

SUMMARY SEMI-ANNUAL REPORT

Retail Holdings N.V.

**For the Semi-Annual Period Ended
June 30, 2013**

ABOUT RETAIL HOLDINGS

Retail Holdings N.V. (“ReHo”, together with its subsidiaries, the “Company”) is a holding company with three principal assets: 1) a 55.87% 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 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, 2012, and all prior financial statements since September 2000, together with the Auditor’s Reports thereon; the 2012 Annual Report dated March 2013, 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, 2013, 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 118 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. Box43006, Providence, Rhode Island, 02940-3006, 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 a subsidiary of 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 2012 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 2013.

As described in greater detail in the Company's 2012 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

Page

Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim Statement of Financial Position	5
Condensed Consolidated Interim Statement of Income	6
Condensed Consolidated Interim Statement of Comprehensive Income	7
Condensed Consolidated Interim Statement of Changes in Equity	8
Condensed Consolidated Interim Statement of Cash Flows	10
Notes to the Condensed Consolidated Interim Financial Statements	11

PART II

Management's Summary Discussion and Analysis of Financial Position and Results of Operations, Six Months Ended June 30, 2013 and June 30, 2012	16
--	----

PART I

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION JUNE 30, 2013 (Unaudited) AND DECEMBER 31, 2012 (Restated)

In thousands of US Dollars

	<u>Notes</u>	<u>June 30, 2013</u>	<u>Restated December 31, 2012</u>
ASSETS:			
Property, plant and equipment		60,816	60,495
Intangible assets		6,679	6,735
Trade and other receivables due in excess of one year	8	76,422	75,236
Deferred tax assets		5,213	3,497
Other non-current assets		9,851	9,022
Total non-current assets		158,981	154,985
Inventories		88,280	87,294
Trade and other receivables		139,351	125,478
Cash and cash equivalents		28,634	19,649
Other current assets		19,148	12,056
Total current assets		275,413	244,477
Total assets		434,394	399,462
EQUITY			
Share capital	9	53	53
Share premium		50,758	50,758
Reserves		(3,376)	(2,502)
Surplus		44,219	37,559
Equity attributable to owners of the Company		91,654	85,868
Non-controlling interest		101,187	98,334
Total equity		192,841	184,202
LIABILITIES			
Loans and borrowings over one year	10	58,140	37,229
Employee benefits		12,633	12,503
Deferred income over one year		162	164
Warranty provision over one year		579	458
Deferred tax liabilities		2,216	2,842
Other non-current liabilities		6,467	5,858
Total non-current liabilities		80,197	59,054
Bank overdraft		20,427	22,471
Current tax liability		1,570	1,408
Loans and borrowings	10	81,403	81,301
Trade and other payables		55,005	48,153
Deferred income		1,032	1,019
Warranty provision		1,919	1,854
Total current liabilities		161,356	156,206
Total liabilities		241,553	215,260
Total equity and liabilities		434,394	399,462

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012 (Unaudited)**

In thousands of US Dollars except per Share data

	<u>Notes</u>	<u>June 30, 2013</u>	<u>Restated June 30, 2012</u>
Revenue		229,293	212,679
Cost of sales		139,902	131,468
Gross profit		89,391	81,211
Other income		1,265	(24)
Selling and administrative expenses		(62,843)	(56,039)
Other expenses		(1,660)	(1,660)
Results from operating activities		26,153	23,488
Finance income		1,972	2,208
Finance costs		(10,069)	(8,233)
Net finance costs		(8,097)	(6,025)
Profit before income taxes		18,056	17,463
Income tax expense	7	(1,420)	(4,654)
Profit for the period		16,636	12,809
Attributable to:			
Owners of the Company		5,741	4,604
Non-controlling interest		10,895	8,205
Profit for the period		16,636	12,809
Earnings per share (U.S. Dollars)			
Basic and diluted earnings per share		1.08	0.87

RETAIL HOLDINGS N.V. AND SUBSIDIARIES**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012 (Unaudited)***In thousands of US Dollars*

	June 30, 2013	Restated June 30, 2012
Profit for the period	16,636	12,809
Other comprehensive income		
Foreign currency translation differences for foreign operations	(1,455)	(8,629)
Other comprehensive income for the period, net of income tax	(1,455)	(8,629)
Total comprehensive income for the period	15,181	4,180
Total comprehensive income attributable to:		
Owners of the Company	4,901	768
Non-controlling interest	10,280	3,412
Total comprehensive income for the period	15,181	4,180

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

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

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	83,236	170,839
Total comprehensive income for the period									
Profit	-	-	-	-	-	4,604	4,604	8,205	12,809
Other comprehensive income									
Foreign currency translation differences	-	-	(3,888)	52	-	-	(3,836)	(4,793)	(8,629)
Transfer to retained earnings	-	-	-	(56)	-	56	-	-	-
Transfer to legal reserve	-	-	-	-	35	(35)	-	-	-
Total other comprehensive income	-	-	(3,888)	(4)	35	21	(3,836)	(4,793)	(8,629)
Total comprehensive income for the period	-	-	(3,888)	(4)	35	4,625	768	3,412	4,180
Transactions with owners, recognized directly in equity									
Contributions by and distributions to owners of the Company									
Share options exercised by Singer Asia Ltd employees	-	64	-	-	-	-	64	51	115
Total contributions by and distributions to owners of the Company	-	64	-	-	-	-	64	51	115
Transactions with non-controlling interests of subsidiaries, recognized directly in equity									
Contributions by and distributions to non-controlling interests of subsidiaries									
Distribution to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(3,674)	(3,674)
Total contributions by and distributions to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(3,674)	(3,674)
Changes in ownership interests in subsidiaries									
Divestment of interests in subsidiaries	-	(49)	(1,224)	(75)	-	1,637	289	932	1,221
Total change in ownership interests in subsidiaries	-	(49)	(1,224)	(75)	-	1,637	289	932	1,221
Total transactions with owners of the Company	-	15	(1,224)	(75)	-	1,637	353	(2,691)	(2,338)
Balance at June 30, 2012	53	64,166	(15,276)	9,383	128	30,270	88,724	83,957	172,681

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED June 30, 2013 (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, 2013	53	50,758	(14,456)	11,789	165	37,559	85,868	98,334	184,202
Total comprehensive income for the period									
Profit	-	-	-	-	-	5,741	5,741	10,895	16,636
Other comprehensive income									
Foreign currency translation differences	-	-	(813)	(27)	-	-	(840)	(615)	(1,455)
Transfer to retained earnings	-	-	-	(106)	-	106	-	-	-
Transfer to legal reserve	-	-	-	-	61	(61)	-	-	-
Total other comprehensive income	-	-	(813)	(133)	61	45	(840)	(615)	(1,455)
Total comprehensive income for the period	-	-	(813)	(133)	61	5,786	4,901	10,280	15,181
Transactions with non-controlling interests of subsidiaries, recognized directly in equity									
Contributions by and distributions to non-controlling interests of subsidiaries									
Distribution to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(7,614)	(7,614)
Total contributions by and distributions to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(7,614)	(7,614)
Changes in ownership interests in subsidiaries									
Divestment of interests in subsidiaries	-	-	11	-	-	874	885	187	1,072
Total change in ownership interests in subsidiaries	-	-	11	-	-	874	885	187	1,072
Total transactions with owners of the Company	-	-	11	-	-	874	885	(7,427)	(6,542)
Balance at June 30, 2013	53	50,758	(15,258)	11,656	226	44,219	91,654	101,187	192,841

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012 (Unaudited)**

In thousands of US Dollars

	June 30, 2013	Restated June 30, 2012
Cash flows from operating activities		
Profit for the period	16,636	12,809
Adjustments for:		
Depreciation	2,271	1,840
Amortization of intangible assets	43	38
Gain from sale of property, plant and equipment	(104)	(95)
Net finance costs	8,097	6,025
Income tax expense	1,420	4,654
	28,363	25,271
Changes in:		
- Inventories	(2,209)	(17,581)
- Trade receivables	(19,367)	(15,093)
- Other current assets	(7,569)	(792)
- Trade and other payables	4,815	1,924
- Provision and employee benefits	130	32
- Deferred income	11	(235)
	4,174	(6,474)
Cash from / (used in) operating activities		
Interest paid	(9,875)	(7,303)
Income tax paid	(3,159)	(3,273)
	(8,860)	(17,050)
Net cash used in operating activities		
Cash flows from investing activities		
Interest received	1,972	2,208
Proceeds from sale of property, plant and equipment	985	41
Proceeds from sale of investment	1,845	1,334
Acquisition of property, plant and equipment	(4,550)	(2,622)
	252	961
Net cash generated from investing activities		
Cash flows from financing activities		
Increase in borrowings	24,760	18,995
Proceeds from stock options exercised	-	115
Distributions to non-controlling interests	(7,614)	(3,674)
	17,146	15,436
Net cash from financing activities		
Net increase (decrease) in cash and cash equivalents	8,538	(653)
Cash and cash equivalents at January 1	(2,822)	9,452
Effect of exchange rate fluctuations on cash held	2,491	1,771
	8,207	10,570
Cash and cash equivalents at June 30		

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, 2013, comprise ReHo and its subsidiaries (together referred to as the “Company”).

2. Statement of compliance

These condensed, consolidated, interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (the “IASB”). 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, 2012 (the “2012 Statements”). The 2012 Statements 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 October 4, 2013.

Results for the six month period ended June 30, 2013 are not necessarily indicative of the results that may be expected for the year ending December 31, 2013.

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 2012 Statements and as described therein.

In the current interim period, the Company has, for the first time, adopted a number of new or revised IFRS and interpretations issued by the IASB.

Except as described below, the application of the new or revised IFRSs in the current interim period has no material effect on the amounts reported in these interim financial statements and/or disclosures set out in these interim financial statements.

IFRS 10 Consolidated Financial Statements

This new standard establishes the principles to determine whether an investee should be consolidated. The adoption of IFRS 10 has required the Company to re-consolidate Singer Thailand Public Company Limited (“Singer Thailand”) which ceased to be consolidated when the Company’s shareholding therein was reduced to below 50% in December 2009. The financial impact on the Company for the six months ended June 30, 2012 is as follows:

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

	For the six months ended June 30, 2012		
	As published	Restatement adjustment	Restated
<u>Statement of Income</u>			
Revenue	165,971	46,708	212,679
Profit before income taxes	15,654	1,809	17,463
Income tax expense	(4,455)	(199)	(4,654)
Profit for the period	11,199	1,610	12,809
Attributable to:			
Owners of the Company	5,085	(481)	4,604
Non-controlling interest	6,114	2,091	8,205
Profit for the period	11,199	1,610	12,809

The financial impact of adopting IFRS 10 on the Company's results for the six months ended June 30, 2012 was to increase its revenue, expenses, profit and profit attributable to non-controlling interest, but reduce the profit attributable to owners of the Company as profit arising from the disposal of equity interests in Singer Thailand previously recognized as income is now recognized as a movement in equity. IFRS 10's impact to the Company's financial position is to increase its total assets and total liabilities, but has no effect on the total equity attributable to owners of the Company.

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 2012 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 2012 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, 2013

<i>In thousands of US Dollars</i>	Sri Lanka	Bangladesh	India	Pakistan	Thailand	Unallocated Amounts	Inter- segment Elimination	Total
External revenue	99,210	34,595	18,296	13,031	63,263	898	-	229,293
Inter-segment revenue	-	-	-	-	-	-	-	-
Profit before tax	4,729	2,598	833	446	8,049	11,827	(10,426)	18,056
Total assets	191,533	56,794	11,490	28,566	105,704	264,226	(223,919)	434,394
Total liabilities	138,802	24,645	5,248	20,119	61,042	3,719	(12,022)	241,553

For the six months ended June 30, 2012

<i>In thousands of US Dollars</i>	Sri Lanka	Bangladesh	India	Pakistan	Thailand	Unallocated Amounts	Inter- segment Elimination	Total
External revenue	101,155	32,403	16,288	15,410	46,708	715	-	212,679
Inter-segment revenue	-	-	-	-	-	2	(2)	-
Profit before tax	8,582	3,562	789	388	4,534	7,121	(7,513)	17,463
Total assets	165,467	49,046	7,901	29,597	77,983	276,400	(230,778)	375,616
Total liabilities	118,407	19,571	5,941	21,120	45,415	2,125	(9,644)	202,935

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL 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, 2013 was 8 percent (six months ended June 30, 2012: 27 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 SVP Holdings, Ltd. (the "SVP Notes") in the amount of USD 22,692 thousand as at June 30, 2013 (December 31, 2012: USD 22,138 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, 2013, no ordinary shares were issued and none were repurchased.

As of June 30, 2013, 5,295,449 shares are issued and outstanding.

10. Loans and borrowings

<i>In thousands of US Dollars</i>	Currency	Interest rate nominal	Face value	Carrying amount	Year of maturity
Balance at January 1, 2013				118,530	
New Issues					
Secured bank loans	SLR	14.5%	101	101	2013
Unsecured bank loans	SLR	13.0%	2,645	2,645	-
Unsecured bank loans	THB	4.9%	7,228	7,228	-
Public Deposits	SLR	15.1%	4,346	4,346	-
Promissory Notes	SLR	10.0%	1,915	1,915	2014-2016
Debentures	SLR	14.5%	11,485	11,485	2016
Debentures	THB	5.2%	10,279	10,279	2016
Repayments					
Unsecured bank loans	INR	12.0%	(1)	(1)	-
Secured bank loans	PKR	10.6%	(514)	(514)	-
Finance Leases	PKR	13.4%-16.4%	(32)	(32)	-
Secured bank loan	SLR	15.0%	(2,271)	(2,271)	-
Debentures	SLR	16.9%	(407)	(407)	2013
Debentures	THB	5.3%	(5,212)	(5,212)	2013
Promissory Notes	SLR	14.8%	(8,549)	(8,549)	2013
Balance at June 30, 2013				<u>139,543</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, 2013 and 2012, and the audited, consolidated financial statements of the Company for the twelve months ended December 31, 2012.

Comparative information has been restated following adoption of new and revised IFRS (see Note 3 to the unaudited, consolidated, interim financial statements of the Company for the six months ended June 2013 and 2012).

Results of Operations

Six months ended June 30, 2013 and June 30, 2012

The Company's revenue and profit increased in the first six months of 2013, as compared with the same period prior year, reflecting continued growth and improvement in the Singer Asia operations.

For the six months ended June 30, 2013, Company consolidated revenue was \$229.3 million, compared to consolidated revenue of \$212.7 million for the same period in 2012, an increase of 7.8%. Revenue at Thailand, India and Bangladesh grew by 35.4%, 12.3% and 6.8%, respectively, which more than offset the decrease in revenue at Sri Lanka of 1.9% and Pakistan of 15.4%.

The Company's revenue for the first six months of 2013 includes \$29.4 million of finance earnings on consumer credit sales, compared to \$24.9 million of such earnings for the same period in 2012. The more rapid growth in finance earnings compared to total revenue reflects the somewhat higher proportion of credit sales compared to cash sales than in 2012, due largely to the relatively more rapid revenue growth in Thailand, which has the highest proportion of credit sales.

Gross profit for the six months ended June 30, 2013 was \$89.4 million, representing a gross profit margin of 39.0%, compared to \$81.2 million and a gross profit margin of 38.2% for the six months ended June 30, 2012. The improvement in gross profit margin is mainly due to the relatively more rapid revenue growth in Thailand, which has the highest gross profit margin.

Other income for the six months ended June 30, 2013 was \$1.3 million as compared to \$nil for the six months ended June 30, 2012. Other income in 2012 includes a \$0.9 million loss from a sale of \$5.9 million of the SVP Notes.

Selling and administrative expenses ("S&A") for the six months ended June 30, 2013 were \$62.8 million, representing 27.4% of revenue, as compared to \$56.0 million and 26.3% of revenue for the six months ended June 30, 2012. The increase in S&A relative to revenue is again mainly due to a shift in the revenue mix to Thailand, which has the highest S&A as a percentage of revenue.

Other expenses, primarily royalty paid to SVP for the use of the Singer trademark by Singer Asia and its operating companies, remains flat, at \$1.7 million for the six months ended June 30, 2013 and June 30, 2012.

Results from operating activities for the six months ended June 30, 2013 were a profit of \$26.2 million, compared to a profit of \$23.5 million for the same period in 2012. The 11.5% increase in results from operating activity is largely due to the growth in revenue and gross profit, partially offset by higher S&A.

Net finance costs for the six months ended June 30, 2013 were \$8.1 million as compared to \$6.0 million of such costs for the same period in 2012. 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 distributions paid to shareholders last year and higher interest rates, particularly in Sri Lanka.

The Company's profit before income tax was \$18.1 million for the six months ended June 30, 2013, compared to \$17.5 million in pre-tax profit for the same period in 2012. The higher profit before income tax reflects the flow through of the increase in results from operating activities, offset, in part, by higher net finance costs.

Income tax expense was \$1.4 million for the six months ended June 30, 2013, compared to \$4.7 million expense for the six months ended June 30, 2012. This represents a decline in the effective tax rate from 26.7% in the 2012 period to 7.9% in the 2013 period. The drop in the effective tax rate is largely due to the recognition of a deferred tax credit from unutilized tax losses in India following the exit of Singer India from BIFR.

For the six months ended June 30, 2013, the Company's net profit was \$16.6 million compared to a net profit of \$12.8 million for the same period in 2012, an increase of 29.7%.

The profit attributable to equity holders of the Company was \$5.7 million for the six months ended June 30, 2013 as compared to \$4.6 million for the same period prior year. A profit of \$10.9 million is attributable to minority shareholders for the six months ended June 30, 2013 as compared to \$8.2 million for the six months ended June 30, 2012. A reduction in the share of profit attributable to the owners of the Company in the first half of 2013 as compared to the same period prior year, 34.5% and 35.9%, respectively, reflects a shift in the profit in favor of Thailand, where the Company's equity ownership is the lowest amongst all subsidiaries.

The profit attributable to ReHo shareholders is equivalent to basic earnings and diluted earnings per share of \$1.08 for the six months ended June 30, 2013 as compared to basic and diluted earnings per share of \$0.87 per share for the same period prior year.

Liquidity and Capital Resources

Six Months Ended June 30, 2013

For the six months ended June 30, 2013, the Company had a net cash outflow from operations of \$8.9 million. This is primarily due to the \$16.8 million increase in net working capital (changes in inventories, receivables and payables) offset, in part, by the \$16.6 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, 2013 was an inflow of \$0.3 million, primarily reflecting interest received of \$2.0 million and \$1.8 million of proceeds from the disposal of a small shareholding in Singer Thailand. Cash used to acquire property, plant and equipment amounted to \$4.6 million.

Dividends paid by the Company to non-controlling interests during the six months ended June 30, 2013 utilized \$7.6 million of cash.

Net loan borrowings increased by \$24.8 million during the first six months of 2013.

The net effect of the cash flow movements and exchange rate fluctuations was to increase the Company's cash and cash equivalents by \$11.0 million for the six months ended June 30, 2013. As a result, cash and cash equivalents, net of bank overdrafts, increased to \$8.2 million as at June 30, 2013. Cash and cash equivalents at ReHo corporate increased from \$1.6 million as at December 31, 2012 to \$6.5 million as at June 30, 2013.

Current assets less current liabilities as at June 30, 2013 were \$114.1 million compared to \$88.3 million as at December 31, 2012, an increase of \$25.8 million.

For a discussion of liquidity and capital resources during 2012, see the Company's 2012 Annual Report, dated March 2013.

Neither the Company nor Singer Asia nor any of the Company's other subsidiaries were in default at June 30, 2013, at December 31, 2012, or at any time during the first six months of 2013 or during 2012 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, 2013 and 2012 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, 2013 and June 30, 2012.

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 SVP 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.