---|----------------------|----------------------|
| Cash flows from operating activities | | |
| Profit for the period | 11,199 | 12,907 |
| Adjustments for: | | |
| Depreciation | 1,581 | 1,828 |
| Gain from sale of property, plant and equipment | (185) | (40) |
| Net finance costs | 5,282 | 2,929 |
| Share of profit of equity accounted investees | (1,868) | (1,204) |
| Income tax expense | 4,455 | 5,784 |
| | <u>20,464</u> | <u>22,204</u> |
| Changes in inventories | (16,224) | (12,668) |
| Changes in trade receivables | (9,018) | (18,261) |
| Changes in other current assets | (755) | (740) |
| Changes in trade and other payables | 602 | 2,825 |
| Changes in provision and employee benefits | (213) | 349 |
| Changes in deferred income | (235) | (60) |
| Cash used in operating activities | <u>(5,379)</u> | <u>(6,351)</u> |
| Interest paid | (6,564) | (3,921) |
| Income tax paid | (3,273) | (3,510) |
| Net cash used in operating activities | <u>(15,216)</u> | <u>(13,782)</u> |
| Cash flows from investing activities | | |
| Interest received | 2,193 | 2,465 |
| Proceeds from sale of property, plant and equipment | 41 | 83 |
| Proceeds from sale of investment | 1,334 | 2,471 |
| Acquisition of property, plant and equipment | (2,281) | (247) |
| Net cash generated from investing activities | <u>1,287</u> | <u>4,772</u> |
| Cash flows from financing activities | | |
| Increase in borrowings | 17,843 | 4,228 |
| Proceeds from stock options exercised | 115 | - |
| Distributions to non-controlling interests | (2,711) | (12,172) |
| Net cash from (used in) financing activities | <u>15,247</u> | <u>(7,944)</u> |
| Net increase (decrease) in cash and cash equivalents | <u>1,318</u> | <u>(16,954)</u> |
| Cash and cash equivalents at January 1 | 5,198 | 26,988 |
| Effect of exchange rate fluctuations on cash held | 2,176 | (633) |
| Cash and cash equivalents at June 30 | <u>8,692</u> | <u>9,401</u> |

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, 2012, 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, 2011 (the “2011 Statements”). The 2011 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 15, 2012.

Results for the six month period ended June 30, 2012 are not necessarily indicative of the results that may be expected for the year ending December 31, 2012.

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 the 2011 Statements and as 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 in the 2011 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 2011 Statements and as described therein.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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, 2012

*In thousands of U.S.
Dollars*

| | Sri Lanka | Bangladesh | India | Pakistan | Others | Total |
|-----------------------|------------------|-------------------|--------------|-----------------|---------------|---------------|
| External revenue | 101,155 | 32,403 | 16,288 | 15,410 | 715 | 165,971 |
| Inter-segment revenue | - | - | 976 | - | - | 976 |
| Profit before tax | <u>8,582</u> | <u>3,562</u> | <u>789</u> | <u>388</u> | <u>2,333</u> | <u>15,654</u> |

For the six months ended June 30, 2011

*In thousands of U.S.
Dollars*

| | Sri Lanka | Bangladesh | India | Pakistan | Others | Total |
|-----------------------|------------------|-------------------|--------------|-----------------|---------------|---------------|
| External revenue | 93,109 | 30,859 | 14,440 | 15,513 | 1,056 | 154,977 |
| Inter-segment revenue | - | - | 934 | - | - | 934 |
| Profit before tax | <u>9,261</u> | <u>3,268</u> | <u>730</u> | <u>73</u> | <u>5,359</u> | <u>18,691</u> |

There is no material change in the operating segments' total assets as compared to the amounts disclosed in the 2011 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, 2012 was 29 percent (six months ended June 30, 2011: 32 percent).

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 SVP Holdings, Ltd. (the “SVP Notes”) in the amount of USD 21,598 thousand as at June 30, 2012 (December 31, 2011: USD 26,813 thousand).

In June 2012, as part of an increase and extension of the financing facilities at SVP, ReHo agreed to extend the maturity of the SVP Notes from February 2014 to September 2018. The interest rate on the SVP Notes remains at 12% with a minimum cash interest payment of 7% of the outstanding principal. Concurrent with the refinancing, SVP made a cash payment to ReHo of USD 5,000 thousand in consideration of a reduction in the principal amount of the SVP Notes by USD 5,882 thousand, representing a 15% discount to notional value.

9 Share capital

Issuance and repurchase of ordinary shares

During the six months ended June 30, 2012, no ordinary shares were issued and none were repurchased.

As of June 30, 2012, 5,306,699 shares are issued and outstanding.

10. Loans and borrowings

| <i>In thousands of U.S. Dollars</i> | Currency | Interest rate nominal | Face value | Carrying amount | Year of maturity |
|-------------------------------------|-----------------|----------------------------------|-----------------------|----------------------------|-----------------------------|
| Balance at January 1, 2012 | | | | 75,820 | |
| New Issues | | | | | |
| Secured bank loans | PKR | 13.5% | 317 | 317 | 2016 |
| Unsecured bank loans | SLR | 14.8% | 7,028 | 7,028 | - |
| Debentures | SLR | 13.1% | 2,995 | 2,995 | 2015 |
| Repayments | | | | | |
| Unsecured bank loans | INR | 12.0% | (1) | (1) | - |
| Secured bank loans | PKR | 14.2% | (459) | (459) | - |
| Finance Leases | PKR | 13.4%-16.4% | (129) | (129) | - |
| Secured bank loan | SLR | 15.5% | (175) | (175) | - |
| Public Deposits | SLR | 13.4% | (1,533) | (1,533) | - |
| Debentures | SLR | 13.3% | (1,748) | (1,748) | 2012-2013 |
| Promissory Notes | SLR | 10.0% | (318) | (318) | 2013 |
| Other | SLR | 6.5% | (11) | (11) | 2014 |
| Balance at June 30, 2012 | | | | <u>81,786</u> | |

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, 2012 and 2011, and the audited, consolidated financial statements of the Company for the twelve months ended December 31, 2011.

Results of Operations

Six months ended June 30, 2012 and June 30, 2011

Company operating results and profit excluding one-time items increased in the first six months of 2012 as compared with the same period prior year, reflecting further improvements in the Singer Asia operations and market position. Company profit for the period including one-time items declined, however, as a result of a \$3.4 million drop in other income.

For the six months ended June 30, 2012, Company consolidated revenue was \$166.0 million compared to consolidated revenue of \$155.0 million for the same period in 2011, an increase of 7.1%. Revenue at the retail operating units in Bangladesh, Pakistan and Sri Lanka increased by 6.8% to \$149.0 million for the first six months of 2012. This growth in dollar revenue was achieved despite significant local currency depreciations. Measuring in local currency, revenue in Bangladesh, Pakistan and Sri Lanka increased by 19.0%, 6.5% and 22.7%, respectively, for the first six months of 2012. Revenue at the Company's unconsolidated affiliate in Thailand increased by 23.3% to \$46.7 million, while revenue at the India wholesale operating units increased by 12.8% to \$16.3 million.

The Company's revenue for the first six months of 2012 includes \$15.5 million of finance earnings on consumer credit sales compared to \$11.9 million of such earnings for the same period in 2011. The more rapid growth in finance earnings compared to total revenue reflects the somewhat higher proportion of credit sales compared to cash sales in 2012.

Gross profit for the six months ended June 30, 2012 was \$55.3 million, representing a gross profit margin of 33.3%, as compared to \$52.3 million and a gross profit margin of 33.7% for the six months ended June 30, 2011. The decline in gross profit margin is mainly due to a lag in adjusting local currency prices to compensate for the impact of currency depreciation on the price of imports, compensated, in part, by an increase in finance income as a proportion of total revenue.

Other income for the six months ended June 30, 2012 was \$1.2 million as compared to \$4.6 million for the six months ended June 30, 2011. Other income in 2012 includes a gain of \$0.9 million from a sale of shares of Singer Thailand, offset by a \$0.9 million loss from a sale of \$5.9 million of the SVP Notes. Other income in 2011 includes a gain of \$3.4 million from the settlement of a legal case, \$1.0 million from the sale of shares of Singer Thailand and \$0.4 million from a liquidation settlement.

Selling and administrative expenses ("S&A") for the six months ended June 30, 2012 were \$35.8 million, representing 21.6% of revenue, as compared to \$34.9 million and 22.5% of revenue for the six months ended June 30, 2011. The decline in S&A relative to revenue reflects both the Company's continuing effort to control costs and the impact of local currency depreciation on local expenses.

Other expenses, primarily royalty paid to SVP for the use of the Singer trademark by Singer Asia and its operating companies, were \$1.7 million and \$1.6 million for the six months ended June 30, 2012 and June 30, 2011, respectively, reflecting the increase in revenue.

Results from operating activities for the six months ended June 30, 2012 were a profit of \$19.1 million, compared to \$20.4 million for the same period in 2011. The drop in results from operating activity is largely due to the decline in other income, offset, in part, by the growth in revenue and gross profit.

Net finance costs for the six months ended June 30, 2012 were \$5.3 million as compared to \$2.9 million of such costs for the same period in 2011. The increase in net finance costs primarily reflects higher debt levels as a result of the growth in the business and of working capital, the substantial distribution paid last year and higher interest rates, particularly in Sri Lanka.

Share of profit of equity accounted investees was \$1.9 million and \$1.2 million for the six months ended June 30, 2012 and June 30, 2011, respectively. The increase is due to the growth in profits at Singer Thailand.

The Company's profit before income tax was \$15.7 million for the six months ended June 30, 2012 compared to \$18.7 million in pre-tax profit for the same period in 2011. The lower profit before income tax reflects the flow through of the decline in results from operating activities and higher net finance costs.

Income tax expense was \$4.5 million for the six months ended June 30, 2012 compared to \$5.8 million for the six months ended June 30, 2011. This represents a decline in the effective tax rate from 31.5% in 2011 to 28.9% in 2012. The drop in the effective tax rate is largely due to a reduction in the income tax rate in Sri Lanka, the Company's largest market, from 35% to 28%, offset, in part, by a shift in profit from ReHo, which is incorporated in Curacao, a low income tax jurisdiction, to the operating units.

For the six months ended June 30, 2012, the Company's net profit was \$11.2 million compared to a net profit of \$12.9 million for the same period in 2011. Excluding other income, the Company's net profit grew to \$10.0 million in the first six months of 2012 from \$8.3 million in the same period prior year, an increase of 20.2%.

The profit attributable to equity holders of the Company was \$5.1 million for the six months ended June 30, 2012 as compared to \$8.2 million for the same period prior year. A profit of \$6.1 million is attributable to minority shareholders for the six months ended June 30, 2012 as compared to \$4.7 million for the six months ended June 30, 2011. The much lower percentage of Company profit attributable to equity holders of the Company in the first half of 2012 as compared to the same period prior year, 45.4% and 63.7%, respectively, reflects a shift in profit mix from ReHo to the Singer Asia operating companies, primarily because of the change in the mix of other income.

The profit attributable to ReHo shareholders is equivalent to basic earnings and diluted earnings per share of \$0.96 for the six months ended June 30, 2012 as compared to basic and diluted earnings per share of \$1.55 per share for the same period prior year.

Liquidity and Capital Resources

Six Months Ended June 30, 2012

For the six months ended June 30, 2012, the Company had a net cash outflow from operations of \$5.4 million. This is primarily due to the \$24.6 million increase in net working capital (changes in inventories, receivables and payables) offset, in part, by the \$11.2 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, 2012 was an inflow of \$1.3 million, primarily reflecting interest received of \$2.2 million and \$1.3 million of proceeds from the disposal of a small shareholding in Singer Thailand. Cash used to acquire of property, plant and equipment amounted to \$2.3 million.

Dividends paid by the Company to non-controlling interests during the six months ended June 30, 2012 utilized \$2.7 million of cash.

Net loan borrowings increased by \$17.8 million during the first six months of 2012.

The net effect of the cash flow movements and exchange rate fluctuations was to increase the Company's cash and cash equivalents by \$3.5 million for the six months ended June 30, 2012. As a result, cash and cash equivalents, net of bank overdrafts, increased from \$5.2 million as at December 31, 2011 to \$8.7 million as at June 30, 2012. Cash and cash equivalents at ReHo corporate increased from \$2.9 million as at December 31, 2011 to \$9.8 million as at June 30, 2012.

Current assets less current liabilities as at June 30, 2012 were \$61.1 million compared to \$53.6 million as at December 31, 2011, an increase of \$7.5 million.

For a discussion of liquidity and capital resources during 2011, see the Company's 2011 Annual Report, dated March 26, 2012.

Neither the Company nor Singer Asia nor any of the Company's other subsidiaries were in default at June 30, 2012, at December 31, 2011, or at any time during 2012 or 2011 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, amounts spent on research and development for the six months ended June 30, 2012 and 2011 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, 2012 and June 30, 2011.

Market Risks

The Company is exposed to default risk. ReHo is owed principal and interest pursuant to the terms of the SVP Notes. The issuer of the Notes is current in all of its obligations to ReHo. A significant economic downturn, changes in consumer preferences or other developments 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, a significant 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 new 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.