RETAIL HOLDINGS N.V.

2012 SUMMARY
ANNUAL REPORT
MARCH 2013

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NOTES

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

The Company prepares its consolidated financial statements in U.S. dollars, in accordance with International Financial Reporting Standards (“IFRS”). Totals may not add due to rounding.

The Company’s registered office is located at Schottegatweg Oost 44, Willemstad, Curaçao, and its telephone number is 599-9732-2555. Certain administrative matters are handled in the United States by the Company’s subsidiary, NV Adminservice Corporation, located at 118 North Bedford Road, Mt. Kisco, New York 10549, telephone number 914-241-3404 (note: this is a new address). The Company’s share transfer agent is Computershare Shareowner Services LLC at P.O. Box 43006 Providence, Rhode Island, 02940-3006, telephone number 800-851-9677 (or from outside the United States, 1-201-680-6578) (note: this is also a new address). The Company’s website is www.retailholdings.com.

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

The information included in this Summary Annual Report does not purport to be inclusive of all of the information that might be included in a Form 20-F annual report. It only contains summary information that, in the opinion of management, is most relevant for understanding ReHo’s and the Asia Company’s financial results during 2012. All information in this Summary Annual Report is presented as of December 31, 2012, unless otherwise indicated.

CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-LOOKING STATEMENTS

Statements made herein with respect to ReHo's or Singer Asia's current plans, estimates, strategies and beliefs, and other statements that are not historical facts, are forward-looking statements about the future performance of the Company or of the Asia Company. Forward-looking statements include, but are not limited to, those using words such as believe, expect, anticipate, plans, strategy, prospects, forecast, estimate, project, may or might, and words of similar meaning in connection with a discussion of future operations, financial performance, financial position, capital resources, and strategy and plans and objectives of management. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. All forward-looking 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 and may be substantially different than anticipated. The Company cautions that no assurance can be given that expectations reflected in forward-looking statements will prove to be correct, that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and, therefore, that you should not place undue reliance on such forward-looking statements. You should not assume that the information contained in this Summary Report is accurate as of any date other than the date for which the information is presented. You should not rely on any obligation to update or revise any information, including any forward-looking statements, whether as a result of new information, future events or otherwise. The Company and the Asia Company disclaim any such obligation. Risks and uncertainties that might affect the Company and the Asia Company include, but are not limited to: general economic, political and security conditions, particularly in Asia, including levels of consumer spending; exchange rates, particularly between the U.S. dollar and the currencies in which the Asia Company makes significant sales or in which assets and liabilities are denominated; the Asia Company's ability to continue to win acceptance of its products and services, which are offered in highly competitive markets; the Asia's Company's continued ability to collect on outstanding receivables due from retail and wholesale customers; the payment of interest and of principal on the unsecured, subordinated, promissory notes issued to the Company by SVP; continuing relationships with financial institutions, suppliers and other creditors; and the outcome of contingencies.

Important information regarding risks and uncertainties is also set forth elsewhere herein including, without limitation, in the section Certain Risk Factors, and in the audited consolidated financial statements included in Financial Statements.

INFORMATION ABOUT THE COMPANY

Background

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

The Company is a holding company with three principal assets:

1. A 55.9% equity interest in Singer Asia, a company with operations in Bangladesh, India, Pakistan, Sri Lanka and Thailand (described in the section, Information About Singer Asia Limited);

2. Seller notes, arising from the sale of the Singer worldwide sewing business and trademark in September 2004 (with a book value of $22.1 million at December 31, 2012) (described below and in Note 13 to the Financial Statements); and

3. Cash ($1.6 million at December 31, 2012) at ReHo and the ReHo intermediate holding companies; ReHo and the ReHo intermediate holding companies have no external debt outstanding.

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

Singer Asia was formed in 2003 to hold the Company’s interests in the operating companies in Asia. In July 2003, ReHo concluded the placement with a private investment fund, UCL Asia Partners, L.P. (the “Fund”), of a 43.2% minority equity interest in Singer Asia (since reduced to 42.5%). The Fund paid $30.0 million in cash to acquire the stake in Singer Asia. A 1.6% equity interest in Singer Asia is owned by the Asia Company’s Chief Executive Officer as a result of the exercise of a portion of his options (which when fully exercised will represent 4.8% of the equity). ReHo consolidates the Asia Company results in its own financial statements.

In September 2004, ReHo completed the sale of the Singer worldwide sewing business and of the ownership of the SINGER trademark to KSIN Holdings, Ltd., now called SVP Holdings Ltd. (“SVP”), an affiliate of funds managed by Kohlberg & Co., LLC. The total consideration consisted of approximately $65.1 million of cash, $22.5 million of unsecured, subordinated, promissory notes due from KSIN Holdings, Ltd., a subsidiary of SVP and guaranteed by SVP (the “SVP Notes”), and the pay off or assumption by SVP of approximately $47.0 million of sewing-related debt, subject to a post-closing price adjustment. Singer Asia continues to have a royalty bearing license for the use of the SINGER trademark in most Asian countries and Australia/New Zealand and continues to be the exclusive distributor of Singer-brand sewing machines in much of Asia.

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

Strategy and Valuation

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

The Company will seek to grow, to enhance the profitability of, and to increase the potential public market and private sales value of Singer Asia, with the objective of monetizing ReHo's investment in Singer Asia, either through a listing and subsequent sale of the Singer Asia shares or through a sale of the Asia Company or of the shares of the Singer Asia public company subsidiaries and affiliates, either in a single transaction or in a series of transactions. The book value of the Company's investment in Singer Asia at December 31, 2012, attributable to the ReHo shareholders, was $63.8 million. The market value of the shares owned by Singer Asia in its principal operating companies, all of which are public companies, together with the book value of the non-public operations and the $3.1 million in cash at the Singer Asia holding companies at December 31, 2012, totaled $244.9 million, of which $136.8 million is attributable to the ReHo shareholders (assuming no control premium).

The Company will likely retain the SVP Notes until the earlier of a possible sale of SVP, which would require redemption of the Notes, or their maturity, although the Company might consider opportunities to monetize the SVP Notes at an earlier time. In June 2012, concurrent with a refinancing of SVP, the Company sold to SVP $5.9 million of the SVP Notes for a cash consideration of $5.0 million, representing a 15.0% discount to book value. Principal on the SVP Notes at December 31, 2012 was $22.1 million. There is no established market for the SVP Notes.

Pending the ultimate disposition of ReHo's stake in Singer Asia, realization of the principal on the SVP Notes, and the ultimate liquidation of the Company, ReHo's strategy is to minimize holding company personnel and other administrative costs and to use cash in excess of requirements to pay dividends and distributions to shareholders and to purchase Shares.

Dividends/Distributions

During 2007, the Company introduced a dividend/distribution program, paying a special dividend of $1.00 per Share in that year. During 2008, the Company made a distribution to shareholders of $0.75 per Share, during 2009 a distribution of $0.20 per Share, during 2010 a distribution of $0.80 per share, during 2011 a distribution of $2.50 per Share, and during 2012 a distribution of $2.50 per Share, a total dividend/distribution of $7.75 per Share since 2007. The Company's Board of Directors currently anticipates recommending for shareholder approval at the 2013 Annual General Meeting of Shareholders (the "AGM") a proposal to make a distribution to shareholders of $1.00 per Share. It is ReHo's intention to maintain a regular dividend/distribution program.

INFORMATION ABOUT SINGER ASIA LIMITED

Overview

Singer Asia is a Cayman Islands company with operating subsidiaries in the South Asian countries of Bangladesh, India, Pakistan, and Sri Lanka.

The subsidiaries in Bangladesh, Pakistan and Sri Lanka are retail businesses engaged in the retail distribution of a wide variety of consumer durable products, with consumer credit and other financial services available to qualified customers. In each of these markets, Singer Asia operates nationwide chains of Asia Company retail stores, supplemented by an extensive network of wholesale dealers. In Bangladesh, Pakistan and Sri Lanka, Singer Asia is the number one retailer of durables for the home with the largest number of stores. Store size ranges from approximately 200 square feet to approximately 14,360 square feet, with the largest stores in Sri Lanka.

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

The number of retail distribution points by country at December 31, 2012 was as follows:

	Retail Outlets	Distributors and Dealers
Sri Lanka	381	662
Bangladesh	338	1,022
Pakistan	160	235
India	30	798
Total	909	2,717

The Asia Company has an affiliate company in Thailand that is the largest direct (door-to-door) seller of consumer durable products in that market, and a licensee in Malaysia that is the largest direct seller of consumer durables in that country. The Thailand company has 200 direct selling locations that serve as a base for 2,773 canvassers/collectors.

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

ReHo currently owns approximately 55.9% of the equity of Singer Asia, the Fund owns approximately 42.5% of the equity and Mr. Gavin Walker, the Asia Company President and CEO, owns 1.6% of the equity, reflecting the exercise of a portion of his options. Should Mr. Walker exercise all of his options, his equity stake in the Asia Company would increase to approximately 4.8%, the ReHo shareholding would decline to approximately 54.1% and the Fund's stake would decline to approximately 41.1%.

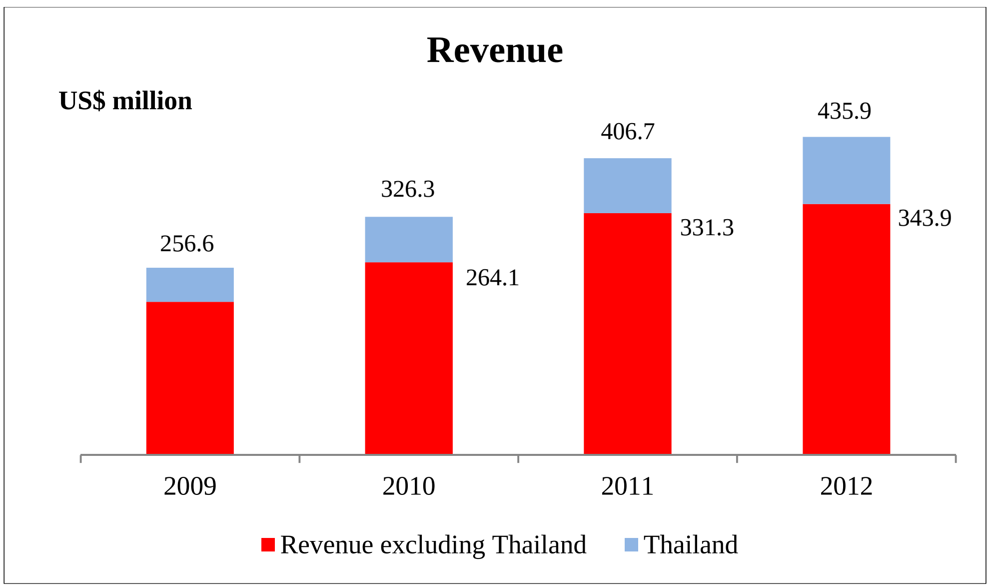
For additional information regarding Singer Asia, see the Singer Asia website: www.singerasia.com.

Strategy and Results

Singer Asia continued to pursue a more expansive strategy in 2012. Consolidated revenue, measured in local currency, increased 17.5% in 2012 compared to 2011. Revenue in local currency increased 15.4% in Sri Lanka, 24.3% in Bangladesh, 2.4% in Pakistan, 32.3% in India and 24.3% in Thailand as compared to prior year.

On account of the depreciation of the currencies of the Singer Asia operating countries as compared to the US Dollar, Singer Asia's consolidated revenue grew at a lower rate when measured in US Dollars, at 3.8% in 2012 as compared to 2011. Revenue growth measured in US Dollars was 0.2% in Sri Lanka, 13.2% in Bangladesh, 15.7% in India and 22.0% in Thailand, while US Dollars revenue decreased 5.0% in Pakistan as compared to prior year.

Singer Asia's consolidated revenue and the revenue of Singer Thailand (Thailand revenue is no longer included in the Singer Asia consolidation from 2010), is shown in the chart below. The compound annual growth rate ("CAGR") of combined revenue over this period is 19.3%. Also see the Operating and Financial Review and the Financial Statements that follow.



Singer Asia will continue its expansive strategy into 2013. The strategy is to:

- Increase the number of retail stores, opening about 60 stores this year, focusing on the rural areas, especially in Bangladesh and Sri Lanka.
- Renovate and modernize the existing retail network (about 120 stores are to be renovated in 2013), including introducing new store layouts and designs.
- Increase the range and penetration of certain products, in particular, furniture and IT products in Sri Lanka, Bangladesh and Pakistan, small appliances in India, and commercial products in Thailand.
- Expand the range of third party brands being sold.
- Extend the range and penetration of the financial services offering, particularly in Bangladesh and Sri Lanka.
- Invest in plant and machinery to enhance local manufacturing and assembly operations, realizing additional duty and tax advantages.
- Expand the existing E-commerce platform to offer products and services to overseas workers from the Singer Asia markets.
- Improve operating profit margins from the levels achieved in 2012, while further driving down the total cost to revenue ratio.
- Maintain the high quality of the consumer credit receivables.
- Improve the investor relations function at each of the public companies.

Singer Asia made several changes in its equity ownership structure during 2012:

- The Singer Asia subsidiary in Sri Lanka, Singer (Sri Lanka) PLC (“Singer Sri Lanka”), increased its equity interest in its wholly-owned subsidiary finance company, Singer Finance (Lanka) PLC from 75.0% to 80.4% by taking up shares not subscribed in a rights issue. Singer Asia similarly increased its equity interest in Regnis Lanka PLC from 53.5% to 58.3%.
- Additional shares in Singer India Limited (“Singer India”) were sold reducing the Asia Company’s stake to 75.0% at December 31, 2012. These sales were undertaken to meet the local stock exchange requirement that a listed company have at least a 25% float.
- Singer Asia sold shares in its affiliate company in Thailand, Singer Thailand Public Company Limited (“Singer Thailand”), reducing the Asia Company’s stake from 45.5% at December 31, 2011 to 41.1% at December 31, 2012. Singer Asia further reduced its stake to 40.0% in January 2013.

Unique Attributes

The unique attributes of Singer Asia include:

- **Number One Retailer of Durables for the Home –** In each of the markets where Singer Asia operates retail stores – Bangladesh, Pakistan and Sri Lanka – the Asia Company is the number one retailer of durables for the home, with broad, often multi-channel distribution and significant market shares across several product categories.

- **Offer of Consumer Credit and Financial Services –** Singer Asia is the leading provider of non-automotive, non-home purchase, consumer credit to middle- and lower-income consumers in Bangladesh, Pakistan, Sri Lanka and Thailand. The Asia Company, including the affiliate operating company in Thailand, have a total of 709,459 active installment accounts and an installment accounts receivable of $157.9 million.

- **Powerful Brand –** Singer Asia has an exclusive, perpetual, royalty-bearing license allowing the Asia Company to use the Singer name and trademark. The brand's strengths include exceptionally high brand awareness, positive emotional consumer tie-in and consumer association with trust, with reliable products for the home and with reasonable prices and available credit.

- **Superior Management –** Singer Asia has the benefit of a very strong management team with exceptional local market knowledge, and with experience with international financial standards.

- **Strong Products Offering –** Singer Asia successfully sources a broad range of competitively featured and competitively priced products from third-party manufacturers, that it markets under the Singer brand. An increasing array of products is also being sold using a variety of other well-known brands, often under exclusive brand distribution arrangement.

- **Public Market Presence –** Eight of the Singer Asia companies – one each in Bangladesh, India, Pakistan and Thailand and four companies in Sri Lanka – are public companies. Public ownership enhances the image and prestige of each of the operating subsidiaries and affiliates in customer, lender and investor perceptions, and, in a few cases, results in lower tax rates.

- **Additional Assets –** Singer Asia has substantial additional assets including unutilized cash and unutilized, confirmed bank facilities. The operating companies also have a large portfolio of owned properties and long-term leaseholds.

Products

Singer Asia distributes a broad range of Household Consumer Durable products classified into the following categories:

Home appliances

Home appliances include; air conditioners, air coolers, dishwashers, freezers, kitchen ranges, refrigerators, washing machines, water purifiers and small appliances such as grinders, irons, kettles, mixers and rice cookers. In the large appliance categories, Singer Asia carries brands such as Singer, Sisil, Beko, Dawlance, Godrej, Haier, Hitachi, Samsung, Videocon and Whirlpool. In the small appliance categories, Singer Asia carries brands such as Singer, Krups, Moulinex, Prestige and Tefal.

Consumer electronics

Consumer electronics include audio equipment, Blu-ray players and home theater systems, DVD Players and televisions. The key brands Singer Asia carries are Singer, Grundig, Haier, Hitachi, Onida, Philips, Samsung, Skyworth, TCL, and Videocon.

IT products

IT products include computer accessories such as monitors, keyboards and printers; computers (both desktop and laptop); mobile products including mobile phones, mobile phone accessories and smart phones; and photography products, such as camcorders, digital cameras and photographic accessories. The key brands Singer Asia carries are Singer, Dell, HTC, Huawei, Microsoft and Samsung.

Furniture

Furniture includes bedroom, dining room and living room sets, book cases, chairs, dressers, headboards, mattresses, office furniture, sofas, tables and wardrobes. The majority of furniture is branded Singer Homes.

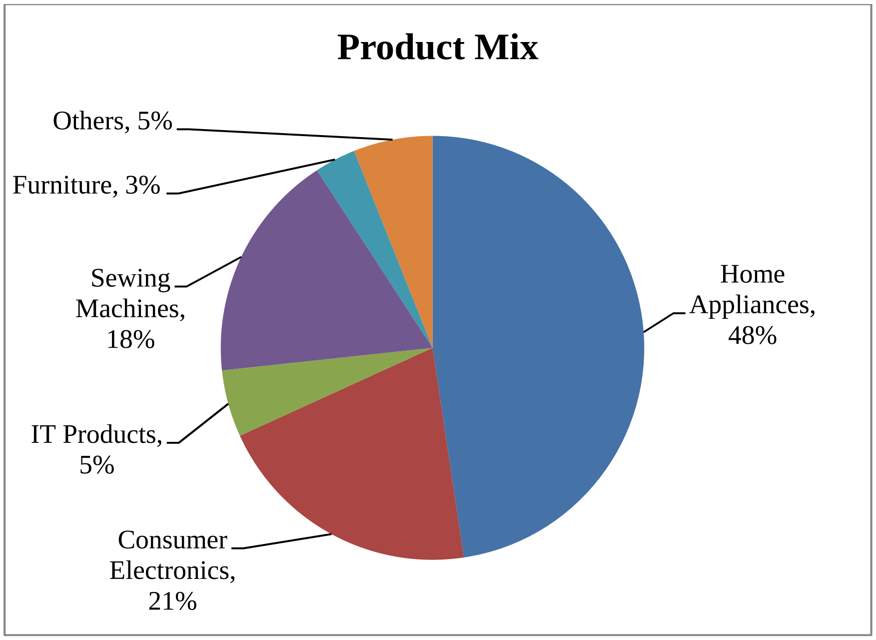
Sewing machines

Sewing machines and sewing related products are generally marketed under the Singer and Merritt brands for both household and commercial use and include straight stitch, zig zag, artisan and industrial models.

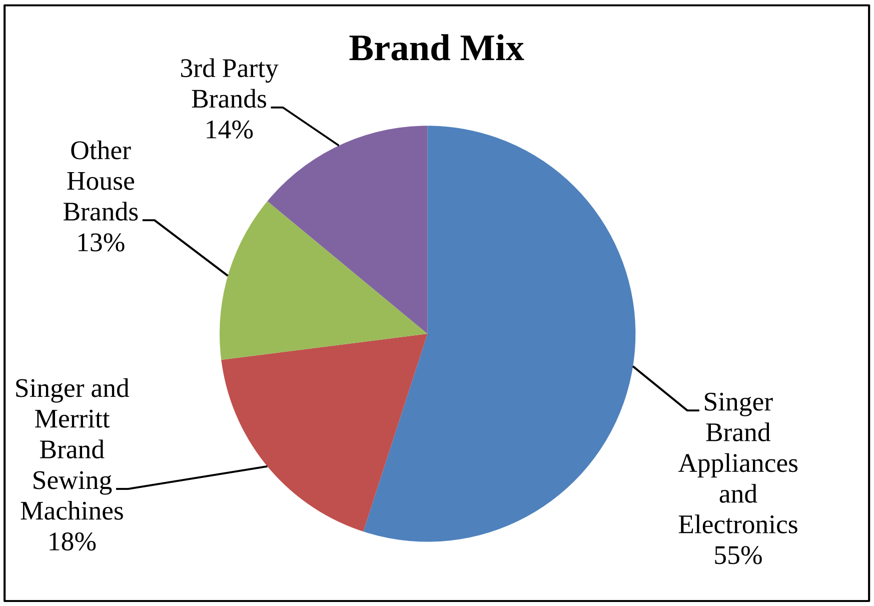
Other products

Other products the Asia Company distributes include agricultural equipment such as paddy threshers, small tractors and water pumps; bicycles; fitness equipment; motorcycles; vending machines and water heaters.

The range of products varies by location, but all of the retail businesses offer a core range of home appliances and consumer electronics. The Asia Company broadens and updates the product offering on a continuing basis.



Most products continue to be sold using the Asia Company's house brands -- Singer, Sisil, Merritt and Unic -- especially the Singer brand, although a meaningful share, especially in Sri Lanka, and, to a lesser extent, in Bangladesh and Pakistan, are now also being sold using a variety of other well-known names, often under exclusive brand distribution arrangements. The Asia Company is an exclusive distributor or co-distributor in certain markets for such well-known brands as Haier, Hitachi, Philips, Samsung, Skyworth, TCL and Whirlpool. Singer Asia recently added distribution in various Singer Asia markets for several prominent Indian brands such as Godrej, Onida and Videocon, the European brands Beko and Grundig, and the Chinese brand Huawei. Reflecting the multi-brand offering, Singer shops in the retail markets have been re-branded "Singer Plus".



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

In some cases, where there are local efficiencies or tax or duty incentives, manufacture or assembly of certain products is carried out by the local Singer Asia operating company, as indicated below:

- Sri Lanka - agricultural and domestic water pumps, furniture, paddy threshers, refrigerators, sewing cabinets and washing machine are manufactured; and motorcycles and sewing machines are assembled.
- Bangladesh - televisions are assembled, furniture manufacturing will commence in 2013.
- Pakistan - freezers, gas appliances, refrigerators and sewing machines are manufactured, and air conditioners, microwaves, televisions and washing machines are assembled.
- India - sewing machines are assembled.

Consumer Credit Operations and Financial Services

Extension of consumer credit has been an integral part of the Company's operations since shortly after the business was founded 160 years ago. Consumer credit is a key element of the sales offering in the emerging markets in which the Asia Company operates as other forms of credit are less readily available for middle- and lower-income consumers in these markets than is the case in more developed countries.

Approximately 44.1% of Singer Asia's sales during 2012 were on credit. In addition to providing a strong impetus to sales, consumer credit continues to be an important component of revenue and profit; finance charges on consumer installments represented approximately 9.3% of the Asia Company's total revenue in 2012.

The Asia Company's credit activities generate installment accounts receivable which are outstanding from three to 36 months and bear interest at rates based upon prevailing consumer interest rates in the various local markets. These accounts receivable are financed by the local Singer Asia companies. It is the Asia Company's consistent practice to finance such accounts receivable by borrowing funds in the country and in the currency where such accounts receivable originate.

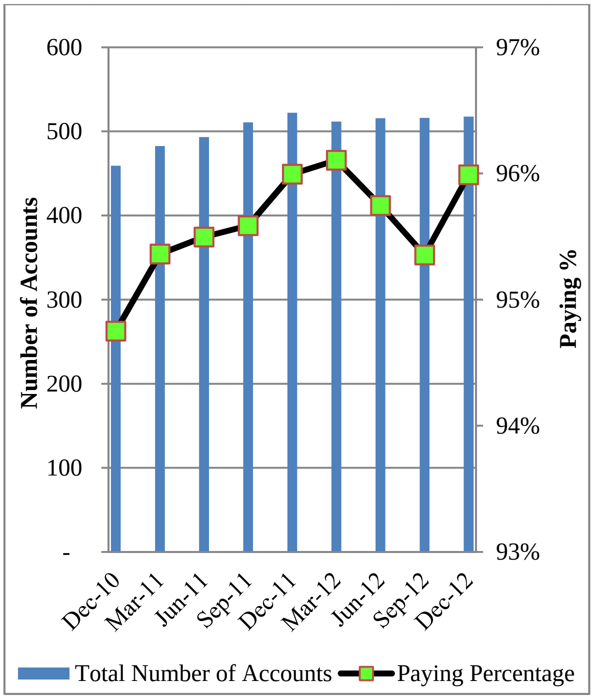
Singer Asia had a total of 547,578 active installment accounts at December 31, 2012, with a total installment accounts receivable, net of unearned finance charges and allowances, of $106.4 million, as detailed below:

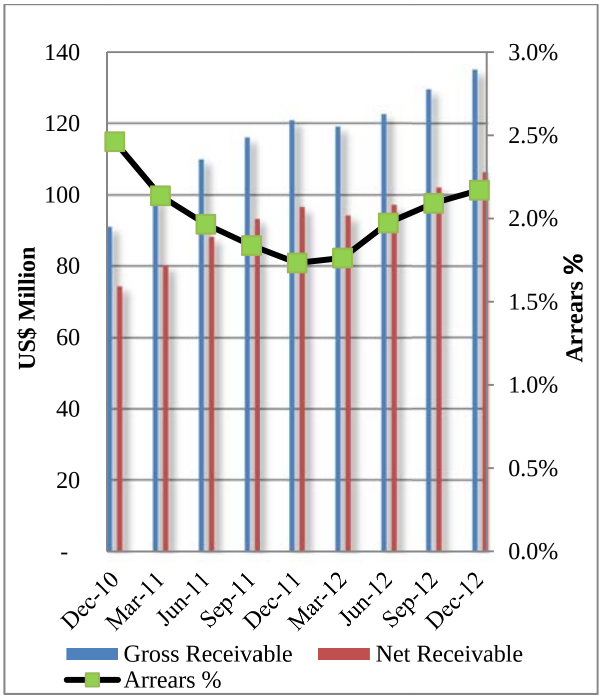
	Number of installment accounts receivable	Net amount of installment accounts receivable ($ millions)
Sri Lanka	342,380	82.6
Pakistan	115,465	10.6
Bangladesh	89,733	13.2
Total	547,578	106.4

At the end of 2012, Singer Thailand, an affiliate, had an additional 161,881 active receivable accounts with a total installment accounts receivable, net of unearned finance charges and allowances, of $51.5 million.

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

Singer Asia's collection experience has been extremely good. The percentage of installment receivables in arrears for the Asia Company at December 31, 2012 was 2.2%, ranging from a low of 1.8% in Sri Lanka to a high of 4.0% in Pakistan.





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

Starting in Sri Lanka, but now including Bangladesh and Pakistan, Singer Asia has significantly broadened the scope of the financial products and services offered to customers. These include bill collection on behalf of utility companies and financial institutions, disbursement of remittances from overseas, and the sale of mobile phone air-time. The Asia Company successfully completed 11.3 million financial services transactions during 2012.

Organizational Structure and Valuation

Singer Asia's investment portfolio of principal operating companies at December 31, 2012 is as follows:

Name	Country of Incorporation	Singer Asia's Economic Interest (%)
Singer Bangladesh Limited	Bangladesh	75.0
Singer India Limited	India	75.0
Singer Pakistan Limited	Pakistan	70.3
Singer (Sri Lanka) PLC	Sri Lanka	86.1
Singer Thailand Public Company Limited	Thailand	41.1

ReHo's economic interest, in each case, is 55.9% of the Asia Company's economic interest.

Offices

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

Bangladesh, Dhaka	5-B, Road #126, Gulshan -1, Dhaka -1212
Hong Kong, PRC	Asia Administration: 7th Floor, Baskerville House, 13 Duddell Street, Central
India, New Delhi	A26/4 IInd Floor, Mohan Co-operative Industrial Area, New Delhi 110044
Pakistan, Karachi	Plot 39, Sector 19, Korangi Industrial Park, Karachi 74900
Sri Lanka, Colombo	No. 80, Nawam Mawatha, Colombo 2
Thailand, Bangkok	72 CAT Telecom Tower, 17th Floor, Charoen Krung Road, Bangkok 10005

Market Valuation

The shares of all of Singer Asia's principal operating companies and of three subsidiaries in Sri Lanka are publicly traded. The public companies and the market value of Singer Asia stakes in the public companies (in turn, 55.9% of which accrue to ReHo) are as follows:

Company	Listing	Value of Singer Asia's Holding at December 31, 2012 ($ millions)
Singer Bangladesh Limited	Dhaka and Chittagong	$ 60.5
Singer India Limited	Bombay	15.0
Singer Pakistan Limited	Karachi and Lahore	6.4
Singer (Sri Lanka) PLC	Colombo	86.6
Other Sri Lanka public subsidiaries	Colombo	6.5
Singer Thailand Public Company Limited	Bangkok	66.5
		$ 241.5

In addition, Singer Asia at December 31, 2012 had a net equity investment of $0.3 million in a 100% owned subsidiary in India and $3.1 million in cash at the holding company. The Singer Asia holding company has no debt outstanding.

Individual Operations - Retail

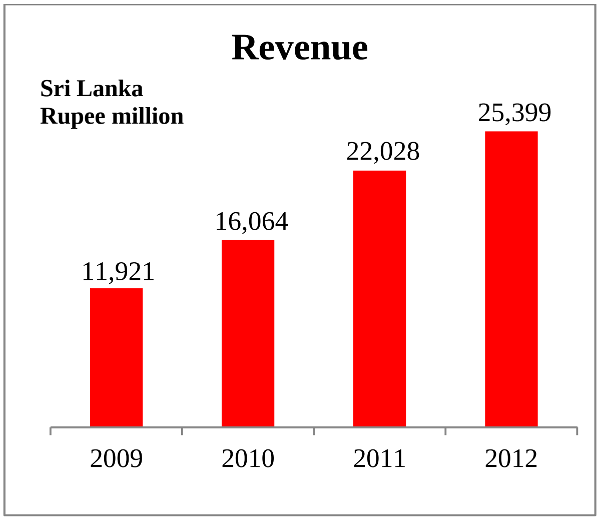
<u>Singer in Sri Lanka</u>

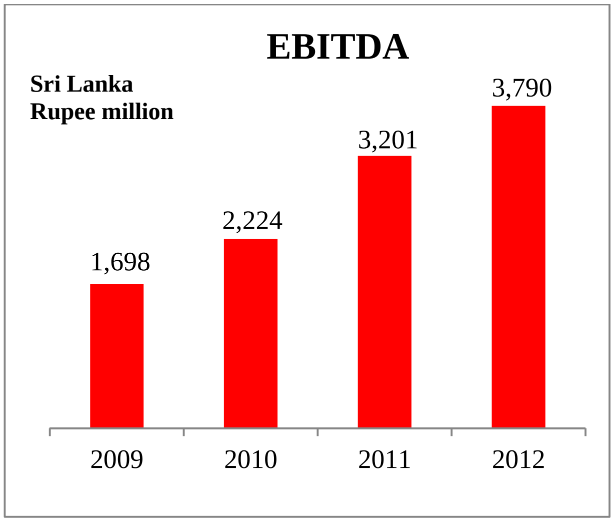
The Singer Sri Lanka group of companies (the "Sri Lanka Group") includes four public companies; Singer (Sri Lanka), Regnis (Lanka) PLC ("Regnis"), Singer Industries (Ceylon) PLC ("Industries") and Singer Finance (Lanka) PLC ("Singer Finance").

Singer Asia currently owns 86.1% of the shares of Singer Sri Lanka; the principal company in the Sri Lanka Group and the marketing arm. Singer Asia also owns controlling stakes (58.3% and 83.6%, respectively) in Regnis, a manufacturer of refrigerators, washing machines and related products, and in Industries, a manufacturer of sewing cabinets and stands and an assembler of sewing machines. A division of Singer Sri Lanka manufactures agricultural and domestic water pumps, furniture and paddy threshers, and assembles motorcycles. Singer Sri Lanka, in turn, owns 80.4% of the equity of Singer Finance, a finance company subsidiary with a deposit taking license. The four companies in Sri Lanka have a total of 1,876 employees. Singer Asia has operated in Sri Lanka since 1877.

Revenue in local currency increased by 15.4% as compared to prior year. Reflecting the sharp depreciation of the Sri Lankan Rupee against the US Dollar, US Dollar revenue increased 0.2% to $199.3 million. Earnings before interest, tax, depreciation and amortisation ("EBITDA") in US Dollars increased to $29.8 million, or by 2.8% in 2012 as compared to 2011.

Revenue in 2010 and 2011 was boosted by more buoyant economic conditions following the end of the civil war and the liberalization of government economic policies. Business conditions were less favourable in 2012 as interest rates and inflation increased and the currency devalued.





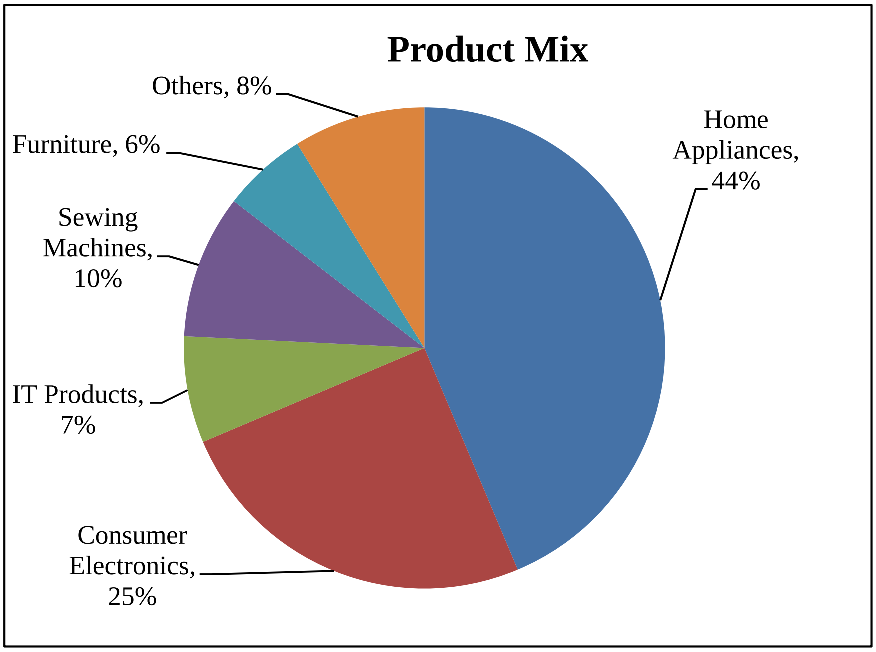
The Sri Lanka Group's strategy is to continue to boost revenue in 2013 and later years, while maintaining profit margins and the Sri Lanka Group's strong balance sheet. Singer Sri Lanka intends to increase the number of sales locations, especially in rural areas and in the recently integrated northern and eastern regions of the country, to broaden and extend the product range, and to increase the financial services product offering and coverage. The Sri Lanka Group has approximately $36.5 million of unutilized, confirmed credit facilities available to help fund expansion.

Singer Sri Lanka operates:

- 304 "Singer Plus" retail stores;
- 14 Singer "Mega" stores, a larger format store offering a wider range of consumer durable brands and products including furniture. One of the Singer Mega stores is the largest consumer durables, department store in the country;
- 49 "Sisil World" retail stores, offering a somewhat different product and brand mix, under the Sri Lanka heritage brand Sisil; and
- 14 "Singer Homes" furniture showrooms, offering a variety of modern and traditional bedroom, dining room and occasional furniture and accessories.

In addition, Singer Sri Lanka has 662 independent dealers.

Singer Sri Lanka is the largest retailer in Sri Lanka of durables for the home with an approximate 30% overall market share and very significant market shares across several product categories including a 55% market share in refrigerators, a 37% market share in washing machines, a 35% market share in televisions, as well as an 80% market share in consumer sewing machines. Sales of non-sewing products represent about 90% of Singer Sri Lanka's total sales. The sales mix is as follows:



Products traditionally have been sold by Singer in Sri Lanka using the Singer brand, recognized again in 2012 as one of Sri Lanka's "Superbrands", and by an A.C. Nielsen countrywide poll, as the "Most Popular Brand in Sri Lanka" for the seventh consecutive year. Singer Sri Lanka over the past several years has introduced additional brands, often under exclusive brand distribution arrangements. Singer Sri Lanka is currently the exclusive distributor or co-distributor in Sri Lanka for Beko, Godrej, Grundig, Hitachi, Huawei, Onida, Philips, Samsung, Skyworth, TCL and Whirlpool, among others.

At the end of 2012, Singer Sri Lanka and Singer Finance had 342,380 active consumer accounts with a total installment accounts receivable, net of unearned finance charges and allowances, of $82.6 million. Only about 1.8% of these installment accounts receivable are in arrears. Singer Sri Lanka operates an active call center and has an extensive customer loyalty program.

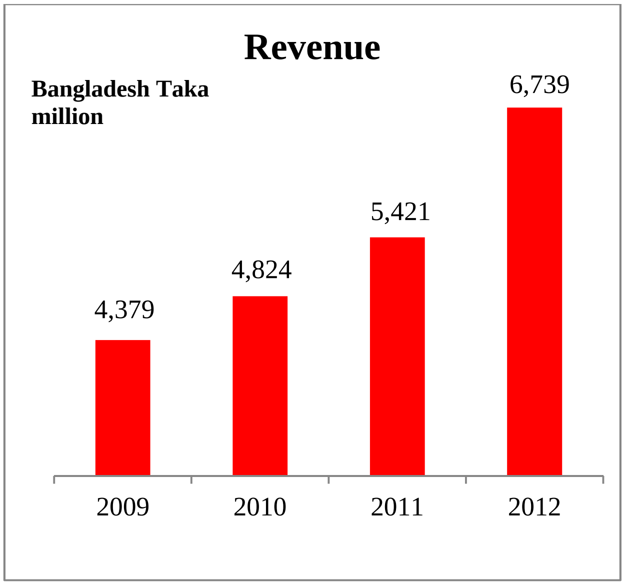
Singer Sri Lanka has over the last several years substantially broadened its financial services offering. Customers can now pay utility and credit card bills, purchase extended warranty and consumer protection plans, purchase mobile phone uploads, receive remittances from overseas, purchase insurance or make deposits at selected Singer Sri Lanka and Singer Finance locations. During 2012, approximately 2.2 million transactions were executed involving these new financial services products, in addition to 4.5 million traditional credit transactions.

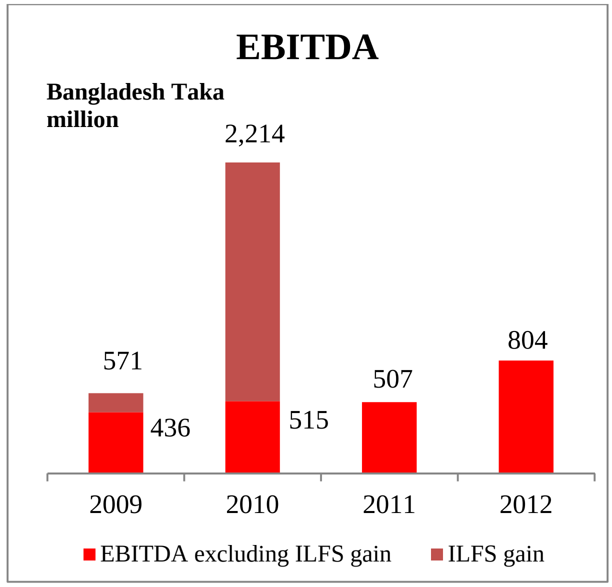
For additional information regarding Singer Asia in Sri Lanka, see the Singer Sri Lanka website: www.singersl.com and the public company annual reports of Singer Sri Lanka, Regnis, Singer Industries and Singer Finance.

Singer Bangladesh

Singer Asia currently owns 75.0% of the shares of the public company, Singer Bangladesh Limited ("Singer Bangladesh"). The Bangladesh company has 969 employees. Singer has operated in the geographic area of Bangladesh since 1870.

Singer Bangladesh's revenue in local currency increased by 24.3% as compared to prior year. Reflecting the Bangladesh currency depreciation, revenue measured in US Dollars grew 13.2% to $82.5 million. EBITDA in US Dollars increased to $9.8 million, or by 44.0% in 2012 as compared to 2011.

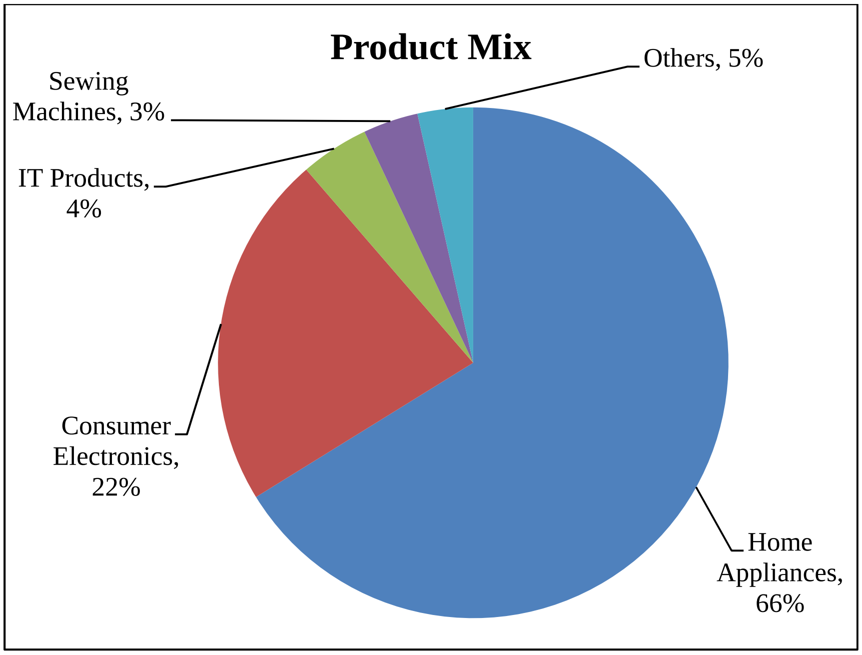




Singer Bangladesh's strategy is to seek to further boost revenue and profit by: increasing the number of sales locations, particularly in rural areas; modernizing and improving existing outlets; improving and broadening the product offering; and expanding the range of financial services offered. The Bangladesh company has approximately $1.2 million in cash plus an additional $18.6 million of unutilized, confirmed credit facilities available to help fund its expansion.

Singer Bangladesh operates 330 Singer Plus retail stores and 8 Mega stores. The Bangladesh company also has 1,022 independent dealers.

Singer Bangladesh is the largest retailer in Bangladesh of durables for the home with an approximate 19% overall market share and significant market shares across several product categories including an 20% market share in refrigerators, a 17% market share in televisions and a 8% market share in washing machines, as well as a 38% market share in consumer sewing machines. Sales of non-sewing products represent approximately 97% of Singer Bangladesh's total sales. The sales mix is as follows:



Products traditionally have been sold in Bangladesh using the Singer brand. During 2005, the Bangladesh company began to offer non-Singer brand home appliances, electronics and motorcycles, some of which brands, such as Godrej, Haier, Huawei, Onida, Samsung, Videocon, and Whirlpool, are being sold under exclusive or co-exclusive brand distribution arrangements.

At the end of 2012, Singer Bangladesh had 89,733 active installment accounts with a total installment accounts receivable, net of unearned finance charges and allowances, of $13.2 million. About 3.5% of Singer Bangladesh's installment accounts receivable are in arrears. Singer Bangladesh operates a call center and has introduced a customer loyalty program.

Singer Bangladesh has its own manufacturing facility that presently assembles televisions and will soon commence furniture manufacturing.

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

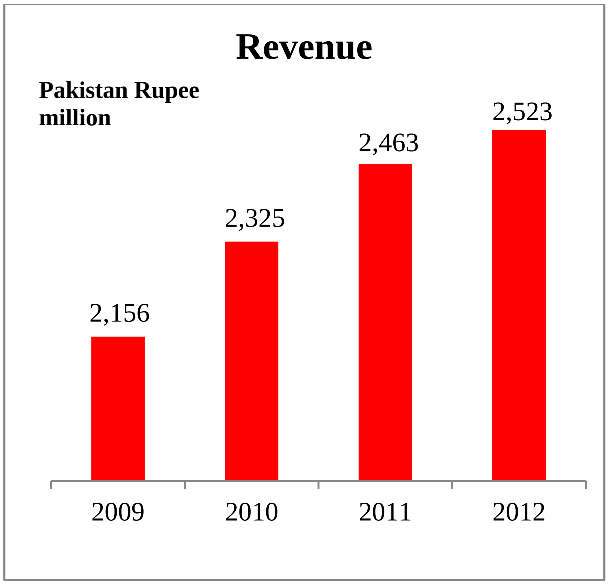
For additional information regarding Singer Bangladesh, see the Singer Bangladesh website: www.singerbd.com and the Singer Bangladesh public company annual report.

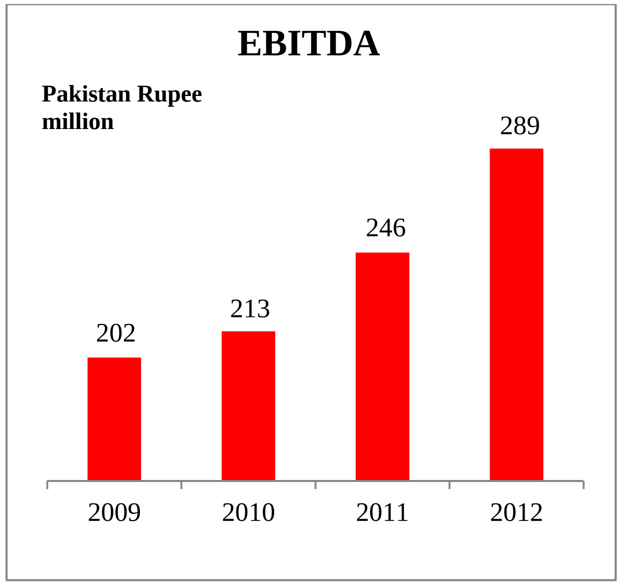
Singer Pakistan

Singer Asia currently owns 70.3% of the shares of the public company, Singer Pakistan Limited ("Singer Pakistan"). The Pakistan company has 1,363 employees. Singer has operated in the geographic area of Pakistan since 1870.

Singer Pakistan's 2012 revenue, in local currency increased by 2.4% as compared to prior year. Reflecting the Pakistan currency depreciation, revenue measured in US Dollar decreased by 5.0% to

$27.1 million compared to 2011. Revenue was adversely affected by unsettled political and security conditions and ongoing economic difficulties. EBITDA in US Dollars increased to $3.1 million, or by 10.4% in 2012 as compared to 2011.

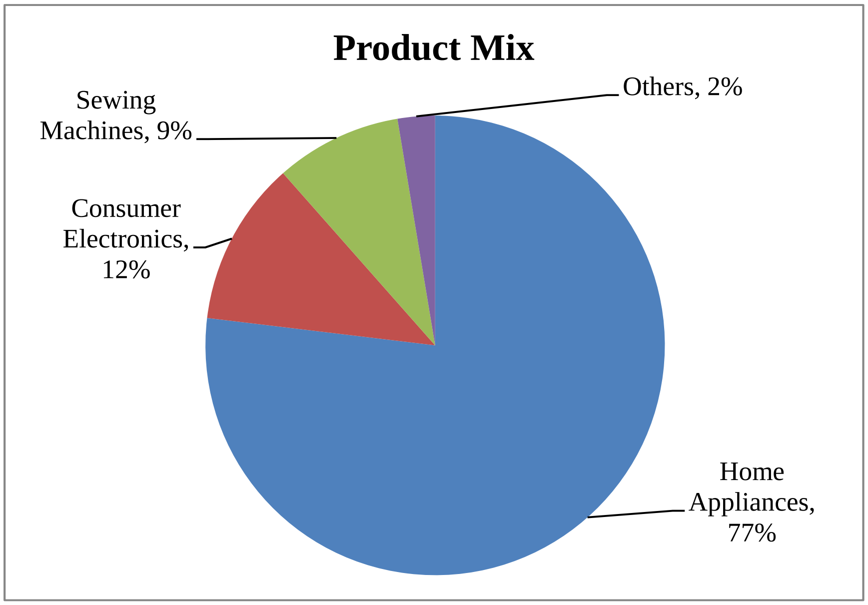




Within the context of the Pakistan environment, Singer Pakistan's strategy is to modestly grow revenue and profit, primarily by improving the product offering, expanding the range of financial services offered, and modernizing and improving existing outlets.

Singer Pakistan operates 160 "Singer Plus" retail stores, supplemented by 235 independent dealers.

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



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

At the end of 2012, Singer Pakistan has 115,465 active installment accounts with a total installment accounts receivable, net of unearned finance charges and allowances, of $10.6 million. About 4.0% of Singer Pakistan's installment accounts receivable are in arrears. Singer Pakistan operates an active call center and has introduced a customer loyalty program.

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

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

Individual Operations - Wholesale and Direct Selling

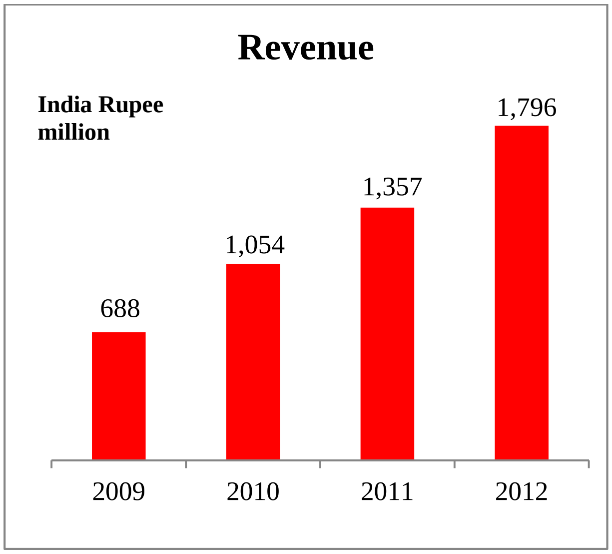
Singer Asia operates a primarily wholesale distribution business in India, and through an affiliate, a direct selling business in Thailand.

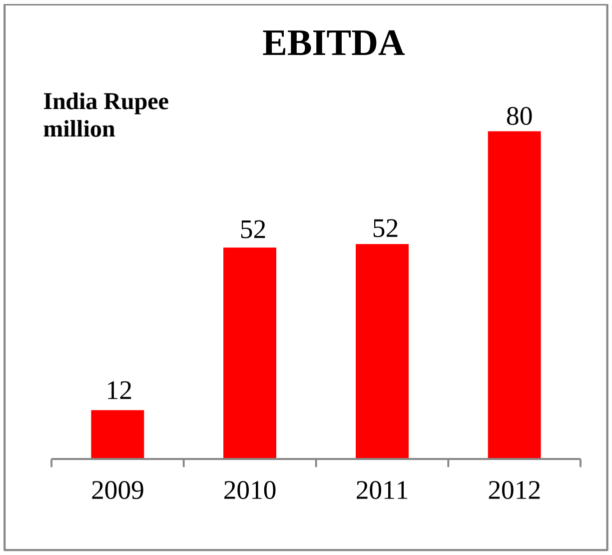
Singer in India

Singer Asia currently owns 75.0% of the public company, Singer India, and also owns 100% of a second Indian company, Brand Trading (India) Pvt. Limited ("BTI"). From March 2009, Singer Asia has sold shares in Singer India, reducing its ownership from 90.1% to the present 75.0% as required to maintain the Singer India stock exchange listing. Singer India and BTI have a total of 136 employees.

In May 2005, Singer India was registered as a "Sick Company" by the Board for Industrial & Financial Reconstruction ("BIFR") pursuant to the Sick Industrial Company's (Special Provisions) Act of 1985. This registration provided certain legal protection against creditors as the Indian company was restructured. In April 2008, BIFR approved a restructuring plan for Singer India. Singer India's secured creditors have approved the plan and have accepted and received a one-time settlement of all amounts due. Singer India exited from BIFR in February 2013.

Singer India's revenue measured in local currency grew by 32.3% as compared to prior year. Reflecting the Indian currency depreciation, revenue measured in US Dollars grew 15.7% to $33.7 million. EBITDA in US Dollars increased $1.5 million, or by 29.8% in 2012 as compared to 2011.





Singer India's strategy is to continue to grow revenue and profit by increasing market share in the domestic sewing market and by growing the small appliance business, a market segment which Singer India reentered in late 2010.

Presently, Singer India sells Singer and Merritt brand consumer sewing machines and other sewing related products to distributors and dealers throughout India, through its own small retail network of 30 "Singer" shops in highly attractive locations in India, and through BTI to certain government agencies and to military canteens. Singer in India has about a 30% share of the organized sewing market. The new small appliance line is being sold by Singer India through a separate network of distributors and dealers, as well as through the Singer shops. Sales of sewing products represent almost all of Singer India's sales.

Singer India assembles, through contract arrangements, some of the sewing machines that it sells; sewing machines are also purchased from outside suppliers in India and from SVP. Singer India plans to reopen its own direct manufacturing operation with the goal to satisfy a portion of its own requirements and, possibly, to export sewing machines to other Singer Asia locations and to SVP.

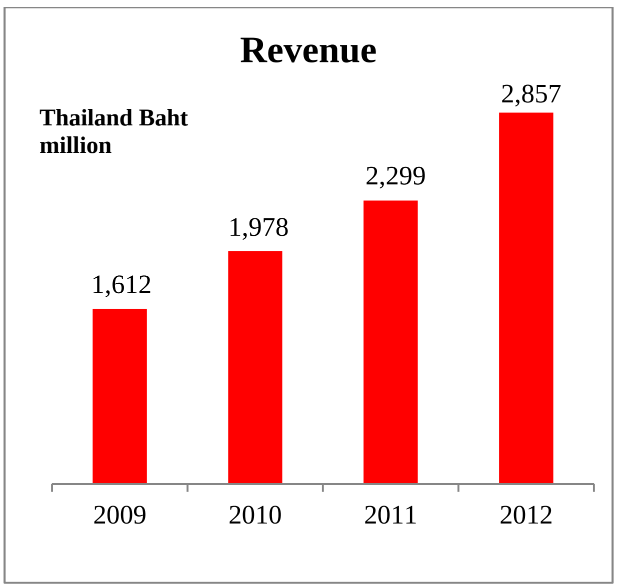
For additional information regarding Singer India, see the Singer India website: www.singerindia.net and the Singer India public company annual report.

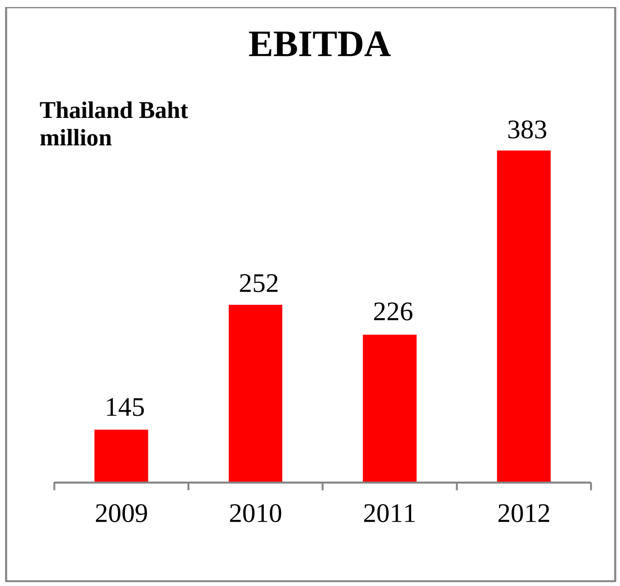
Singer Thailand

Singer Asia, at December 31, 2012 owned 41.1% of the shares of the public company, Singer Thailand. The Thailand company has a total of 4,146 personnel including canvassers/collectors. Singer Asia has operated in Thailand since 1905. Singer Thailand was honored during 2004 to receive the coveted Garuda Award from the King of Thailand for the Thailand company's contribution to the social welfare of the people of Thailand.

In December 2009, Singer sold shares in the Thailand company, reducing its ownership to 48.5%, converting Singer Thailand from a subsidiary to an affiliate. The share sale was intended to enhance the Asia Company's focus on the core retail operations and to increase the perceived national identity of the Thailand company. In 2011, Singer Asia sold a further 3.0% of the shares, reducing its ownership stake in Singer Thailand to 45.5%; in 2012 a further 4.4% of the shares were sold; and in January 2013, an additional 1.1% of the shares was sold, reducing Singer Asia's ownership to 40.0%. No additional Singer Thailand share sales are contemplated.

Singer Thailand's revenue measured in local currency and US Dollars increased by 24.3% and 22.0%, respectively, from prior year to $92.0 million, boosted by strong sales of commercial products to small entrepreneurs, a new customer focus. EBITDA in US Dollars increased to $12.4 million, or by 66.4% in 2012 as compared to 2011.

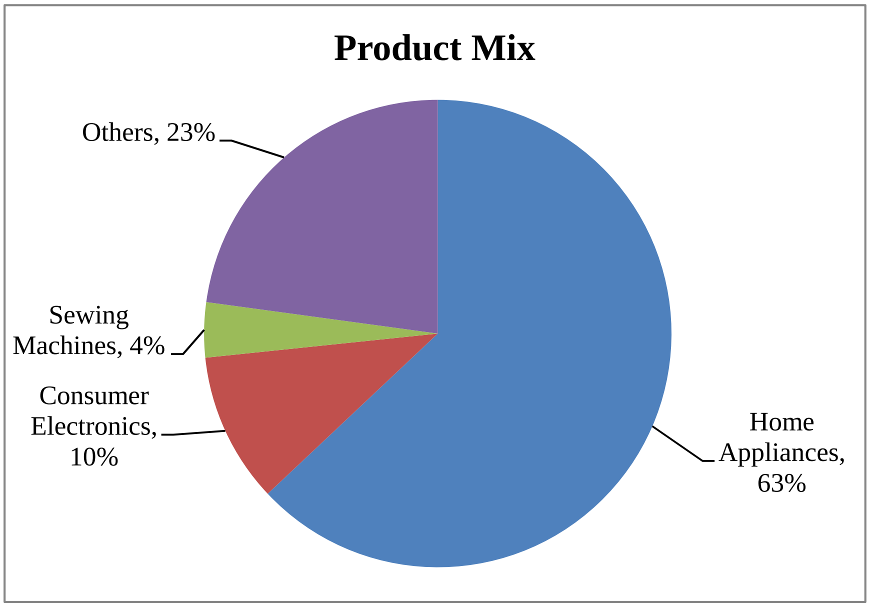




Singer Thailand's strategy is to boost revenue and profit while further improving the credit granting and collection processes and managing down sales and administrative costs. The product range offered to small entrepreneurs such as village grocers, first introduced in 2010 with air time vending machines, has been extended in 2012 to include other appliances and durable products used by these "mini marts"; further extensions are planned.

Singer Thailand operates 200 "Singer" direct selling centers, which are located primarily outside Bangkok. The direct selling locations serve primarily as a base for canvassers (direct selling agents) / collectors who sell and collect door to door, and as local warehouses. Singer Thailand has 2,773 canvassers/collectors, most of who are on a commission-only basis.

Singer Thailand is the largest direct seller in Thailand of durables for the home. Singer Thailand has a small, but still significant – approximately 5% – market share across several consumer durables product categories. Sales of non-sewing products represent about 96% of Singer Thailand's total sales. Almost all products are sold by Singer Thailand under the Singer brand. The sales mix is as follows:



At the end of 2012, Singer Thailand had 161,881 active installment accounts with a total accounts receivable, net of unearned financing charges and allowances, of $51.5 million. About 3.2% of Singer Thailand's installment accounts receivable are in arrears. The Thailand company operates a very active call center.

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

License

Singer Asia has a royalty bearing license from a subsidiary of SVP, the owner of the Singer trademark, allowing the Asia Company: to use the Singer name in its company and its subsidiary company names; to use the Singer trademark on its and its affiliate stores and on the non-sewing products it manufactures or sources, subject to appropriate quality and other standards; and to license the Singer name and trademark to third party licensees in most countries of Asia including China and Australia and New Zealand, but excluding Japan and Korea. The royalty paid to SVP is set at 1.0% of Singer Asia's consolidated revenue; royalty paid to SVP totaled $3.4 million and $3.3 million for each of the years ending December 31, 2012 and December 31, 2011, respectively.

Singer Asia, in turn, has entered into royalty bearing license arrangements with third-party licensees.

Malaysia

In Malaysia, Singer Asia has licensed a local company, Singer (Malaysia) Sdn. Bhd. ("Singer Malaysia"), to use the Singer name in its company name and to use the Singer trademark on its stores and on the products it manufactures or sources. Singer Malaysia had 147 shops and 583 sales agents at December 31, 2012 and is the largest direct seller in Malaysia of durables for the home. Singer Malaysia pays the Asia Company a royalty calculated as a percentage of revenue. Royalties from Singer Malaysia were $1.2 million for each of the year ending December 31, 2012 and December 31, 2011. For additional information regarding Singer Malaysia, see the Singer Malaysia website: www.singer.com.my.

Australia

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

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

OPERATING AND FINANCIAL REVIEW

Management Discussion and Analysis

The following discussion and analysis should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2012.

Results of Operations

Year Ended December 31, 2012 and December 31, 2011

The Company again achieved record revenue and results from operating activities for the year ended December 31, 2012. Profit for the year ended December 31, 2012 was $24.9 million, of which $12.0 million was attributable to the ReHo shareholders. This compares with a prior year profit of $25.1 million, of which $14.1 million was attributable to the ReHo shareholders. The decline in profit is more than explained by a shift from a one-time gain at ReHo corporate of $3.8 million in 2011 from settlement of a long-standing legal case and a liquidation proceeding, to a one-time loss of $0.9 million in 2012 from the sale of a portion of the SVP Notes at a discount - - a swing of $4.7 million.

Comparisons to prior years are also negatively impacted by the significant depreciation during 2012 of the currencies of the Singer Asia operating companies against the US Dollar.

For the year ended December 31, 2012, the Company reported consolidated revenue of $343.9 million, compared to consolidated revenue of $331.3 million for the same period of 2011, an increase of $12.6 million or of 3.8%. Consolidated revenue measured in local currency grew 17.5% for the year ended December 31, 2012. Revenue at the retail operating units in Sri Lanka, Bangladesh and Pakistan, measured in local currency, increased by 15.4%, 24.3% and 2.4%, respectively, compared to the same period prior year. Taking into account the effect of depreciation of the local currencies, revenue measured in US Dollars, at the operating units in Sri Lanka and Bangladesh increased by 0.2% and 13.2%, respectively, compared to prior year, while in Pakistan, revenue declined by 5.0%.

Revenue grew by 32.3% and by 15.7%, from the same period prior year measured in local currency and US Dollars, respectively, at Singer India. Revenue at Singer Thailand, which is not included in ReHo's consolidated revenue, grew 24.3% in local currency and by 22.0% in US Dollars, to $92.0 million for the year ended December 31, 2012, as compared to revenue of $74.4 million for the year ended December 31, 2011.

The Company's revenue for the year ended December 31, 2012 includes $31.9 million of finance earnings on consumer credit sales, compared to $26.7 million in finance earnings for the same period in 2011. The 19.5% growth in finance earnings is greater than the growth in revenue, reflecting a higher portion of credit sales than in prior year, and also the growth of Singer Finance in Sri Lanka, which realized record finance revenue of $11.7 million for the year ended December 31, 2012, an increase of 22.3% as compared to the same period prior year.

Gross profit for the year ended December 31, 2012 was $114.2 million, representing a gross profit as a percentage of revenue of 33.2%, compared to $111.8 million and a gross profit percentage of 33.7% for the year ended December 31, 2011. The slight decline in gross profit percentage 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 by an increase of finance earning as a proportion of total revenue.

Other income for the year ended December 31, 2012 was $4.8 million compared to $6.7 million in other income for the year ended December 31, 2011. Other income in 2012 mainly consists of a $3.2 million gain from disposal of a 4.4% shareholding in Singer Thailand, offset, in part, by a $0.9 million loss from the sale of $5.9 million face value of the SVP notes at a 15% discount. Other income in 2011 mainly consists of a $3.8 million gain from settlement of a long standing legal case in the United States and a liquidation proceeding, and a gain of $1.0 million from disposal of a 3.0% shareholding in Singer Thailand.

Selling and administrative expense for the year ended December 31, 2012 was $74.1 million, representing 21.5% of revenue, compared to $76.3 million and 23.0% of revenue for the year ended December 31, 2011. The decrease in selling and administrative expense as a percentage of revenue reflects the Company's effort to drive down costs as well as the impact of currency depreciation on semi-variable and fixed costs.

Other expenses, representing royalty payments to SVP, amounted to $3.4 million and $3.3 million for the years ended December 31, 2012 and December 31, 2011, respectively. The royalty is for the use of the Singer trademark by Singer Asia and its subsidiaries and is calculated based on Singer Asia's consolidated revenue.

Results from operating activities for the year ended December 31, 2012 were a profit of $41.5 million, compared to a profit of $38.8 million for the same period in 2011. Excluding the gain from disposal of 4.4% of the shares of Singer Thailand and the loss on the sale of the SVP Notes from the 2012 results, on the one hand, and excluding the profit from the settlement of the legal case in the United States, the liquidation proceeding and from disposal of 3.0% of the shares in Singer Thailand from the 2011 results, on the other hand, results from operating activities for the years ended December 31, 2012 and December 31, 2011 would have amounted to $39.1 million and $34.0 million, respectively. The improvement in results from operating activities on a like-for-like basis would have been $5.1 million, a 15.0% increase, reflecting the growth in revenue, supplemented by a decrease in selling and administrative expense as a percentage of revenue.

Finance income, primarily interest on the SVP Notes and cash at ReHo corporate, was $4.0 million and $4.4 million for the years ended December 31, 2012 and December 31, 2011, respectively. The decline in finance income primarily reflects the reduction in principal from the sale of a portion of the SVP Notes.

Finance cost, which represents interest expense on borrowings at the Singer Asia operating companies to finance working capital, was $16.5 million and $10.8 million for the years ended December 31, 2012 and December 31, 2011, respectively. Finance cost increased by $5.7 million compared to the same period in 2011, primarily because of increased interest rates, most notably in Sri Lanka, and also increased funding for working capital requirements, reflecting the growth in revenue and in accounts receivable, especially in Sri Lanka. Funded debt increased from $91.3 million at December 31, 2011 to $116.0 million at December 31, 2012.

Share of profit of equity accounted investee, Singer Thailand, was $4.1 million and $2.3 million for the years ended December 31, 2012 and December 31, 2011, respectively. Net profit at Singer Thailand, an equity accounted investee, doubled from $4.8 million in the year ended December 31, 2011 to $9.6 million in the year ended December 31, 2012.

The Company's profit before income tax was $33.1 million for the year ended December 31, 2012, compared to a profit before income tax of $34.7 million for the same period in 2011. If the one-time gains are excluded from the 2012 results and from the 2011 comparatives, profit before income tax for the year ended December 31, 2012 and December 31, 2011 would have amounted to $30.7 million and $29.9 million, respectively. The increase in profit on a like-for-like basis of $0.8 million, or by 2.8%, reflects the flow through of the improved results from operating activities.

Income tax expense decreased to $8.2 million for the year ended December 31, 2012 from $9.6 million for the same period prior year. The effective tax rate, which is calculated based on total income tax expense as a percentage of profit before tax, excluding share of profit of equity accounted investees, was 28.3% for the year ended December 31, 2012, compared to an effective tax rate of 29.6% for the year ended December 31, 2011. The slight decline in the effective tax rate in the year ended December 31, 2012 is due primarily to a reduction in dividends paid by the Asia Company's subsidiaries to Singer Asia corporate compared to the same period prior year, offset, in part, by smaller one-time gains in the year ended December 31, 2012, which are generally taxed at lower rates.

The Company's profit for the year ended December 31, 2012 was $24.9 million, compared to a $25.1 million profit for the same period in 2011. If the one-time gains are excluded from the 2012 results and from the 2011 comparatives, the Company's profit for the years ended December 31, 2012 and December 31, 2011 would have amounted to $22.5 million and $20.3 million, respectively. The increase in profit on a like-for-like basis of $2.2 million, or by 10.8%, reflects the flow through of the improved results from operating activities, improvements in Singer Thailand's profitability and reduction in income tax, offset, in part, by higher finance costs.

The profit attributable to ReHo shareholders was $12.0 million for the year ended December 31, 2012, compared to $14.1 million for the same period prior year. A profit of $12.9 million was attributable to non-controlling interest for the year ended December 31, 2012, compared to $11.0 million for the year ended December 31, 2011. ReHo shareholders' share of profit has declined to 48.2% of the total for the year ended December 31, 2012 from 56.0% for the year ended December 31, 2011. The decline is due to the $4.7 million swing in ReHo corporate other income, which is wholly attributable to ReHo shareholders.

The profit attributable to equity holders of the Company is equivalent to basic and diluted earnings per Share of $2.26 and $2.22, respectively, for the year ended December 31, 2012, compared to $2.65 and $2.63, respectively, for the year ended December 31, 2011.

Liquidity and Capital Resources

Year Ended December 31, 2012

For the year ended December 31, 2012, the Company had a net cash outflow from operations of $27.0 million. This was mainly due to a $39.2 million increase in net working capital, primarily accounts receivable and inventory, due to growth at the Singer Asia operating companies.

Net cash from investing activities for the year ended December 31, 2012 was an inflow of $1.6 million, primarily reflecting $4.0 million of interest received and $5.2 million from the sale of interests in subsidiaries and associates, offset, in part, by $7.0 million of capital expenditure and $1.0 million on acquisition of intangible assets.

Distributions to the Company's shareholders and to non-controlling interest during the year ended December 31, 2012, utilized $13.2 million and $6.8 million of cash, respectively. Net borrowings, excluding bank overdrafts, increased by $26.0 million during the year.

The net effect of the cash flow movements and exchange rate fluctuations was to decrease the Company's net cash and cash equivalents by $13.8 million for the year ended December 31, 2012. As a result, bank overdrafts, net of cash and cash equivalents, were $8.6 million as at December 31, 2012 as compared to net cash and cash equivalents of $5.2 million as at December 31, 2011.

Current assets less current liabilities at December 31, 2012 were $53.4 million, a decrease of $0.2 million from the corresponding $53.6 million amount at December 31, 2011.

Neither the Company nor Singer Asia, nor any of the Company's other subsidiaries or any of its affiliates were in default at December 31, 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.

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

Other

Research and Development

The Company does not carry out significant research and development, thus amounts spent on research and development for the years ended December 31, 2012 and December 31, 2011 were not material.

Environment

The Company is subject to a variety of environmental and pollution control laws and regulations in many jurisdictions in which it operates, and faces exposure from actual and potential claims involving such matters. The Company believes that any costs resulting from environmental matters known to it will not have a material, adverse impact on the Company's financial condition or results of operation. The amount spent on environmental and pollution matters was not material for the years ended December 31, 2012 or December 31, 2011.

Legal Proceedings

The Company is engaged in the ordinary course of business either as a defendant or a plaintiff in a variety of lawsuits or other contested legal proceedings in a number of jurisdictions. Most of these cases relate to claims made by subsidiaries and affiliates of the Company for delinquent amounts past due under installment purchase contracts. The Company believes that any ultimate, uninsured liability with respect to any litigation known to it, will not have a material adverse impact on the Company's financial condition or results of operations. The amount spent in settlement or for assessed damages was not material for the years ended December 31, 2012 or December 31, 2011.

Market Risks

For a discussion of credit risk, liquidity risk, currency risk and interest rate risk, see Note 30 to the Financial Statements.

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

Accounting Policies

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

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

CERTAIN RISK FACTORS

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

<u>Economic Developments and Exogenous Events May Adversely Impact Results</u>

Purchases of the Asia Company's products are to a significant extent discretionary. National economic policies, such as the exchange rate, interest rate and macroeconomic policies introduced in Sri Lanka in 2012 in response to a growing balance of payments shortfall, could depress consumption in individual markets important to the Company. Similarly, the sluggish pace of the recoveries in Europe, the United States, and, to a lesser extent, China and Japan, could depress consumption in Asia generally during 2013 and beyond including in the company's major markets (Bangladesh, Sri Lanka and Thailand). These developments could adversely impact the Company's level of sales and its results of operations and financial condition. Any adverse impact will likely vary by sector and by country.

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

<u>Foreign Exchange Fluctuations May Negatively Impact Results</u>

Local currency denominated financial results in each of the Asia Company's operations are translated into U.S. Dollars by applying the weighted average market exchange rate during each financial reporting period. Local currency denominated assets and liabilities are translated into U.S. Dollars by applying the market exchange rate at the end of each financial reporting period. Accordingly, the financial results as reported in the consolidated income statement, and the assets and liabilities as reported in the consolidated balance sheet, are subject to foreign exchange rate fluctuations. Currency changes will also affect the cost of imported products and components, impacting prices and affordability. Generally, a strong U.S. Dollar, as was the pattern in 2012, has a negative influence on the Company's results of operations and financial condition as measured in U.S. Dollars.

<u>There Are Intense Competitive Pressures</u>

Singer Asia's operations face a broad range of competitors and potential competitors, from large international companies to small independent dealers. Some of these competitors have greater financial, technical and marketing resources available to them than does the Asia Company. Others may be willing to engage in unethical or illegal business practices that may give them at least a temporary advantage. If Singer Asia is unable to effectively respond to these competitive pressures, this may adversely affect the Company's results of operations and financial position.

<u>The Consumer Finance Business Is Subject to Non-Performance Risks</u>

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

International Operations Have Special Risks

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

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

The Company is owed principal and interest by SVP, the company that acquired the Singer worldwide sewing business and trademark in 2004. The worldwide economic downturn that began during 2008 negatively impacted SVP's results of operations and financial condition. As a result of this and of other factors, an Event of Default with respect to the SVP Notes issued to the Company by an SVP subsidiary occurred in October 2009. While the default was cured in May 2010, SVP is now current in all of its obligations to the Company, and demand for SVP products has largely recovered, liquidity restraints could make it difficult for SVP to meet its future obligations to ReHo (see Note 12 to the Financial Statements).

ReHo's Incorporation Outside The United States Imposes Additional Risks

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

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

The Company does not anticipate that its Shares will be listed on any U.S. or overseas securities exchange, the NASDAQ National Market System, the NASDAQ Small Cap Market, the OTC Bulletin Board, or a similar trading system. Price quotations for the Company's Shares currently are only available on the OTC Pink ("Pink Sheets") quotation service, under the symbol "RHDGF". If the Shares cease to be traded on the Pink Sheets quotation service or on an alternative trading system, shareholders seeking to sell or buy Shares will only be able to do so with considerable difficulty and at prices that may not reflect the Shares' inherent value. Even to the extent that quotations on the Pink Sheets quotation service continue, there is no assurance that there will be adequate liquidity or that there may not be wide swings in prices and significant differences between "bid" and "asked" prices, which could make trading difficult and cause prices for the Company's Shares to deviate substantially from their inherent value.

The Company Provides Only Limited Disclosure

Pursuant to the laws and regulations of Curaçao, the Company is required to provide certain information to shareholders on an annual and semi-annual basis. The Company issues only a Summary Annual Report, including audited, full year, 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 IFRS. The decision to not provide quarterly reports and more comprehensive annual and semi-annual reports could make it more difficult for investors to assess the Company and its results and prospects and could result in less liquidity for the Company's Shares and prices that may not reflect the Shares' inherent value.

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

Board of Directors

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

The following table sets forth certain information regarding the directors of the Company at December 31, 2012:

Name	Age	Position
Stephen H. Goodman	68	Director, Chairman of the Board, President and Chief Executive Officer of the Company; Director, Chairman of the Board of Singer Asia
Antonio Costa	70	Director, Chairman of the Compensation and Nominating Committee of the Company
Alex Johnston	48	Director of the Company and of Singer Asia
Stewart M. Kasen	73	Director, Chairman of the Audit Committee of the Company
Malcolm J. Matthews	72	Director of the Company and of Singer Asia

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

Antonio Costa. Mr. Costa is an independent retail consultant and also provides management support to certain non-profit social and sports associations in Portugal. From 2000 to 2007, he was the President and a Director of Singer Produtos Electricos S.A. (“Singer Produtos”). Singer Produtos and certain of its affiliates, which operated consumer products distribution businesses in Portugal and Spain, were acquired from Old Singer by an investor group in September 2000. Prior to that acquisition, Mr. Costa was Vice President, Europe, of Old Singer, and was an officer and director of various Old Singer companies in Europe. Mr. Costa was elected a Director of the Company in August 2001; he serves as Chairman of the Compensation and Nominating Committee of the Company.

Alex Johnston. Until December 2012, Mr. Johnston was an Executive Vice President at Omnicom, a leading international holding company for advertising and marketing service agencies; Mr. Johnston has since returned to Freud Communications as a Director. Prior to joining Omnicom in 2010, Mr. Johnston was a senior communications advisor to PepsiCo, Inc. From 2005 to 2008, he was the Managing Partner of Fleming Media, a rights and media acquisition fund backed by the Fleming family. Mr. Johnston was a co-founder of Freud Communications, the largest consumer public relations agency in the United Kingdom, where he was Creative Director for many years. Mr. Johnston was elected a Director of the Company in September 2000. Mr. Johnston serves on the board of Singer Asia.

Stewart M. Kasen. Mr. Kasen is an independent retail consultant. From 2007 to 2011 he was the Chairman of the Board of Lenox Group Inc., a market leader in quality tabletop, giftware and collectables. From 2002 to 2007 he was the President and Chief Executive Officer of S&K Famous Brands, Inc. In 2001 and 2002, he served as President of Schwarzschild Jewelers. Mr. Kasen also has served as the Chairman, President and Chief Executive Officer of Factory Card Outlet Corp. and Best Products, Co., Inc., as well as President and Chief Executive Officer of Emporium-Capwell Co. and Thalhimer Bros. Co., Inc. Currently, Mr. Kasen also serves on the board of Markel Corp and of Gordman's. Mr. Kasen was appointed a Director of the Company in September 2000; he serves as Chairman of the Audit Committee of the Company.

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

The Board of Directors met eight times during 2012 including one joint meeting with the Board of Directors of Singer Asia.

Messrs. Kasen (Chairman), Costa, Johnston and Matthews are members of the Audit Committee of the Board of Directors, which is authorized to act on behalf of the Board in respect to matters relating to the selection of auditors and audit and accounting issues. The Audit Committee of the Board of Directors met two times during 2012 including, at each meeting, an executive session without the Company's management present, but including for a portion of one session a meeting with the Company's external auditors and for another session a meeting with the Company's head of internal audit.

Messrs. Costa (Chairman), Kasen, Matthews and Johnston are members of the Compensation and Nominating Committee of the Board, which is authorized to act on behalf of the Board in respect of matters relating to compensation and benefits and select nominees to the Board. The Compensation and Nominating Committee of the Board of Directors met two times during 2012 including at one meeting an executive session without the Company's management present.

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

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

Executive Officers

The following information sets forth certain information regarding the other executive officers of the Company at December 31, 2012:

Name	Age	Position
Gavin J. Walker..	43	Vice President of the Company, President and Chief Executive Officer of Singer Asia
Joe Kan……………..	46	Controller of the Company and Chief Financial Officer of Singer Asia
Amy Pappas…………………………….	53	Secretary of the Company
Asoka Pieris……………………………..	48	Vice President of the Company and of Singer Asia

Effective January 1, 2013, Mr. Pieris resigned as a Vice President of the Company; he remains a Vice President of Singer Asia.

Gavin J. Walker. Mr. Walker was elected a Vice President of the Company in August 2005. Prior to joining the Company, Mr. Walker held offices as Managing Director and Chief Executive Officer of public quoted and private companies in the United Kingdom and South Africa. Mr. Walker, served as Chief Executive Officer of a multi-brand retailer of electrical appliances and furniture with operations in 16 African countries and Australia (including SINGER® brand electrical appliances under license). Mr. Walker serves on the Board of a number of Singer Asia Subsidiaries.

Joe Kan. Mr. Kan was appointed Controller of the Company in November 2011. He was appointed Chief Financial Officer of Singer Asia in September 2010. Prior to joining Singer Asia, he was Head of Finance at Octopus Cards Limited, the developer and operator of the largest smart card payment system in the world. Mr. Kan is a member of the Institute of Chartered Accountants of England and Wales and of the Hong Kong Institute of Certified Public Accountants. Mr. Kan serves on the boards of a number of Singer Asia subsidiaries.

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

Asoka Pieris. Mr. Pieris was appointed a Vice President of the Company in August 2010. Mr. Pieris is Chief Executive Officer of the Singer group of companies in Sri Lanka. From August 2009 until August 2010, he served as Controller of the Company. From July 2008 to June 2010, Mr. Pieris was the Chief Accounting Officer and, subsequently, the Chief Financial Officer of Singer Asia. Prior to that appointment, he was the Finance Director of Singer Sri Lanka. Mr. Pieris serves on the boards of a number of Singer Asia subsidiaries.

In addition to Messrs. Walker, Kan and Pieris, Mr. Hamim Rahmatullah (Managing Director, Singer Bangladesh and Vice President, Singer Asia), Mr. Gelmart Gellecanao (Vice President, Risk Management, Singer Asia) and Ms. Karen Tse (Controller, Singer Asia), serve as officers of the Asia Company.

Employees

At December 31, 2012 the Company had approximately 4,355 employees (8,501 personnel including the Company's affiliate, Singer Thailand), of whom only three were not employees of Singer Asia or its subsidiaries. The work locations of all but one of the Singer Asia employees are in Asia; the three non-Singer Asia employees work in Mt. Kisco, New York. The Company anticipates that the number of employees will grow modestly over the next several years.

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

	United States	Asia	Total Company
ReHo Administrative Office	3	-	3
Singer Asia Administrative Office	1	7	8
Bangladesh Management	-	969	969
India Management	-	136	136
Pakistan Management	-	1,363	1,363
Sri Lanka Management	-	1,876	1,876
	4	4,351	4,355
Thailand Personnel	-	4,146	4,146

Many of the Company's employees in the various field managements belong to unions and are covered by individual or countrywide union contracts. Employee relations are generally very good.

ReHo and its subsidiaries are strongly committed to the personal and career growth of the Company's employees. Various in-house, and external management programs provide staff with problem solving and teamwork skills. A wide variety of other training and development programs are offered to employees in every operation and at all levels. An important focus of the Company's training is to improve the quality of customer interaction, particularly in respect of front-line sales staff in the marketing channels.

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

Executive Compensation

An aggregate of approximately $1.4 million in compensation, including salary and bonus, was paid by the Company to all of its current directors and executive officers as a group (9 persons) in the year ended December 31, 2012. The corresponding amount in the year ended December 31, 2011 was $1.5 million. Such amount does not include amounts expended by the Company for automobiles made available to corporate executives in the various field managements, business expenses (including business travel, professional and business association dues and other similar expenses) reimbursed to directors and officers, housing allowances for certain officers in non-U.S. locations, employer paid taxes, and the cost of medical and similar plans available to all employees.

The Company had adopted a short-term bonus plan for 2012 (the “APA Program”) which provides cash awards to selected senior managers, with the amount of each award based on an assessment of each participant’s and their business unit’s contribution towards achieving the Company’s objectives for the year. Employees eligible to participate in the APA Program include general managers of business units and other key managers, but not the Chief Executive Officer of the Company or of Singer Asia. Awards under the 2012 APA program are up to 120% of each eligible employee’s base salary with the bonus pool for key managers in each management, other than the general manager of the business unit, not to exceed 60% of such managers’ cumulative base salary. A similar short-term bonus plan has been introduced for 2013. Approximately $0.8 million in bonuses are being distributed in 2013 under the 2012 APA program. Approximately $1.2 million in bonuses were distributed in 2012 under the APA bonus plan for the year 2011.

ReHo has put in place a special bonus program for the Company’s Chief Executive Officer which provides a cash award in the event that aggregate dividends and distributions to shareholders exceed a certain threshold amount. No awards have been made under this program. In 2012, the Company introduced a restricted stock award program for the Company’s directors (more fully described in the “Shareholder Information” section). The cost for the program in 2012 was $7,000.

In lieu of participation in the APA program, the Singer Asia Chief Executive Officer participates in a Singer Asia stock option plan, initiated in 2005, with options equal to 4.8% of the Singer Asia shares on a fully-diluted basis. The plan provides for his pro rata participation in any Singer Asia dividend or distribution, both on his exercised and unexercised options, subject to certain restrictions. The Singer Asia Chief Executive received $0.4 million in 2012 on his unexercised options; $0.6 million was received in 2011. In 2012, this distribution was used to exercise a portion of his remaining unexercised options.

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

The Singer Asia Chief Executive and one other employee of Singer Asia participate in a plan similar to a 401(k) plan that provides for Company contributions equal to 3% of their base salary. Singer Asia provided contributions to these plans of less than $20,000 in each of 2012 and 2011.

Neither ReHo or Singer Asia have any corporate pension or severance plans for their employees except for a statutory severance plan covering all employees of the Hong Kong office. Some of the individual Singer Asia operating units have pension, severance or equivalent plans for their executive officers and other employees (see Note 18 to the Financial Statements).

Social Responsibilities

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

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

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

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

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

SHARE AND SHAREHOLDER INFORMATION

Shareholding

The following chart summarizes the Company's share capital at December 31, 2012:

Class	Shares Authorized	Shares Issued, Outstanding and Fully-Paid	Shares Issued and Outstanding but not Fully-Paid	Par Value per Share
Preferred Shares				
Series A	40	0	0	$ 0.01
Other Preferred	999,960	0	0	$ 0.01
Shares	20,000,000	5,295,449*	0	$ 0.01

*Excludes 46,250 Treasury Shares

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

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

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

ReHo has periodically sought to reduce the number of Shares and options for Shares outstanding. In the 2002-2004 period, the Company and its subsidiaries purchased from certain former, third-party creditors their Claims against Old Singer, as a result of which, the Company ultimately received 251,003 Shares. In the 2003-2010 period, the Company, through negotiated transactions and open market purchases, purchased an additional 1,397,215 Shares. In 2012, the Company purchased at an average price of $20.37 per Share (prior to the payment of the $2.50 per Share distribution) a further 14,250 Shares. The Company made no Share purchases during 2011

The 3,683,656 Shares transferred to, or purchased by the Company and its subsidiaries initially were treated as Treasury Shares. Subsequently, 3,637,406 Shares were cancelled.

During 2012, 3,000 of the remaining Treasury Shares were issued to the ReHo directors, 600 shares each, as the initial tranche of a three year, 9,000 Share program. The Shares are restricted from sale, becoming unrestricted following three years of service. 46,250 Shares remain as Treasury Shares.

None of the cancelled Shares or Treasury Shares is included as outstanding in the Financial Statements.

A total of 854,277 options for Shares have been exercised and Shares issued. 138,750 outstanding vested, but unexercised options were purchased by the Company from current and former directors and employees in the 2004-2006 period. 6,973 options for Shares were cancelled. No options for Shares remain outstanding.

5,295,449 Shares were issued and outstanding as of December 31, 2012, including the 3,000 restricted Shares issued to Directors. 5,306,699 Shares were issued and outstanding at December 31, 2011. There are no differences in voting rights among the Shares.

To the knowledge of the Company, it is not directly owned or controlled by any other corporation, by any government or by any other natural or legal person, severally or jointly. The Company is not aware of any arrangement, the operation of which at a subsequent date would result in a change of control of the Company. The Company believes that several shareholders may each own more than 5.0% of the Company's outstanding Shares; the shareholders do not believe that they have any obligation to file a Form 13g or any other form or notification under the rules and regulations applicable to the Company or its shareholders.

The Company has less than 500 shareholders of record corresponding to an estimated 1,200 individual shareholder accounts. The Company does not have sufficient data to accurately estimate the number of outstanding Shares held by residents of the United States.

Director and Employee Share Ownership

At December 31, 2011, the total number of Shares of the Company beneficially owned by the persons listed in the previous section under "Board of Directors" and "Executive Officers" was 938,106, representing approximately 17.7% of the total Shares outstanding. To the knowledge of the Company, none of the persons listed beneficially owns more than 1.0% of the Company's Shares outstanding other than Stephen H. Goodman, who beneficially owns 894,456 Shares, representing approximately 16.9% of ReHo's total Shares. Three trusts for which Mr. Goodman's spouse is the trustee own an additional 446,228 Shares, representing approximately 8.4% of ReHo's total Shares outstanding.

Trading

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

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

	High	Low
Annual highs and lows		
The year ended December 31, 2012	24.00	15.75
The year ended December 31, 2011	19.90	12.85
The year ended December 31, 2010	19.00	4.00
The year ended December 31, 2009	5.90	3.00
The year ended December 31, 2008	10.00	5.25
Quarterly highs and lows		
The year ended December 31, 2012		
4th Quarter	24.00	18.10
3rd Quarter	24.00	19.00
2nd Quarter	22.50	19.00
1st Quarter	21.80	15.75
The year ended December 31, 2011		
4th Quarter	17.75	15.50
3rd Quarter	19.90	16.00
2nd Quarter	19.75	14.95
1st Quarter	16.60	12.85
Monthly highs and lows		
2013		
March	21.40	20.00
February	21.50	20.00
January	21.75	21.00
December	22.00	19.50
November	23.00	18.10
October	24.00	20.50

The last reported sale price of the Company's Shares on the Pink Sheet quotation service, at March 2013 month end was $20.50.

Trading volume in the Company's shares is generally low with no shares trading on many days. In the fourth quarter of 2012, however, trading volume jumped substantially with more than 1,584,317 shares traded.

Distributions

During 2012, the Company made a distribution to shareholders of $2.50 per Share. The distribution, totalling $ 13.2 million, was made on October 11, 2012 to shareholders of record on September 27, 2012.

During 2008, 2009, 2010 and 2011, the Company made distributions to shareholders of $0.75, of $0.20, of $0.80 and of $2.50 per Share, respectively. A distribution, totalling $4.0 million, was made on September 4, 2008 to shareholders of record on August 27, 2008; a distribution of $1.1 million was made on September 11, 2009 to shareholders of record on August 27, 2009; a distribution of $4.2 million was made on August 19, 2010 to shareholders of record on August 5, 2010; a distribution of $13.3 million was made on October 11, 2011 to shareholders of record on September 26, 2011. All of these distributions were classified as non-dividend distributions reflecting a return of capital for U.S. Federal income tax purposes.

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

A total of $7.75 per Share has been paid to shareholders since inception of the dividend/distribution program in 2007. It is ReHo's current intention to maintain a regular dividend/distribution program. The Company's Board of Directors anticipates recommending a dividend/distribution of a $1.00 per Share for 2013.

During 2012, the Company returned to equity $36,000 of the 2007 dividend, representing unclaimed dividends of foreign shareholders; an additional $142,000 was escheated.

Additional Shareholder Information

Articles of Association; Shareholders' Meetings

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

The rights of holders of Shares in the Company are laid down and described in the Company's Articles of Association (the "Articles"). The Company has posted the text of the Articles on the Corporate/Investor section of the Company's website at www.retailholdings.com.

There are no restrictions in the Articles that might have the effect of delaying, deferring or preventing a change in control of the Company other than the requirement that any resolution presented at a shareholders meeting that has not been included in the notice of that meeting may only be approved if all of the Company's shareholders are present at the meeting. The Shareholder Agreement between the Company and the Fund relating to their shareholding in Singer Asia includes a provision that gives the Fund certain additional rights in the event of a change in control of the Company (as defined).

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

Enforceability of Foreign Judgments

The Company has been advised by its Curaçao counsel, in the absence of an applicable treaty between the United States and Curaçao, a judgment rendered by a court in the United States will not be enforceable within Curaçao. In order to obtain a judgment that is enforceable in Curaçao the claim must be relitigated before a competent Curaçao court. Under current practice, a judgment rendered by a court in the United States will be recognized by a Curaçao court if: (i) that judgment results from proceedings compatible with Curaçao concepts of due process, and (ii) the judgment does not contravene the public policy of Curaçao. If the judgment is recognized by a Curaçao court, that court will generally grant the same award without review of the merits of the case.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2012
(WITH INDEPENDENT AUDITORS' REPORT THEREON)

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2012

Independent auditor's report

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

We have audited the accompanying consolidated financial statements of Retail Holdings N.V. (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2012, the consolidated statement of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Consolidated Financial Statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2012, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG Phoomchai Audit Ltd.
01 April 2013
Bangkok

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER
In thousands of U.S. Dollars

	Note	2012	2011
ASSETS			
Property, plant and equipment	*8*	48,278	42,131
Intangible assets and goodwill	*9*	6,735	6,289
Trade and other receivables	*13*	57,404	59,545
Equity accounted investees	*10*	16,609	13,647
Deferred tax assets	*11*	298	-
Other non-current assets		8,676	7,209
Total non-current assets		**138,000**	**128,821**
Inventories	*12*	80,839	63,515
Trade and other receivables	*13*	88,756	79,938
Cash and cash equivalents	*14*	13,353	20,709
Other current assets		11,326	10,752
Total current assets		**194,274**	**174,914**
Total assets		**332,274**	**303,735**
EQUITY	*15*		
Share capital		53	53
Share premium		50,758	64,151
Reserves		(2,502)	(609)
Retained earnings		37,559	24,008
Total equity attributable to owners of the Company		**85,868**	**87,603**
Non-controlling interest		**74,480**	**66,873**
Total equity		**160,348**	**154,476**
LIABILITIES			
Loans and borrowings	*17*	17,640	16,815
Employee benefits	*18*	4,144	3,554
Deferred income	*20*	164	208
Warranty provision	*21*	458	103
Deferred tax liabilities	*11*	2,842	1,993
Other non-current liabilities		5,826	5,273
Total non-current liabilities		**31,074**	**27,946**
Bank overdraft	*14*	21,981	15,511
Current tax liabilities		1,408	2,212
Loans and borrowings	*17*	76,405	59,005
Trade and other payables	*22*	38,479	41,812
Deferred income	*20*	1,019	1,638
Warranty provision	*21*	1,560	1,135
Total current liabilities		**140,852**	**121,313**
Total liabilities		**171,926**	**149,259**
Total equity and liabilities		**332,274**	**303,735**

The notes on pages 53 to 97 are an integral part of these consolidated financial statements.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER
In thousands of U.S. Dollars

	Note	2012	2011
Revenue	*23*	343,927	331,297
Cost of sales	*25*	(229,688)	(219,540)
Gross profit		**114,239**	**111,757**
Other income	*24*	4,771	6,654
Selling and administrative expenses	*25*	(74,081)	(76,318)
Other expenses	*26*	(3,439)	(3,313)
Results from operating activities		**41,490**	**38,780**
Finance income	*28*	4,030	4,392
Finance costs	*28*	(16,538)	(10,827)
Net finance costs		**(12,508)**	**(6,435)**
Share of profit of equity accounted investees, net of tax	*10*	4,085	2,326
Profit before tax		**33,067**	**34,671**
Tax expense	*29*	(8,206)	(9,558)
Profit for the year		**24,861**	**25,113**
Attributable to:			
Owners of the Company		11,962	14,070
Non-controlling interests		12,899	11,043
Profit for the year		**24,861**	**25,113**
Earnings per share (U.S. Dollars)			
Basic earnings per share	*16*	2.26	2.65
Diluted earnings per share	*16*	2.22	2.63

The notes on pages 53 to 97 are an integral part of these consolidated financial statements.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER
In thousands of U.S. Dollars

	Note	2012	2011
Profit for the year		**24,861**	**25,113**
Foreign currency translation differences for foreign operations		(5,768)	(8,857)
Revaluation of property, plant and equipment	*8*	6,206	-
Income tax (charge) / credit recognized directly in equity	*8*	(754)	191
Decrease in interests in associates	*24*	510	(388)
Unclaimed dividend		36	-
Total comprehensive income for the year		**25,091**	**16,059**
Total comprehensive income attributable to:			
Owners of the Company		11,519	9,310
Non-controlling interests		13,572	6,749
Total comprehensive income for the year		**25,091**	**16,059**

The notes on pages 53 to 97 are an integral part of these consolidated financial statements.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of U.S. Dollars

	Note	Attributable to owners of the Company								
	Note	**Share capital**	**Share premium**	**Translation reserve**	**Revaluation reserve**	**Legal reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2011		53	77,418	(5,366)	9,598	-	8,969	90,672	71,084	161,756
Total comprehensive income for the year										
Profit		-	-	-	-	-	14,070	14,070	11,043	25,113
Other comprehensive income										
Foreign currency translation differences		-	-	(4,601)	(48)	-	-	(4,649)	(4,208)	(8,857)
Decrease in income tax rate		-	-	-	107	-	-	107	84	191
Decrease in interests in associates		-	-	(218)	(67)	-	67	(218)	(170)	(388)
Transfer to retained earnings		-	-	-	(88)	-	88	-	-	-
Transfer to legal reserve		-	-	-	-	93	(93)	-	-	-
Total other comprehensive income		-	-	(4,819)	(96)	93	62	(4,760)	(4,294)	(9,054)
Total comprehensive income for the year		-	-	(4,819)	(96)	93	14,132	9,310	6,749	16,059
Transactions with owners of the Company, recorded directly in equity										
Contributions by and distributions to owners of the Company										
Distribution to owners	*15*	-	(13,267)	-	-	-	-	(13,267)	-	(13,267)
Distribution to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	(12,452)	(12,452)
Total contributions by and distributions to owners		-	(13,267)		-	-		(13,267)	(12,452)	(25,719)
Changes in ownership interests in subsidiaries										
Divestment of interests in subsidiaries		-	-	21	(40)	-	907	888	1,492	2,380
Total change in ownership interests in subsidiaries		-	-	21	(40)	-	907	888	1,492	2,380
Total transactions with owners		-	(13,267)	21	(40)	-	907	(12,379)	(10,960)	(23,339)
Balance at 31 December 2011		53	64,151	(10,164)	9,462	93	24,008	87,603	66,873	154,476

The notes on pages 53 to 97 are an integral part of these consolidated financial statements.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of U.S. Dollars

		Attributable to owners of the Company								
	Note	**Share capital**	**Share premium**	**Translation reserve**	**Revaluation reserve**	**Legal reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2012		53	64,151	(10,164)	9,462	93	24,008	87,603	66,873	154,476
Total comprehensive income for the year										
Profit		-	-	-	-	-	11,962	11,962	12,899	24,861
Other comprehensive income										
Foreign currency translation differences		-	-	(3,839)	191	(1)	-	(3,649)	(2,119)	(5,768)
Revaluation of property, plant and equipment, net of tax		-	-	-	2,412	-	-	2,412	3,040	5,452
Decrease in interests in associates		-	-	(314)	(110)	-	1,182	758	(248)	510
Transfer to retained earnings		-	-	-	(106)	-	106	-	-	-
Transfer to legal reserve		-	-	-	-	73	(73)	-	-	-
Unclaimed dividend		-	-	-	-	-	36	36	-	36
Total other comprehensive income		-	-	(4,153)	2,387	72	1,251	(443)	673	230
Total comprehensive income for the year		-	-	(4,153)	2,387	72	13,213	11,519	13,572	25,091
Transactions with owners of the Company, recorded directly in equity										
Contributions by and distributions to owners of the Company										
Buy-back of shares	*15*	-	(290)	-	-	-	-	(290)	-	(290)
Issuance of shares	*19*	-	59	-	-	-	-	59	-	59
Share options exercised by Singer Asia Ltd employees		-	236	-	-	-	-	236	187	423
Distribution to owners	*15*	-	(13,238)	-	-	-	-	(13,238)	-	(13,238)
Distribution to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	(6,788)	(6,788)
Total contributions by and distributions to owners		-	(13,233)		-	-	-	(13,233)	(6,601)	(19,834)
Changes in ownership interests in subsidiaries										
Divestment of interests in subsidiaries		-	(160)	(139)	(60)	-	338	(21)	636	615
Total change in ownership interests in subsidiaries		-	-	(139)	(60)	-	338	(21)	636	615
Total transactions with owners		-	(13,393)	(139)	(60)	-	338	(13,254)	(5,965)	(19,219)
Balance at 31 December 2012		53	50,758	(14,456)	11,789	165	37,559	85,868	74,480	160,348

The notes on pages 53 to 97 are an integral part of these consolidated financial statements.

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER
In thousands of U.S. Dollars

	Note	2012	2011
Cash flows from operating activities			
Profit for the year		24,861	25,113
Adjustments for:			
Depreciation	*8*	3,322	3,410
Impairment loss of property, plant and equipment	*8*	-	24
Impairment of goodwill	*9*	-	441
Amortization of intangible assets and goodwill	*9*	453	-
Non-cash compensation	*19*	7	-
Gain from sale of property, plant and equipment	*24*	(122)	(120)
Gain from sale of interests in subsidiaries and associates	*24*	(3,225)	(1,017)
Net finance costs	*28*	12,507	6,435
Share of profit of equity accounted investees	*10*	(4,085)	(2,326)
Income tax expense	*29*	8,206	9,558
		41,924	**41,518**
Change in			
- inventories		(21,073)	(20,825)
- trade and other receivables		(16,404)	(31,374)
- other current and non-current assets		(1,341)	(2,506)
- trade and other payables		(8)	12,125
- provision and employee benefits		241	316
- deferred income		(663)	529
Cash from / (used in) operating activities		**2,676**	**(217)**
Interest paid		(15,116)	(9,265)
Income tax paid		(14,600)	(10,092)
Net cash used in operating activities		**(27,040)**	**(19,574)**
Cash flows from investing activities			
Interest received		4,030	4,392
Proceeds from sale of property, plant and equipment		345	286
Proceeds from sale of interests in subsidiaries and associate		5,246	3,985
Acquisition of property, plant and equipment		(7,047)	(4,748)
Acquisition of intangible assets		(1,021)	
Net cash from investing activities		**1,553**	**3,915**
Cash flows from financing activities			
Increase in borrowings		25,957	20,541
Distribution to non-controlling interest		(6,788)	(12,452)
Proceeds from share options exercised		423	-
Repurchase of own shares		(290)	-
Unclaimed dividend		36	-
Distribution to owners	*15*	(13,238)	(13,267)
Net cash from /(used in) financing activities		**6,100**	**(5,178)**
Net decrease in cash and cash equivalents		**(19,387)**	**(20,837)**
Cash and cash equivalents at 1 January		5,198	26,988
Effect of exchange rate fluctuations on cash held		5,561	(953)
Cash and cash equivalents at 31 December	*14*	**(8,628)**	**5,198**

The notes on pages 53 to 97 are an integral part of these consolidated financial statements.

RETALL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

RETAIL HOLDINGS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting entity

Retail Holdings N.V. ("ReHo" or the "Company") is a company domiciled in Curacao (formerly part of the Netherlands Antilles). The address of the Company's registered office is Schottegatweg Oost 44, Willemstad, Curacao. The consolidated financial statements of the Company as at and for the year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates.

The Company is a holding company with three principal assets:

1. A 55.9% equity interest in Singer Asia Limited ("Singer Asia") which is engaged in the retail distribution and assembly of consumer durable products through operating units located in selected emerging markets in Asia, with consumer credit and other financial services available to qualified customers. The Company licenses the SINGER trademark from a third party.
2. "Seller notes", primarily arising from the sale in 2004 of the Singer worldwide sewing business and trademark (See Note 13);
3. Cash and cash equivalents.

2. Basis of preparation

(a) Statement of compliance

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

The consolidated financial statements were authorized for issue by the Board of Directors on 1 April 2013.

(b) Basis of measurement

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

- Land and buildings are measured at fair value
- Share-based payment arrangements are measured at fair value
- The defined benefit liability is recognised as the present value of the defined benefit obligation less the net total of plan assets

The methods used to measure fair values are discussed further in Note 5.

(c) Presentation currency

These consolidated financial statements are presented in U.S. Dollars. All financial information presented in U.S. Dollars has been rounded to the nearest thousands, except when otherwise indicated.

(d) Use of estimates and judgments

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

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

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

- Note 9 – recoverability of amounts of cash-generating units containing goodwill
- Note 11 and 29 – utilization of tax losses
- Note 13 – recovery of trade and other receivables
- Note 18 – measurement of defined benefit obligations

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) **Business combinations**

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) **Subsidiaries**

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Transactions that result in changes in ownership interests while retaining control are accounted for as transactions with owners in their capacity as owners. Any gain or loss on such changes is recognised in equity.

(iii) **Loss of control**

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) **Investments in associates (equity-accounted investees)**

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

Investments in associates are accounted for using the equity method and are initially recognised at cost. The cost of investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term investments that form part thereof, is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(v) **Transactions eliminated on consolidation**

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

(b) Foreign currency

(i) **Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currencies are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

Foreign currency differences arising on retranslation are generally recognised in profit or loss.

(ii) **Foreign operations**

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

3. Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) **Foreign operations (continued)**

Foreign currency differences are recognised in other comprehensive income. Since 1 January 2007, the Group's date of transition to IFRSs, such differences have been recognised in the foreign currency translation reserve (translation reserve or FCTR). When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such item are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

(c) Financial instruments

(i) **Non-derivative financial assets**

The Group initially recognises receivables on the date that they are originated.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such item are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

Receivables

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

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) **Non-derivative financial liabilities**

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

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

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the statement of cash flows.

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

(iii) **Share capital**

Ordinary shares

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

(d) Property, plant and equipment

(i) **Recognition and measurement**

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

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

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- The cost of materials and direct labour;
- Any other costs directly attributable to bringing the assets to a working condition for their intended use;
- When the Group has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- Capitalised borrowing costs.

3. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) **Recognition and measurement (continued)**

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Any gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) **Subsequent costs**

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) **Depreciation**

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows: recognise

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

(e) Intangible assets

(i) **Goodwill**

Goodwill that arises upon the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see note 3(a)(i).

Subsequent measurement

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

3. Significant accounting policies (continued)

(e) Intangible assets (continued)

(ii) **Trademarks**

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

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

(iii) **Other intangible assets**

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

(iv) **Subsequent expenditure**

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

(v) **Amortisation**

Except for goodwill and trade mark, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follow:

- Software 10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Inventories

Inventories are measured at the lower of cost and net realizable value.

The cost of inventory is based on the weighted average principle for finished goods and on the standard cost principle for raw materials and work-in-progress for inventories that are manufactured.

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

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated costs necessary to make the sale.

(g) Impairment

(i) **Financial assets (including receivables)**

A financial asset not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

3. Significant accounting policies (continued)

(g) Impairment (continued)

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

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

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

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) **Non-financial assets**

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

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

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

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

3. Significant accounting policies (continued)

(g) Impairment (continued)

(ii) **Non-financial assets (continued)**

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

(h) Employee benefits

(i) **Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) **Share-based payment transactions**

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

(iii) **Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods in which the services are rendered by the employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that is due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(iv) **Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit rated bonds or equivalent that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

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

3. Significant accounting policies (continued)

(h) Employee benefits (continued)

(iv) **Defined benefit plans (continued)**

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

(v) **Other long-term employee benefits**

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

(vi) **Termination benefits**

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(i) Provisions

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

Warranties

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

(j) Revenue

(i) **Sale of goods**

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

(ii) **Finance charges**

Finance charges on instalment sales are recognised using the effective interest method.

(iii) **Services**

Revenue from rendering of services is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed with reference to surveys of work performed.

3. Significant accounting policies (continued)

(j) Revenue (continued)

(iv) **Commissions**

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

(v) **Royalty and license income**

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

(k) Leases

(i) **Leased assets**

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

Other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

(ii) **Lease payments**

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

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

(l) Finance income and costs

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

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

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movement are in a net gain or net loss position.

(m) Tax

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

(i) **Current tax**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

3. Significant accounting policies (continued)

(m) Tax (continued)

(ii) **Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rate enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credit and deductable temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(iii) **Tax exposure**

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(n) Earnings per share

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

(o) Segment reporting

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

4. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

(a) IFRS 9 Financial Instruments (2010), IFRS 9 Financial Instruments (2009)

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

IFRS 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The adoption of IFRS 9 (2010) is not expected to have an impact on the Group's financial assets, or financial liabilities.

(b) IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities (2011)

IFRS 10 introduces a single control model to determine whether an investee should be consolidated. As a result, the Group may need to change its consolidation conclusion in respect of its investees, which may lead to changes in the current accounting for these investees.

IFRS 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group is currently assessing the disclosure requirements for interests in subsidiaries, interests in joint arrangements and associates and unconsolidated structured entities in comparison with the existing disclosures. IFRS 12 requires the disclosure of information about the nature, risks and financial effects of these interests.

These standards are effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

(c) IFRS 13 Fair Value Measurement (2011)

IFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. Subject to limited exceptions, IFRS 13 is applied when fair value measurements or disclosures are required or permitted by other IFRSs. The Group is currently reviewing its methodologies in determining fair values (see Note 5). IFRS 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

(d) IAS 19 Employee Benefits (2011)

IAS 19 (2011) changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. For defined benefit plans, removal of the accounting policy choice for recognition of actuarial gains and losses is not expected to have any impact on the Group. However, the Group may need to assess the impact of the change in measurement principles of expected return on plan assets. IAS 19 (2011) is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

5. Determination of fair values

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

(i) **Land and buildings**

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

(ii) **Trade and other receivables**

The fair value of trade and other receivables which is determined for disclosure purposes in Note 30 is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value is determined for disclosure purposes.

(iii) **Non-derivative financial liabilities**

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

(iv) **Share-based payment transactions**

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

6. Financial risk management

Overview

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

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

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

6. Financial risk management (continued)

Risk management framework

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

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

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

Credit risk

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

Trade and other receivables

The Group's exposure to credit risk relates to sale of products on instalment credit / hire purchase which is an integral part of the business of the Group.

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

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

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

The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Guarantees

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

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

6. Financial risk management (continued)

Market risk

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

Capital management

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

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

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

Currency risk

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

Interest rate risk

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

Operational risk

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

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

6. Financial risk management (continued)

Operational risk (continued)

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

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

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

7. Acquisition and disposal of interests in subsidiary

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

During 2008, the BIFR approved a restructuring plan for SIL which provided for an equity infusion by the Group of India Rupee (INR) 83.5 million (USD 1,720 thousand) and relief from certain claims by secured and unsecured creditors.

In accordance with the BIFR plan, the Group remitted INR 40.2 million (USD 780 thousand) in March 2009 and INR 28.4 million (USD 578 thousand) in May 2009, resulting in the Group owning a 90.1% interest in SIL. The Group subsequently sold shares from this holding, reducing its percentage of ownership to 85.9% at 31 December 2009. In February 2010, the Group made a further infusion of INR 14.9 million (USD 322 thousand) to meet the requirements of the BIFR. Subsequently, on 28 February 2013, the BIFR issued a resolution by which SIL ceased to be under the BIRF purview (see Note 37).

As at 31 December 2012, the Group has sold down its ownership in SIL to the 75.0% level required to maintain the SIL stock exchange listing.

8. Property, plant and equipment

In thousands of U.S. Dollars	Land, buildings and leasehold improvements	Plant and equipment	Fixtures and fittings	Under construction	Total
Cost or revalued					
Balance at 1 January 2011	39,077	18,970	6,196	-	64,243
Additions	1,198	2,372	1,178	-	4,748
Disposals	(1,345)	(702)	(948)	-	(2,995)
Effect of movements in exchange rates	(2,424)	(1,210)	(311)	-	(3,945)
Balance at 31 December 2011	36,506	19,430	6,115	-	62,051
Balance at 1 January 2012	36,506	19,430	6,115	-	62,051
Additions	1,973	2,314	1,968	792	7,047
Disposals	(236)	(574)	(353)	-	(1,163)
Revaluation of land and buildings	5,554	-	-	-	5,554
Effect of movements in exchange rates	(2,528)	(2,284)	(405)	-	(5,217)
Balance at 31 December 2012	41,269	18,886	7,325	792	68,272
Depreciation and impairment losses					
Balance at 1 January 2011	5,340	11,695	3,848	-	20,883
Depreciation charge for the year	1,388	1,374	648	-	3,410
Disposals	(1,317)	(565)	(948)	-	(2,830)
Impairment loss	-	24	-	-	24
Effect of movements in exchange rates	(612)	(774)	(181)	-	(1,567)
Balance at 31 December 2011	4,799	11,754	3,367	-	19,920
Depreciation and impairment losses					
Balance at 1 January 2012	4,799	11,754	3,367	-	19,920
Depreciation charge for the year	1,314	1,176	832	-	3,322
Disposals	(251)	(435)	(256)	-	(942)
Revaluation of land and buildings	(652)	-	-	-	(652)
Effect of movements in exchange rates	(281)	(1,130)	(243)	-	(1,654)
Balance at 31 December 2012	4,929	11,365	3,700	-	19,994
Carrying amounts					
At 1 January 2011	33,737	7,275	2,348	-	43,360
At 31 December 2011	31,707	7,676	2,748	-	42,131
At 31 December 2012	36,340	7,521	3,625	792	48,278

8. Property, plant and equipment (continued)

Land and buildings were revalued as at 31 December 2012 by qualified independent valuers on an open market value for existing use basis. The surplus arising from the revaluation was transferred to the revaluation reserve. As at 31 December 2012, the carrying amounts of land and buildings measured under historical cost was USD 7,767 thousand. (2011: USD 7,338 thousand).

Lease plant and machinery

The Group leases production equipment under a number of finance lease agreements. At 31 December 2012 the net carrying amount of leased plant and machinery was USD 587 thousand (2011: USD 683 thousand).

Security

As at 31 December 2012, properties with a carrying amount of USD 7,177 thousand (2011: USD 5,319 thousand) were collateralized to secure bank loans (see Note 17).

9. Intangible assets and goodwill

In thousands of U.S. Dollars	**Trademarks and Trading License**	**Goodwill**	**Others**	**Total**
Cost				
Balance at 1 January 2011	4,039	15,031	-	4,915
Effect of movements in exchange rates	(21)	-	-	(21)
Balance at 31 December 2011	4,018	15,031	-	4,894
Balance at 1 January 2012	4,018	15,031	-	4,894
Acquisitions	-	-	1,021	1,021
Effect of movements in exchange rates	(82)	-	(79)	(161)
Balance at 31 December 2012	3,936	15,031	942	(5,754)
Impairment losses				
Balance at 1 January 2011	-	12,319	-	12,319
Impairment losses		441	-	441
Balance at 31 December 2011		12,760	-	12,760
Balance at 1 January and 31 December 2012	-	12,760	-	12,760
Amortisation				
Balance at 1 January 2012	-	-	-	-
Amortization for the year	-	-	453	453
Effect of movements in exchange rates	-	-	(39)	(39)
Balance at 31 December 2012	-	-	414	414
Carrying amounts				
At 1 January 2011	4,039	2,712	-	6,751
At 31 December 2011	4,018	2,271	-	6,289
At 31 December 2012	3,936	2,271	528	6,735

9. Intangible assets and goodwill (continued)

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

For the purpose of impairment testing, goodwill is allocated to the Group's operating subsidiaries which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. Management's goodwill impairment testing conducted during 2011 resulted in the recognition of an impairment loss of USD 441 thousand.

In 2012, management, after review, considers that the trademarks and trading license, which have indefinite useful lives and a value of USD 3,396 thousand, are unimpaired. (2011: USD 4,018 thousand).

10. Equity accounted investees

The Group's share of profit in its equity accounted investees for the year was USD 4,085 thousand (2011: USD 2,326 thousand).

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

In thousands of U.S. Dollars	**Ownership**	**Non-current assets**	**Current assets**	**Total assets**	**Non-current liabilities**	**Current liabilities**	**Total liabilities**	**Revenues**	**Expenses**	**Profit**
2011										
Singer Thailand Public Company Limited	45.5%	14,494	54,764	69,258	28,379	10,870	39,249	75,444	70,600	4,844
2012										
Singer Thailand Public Company Limited	41.1%	15,763	67,939	83,702	28,936	14,302	43,238	91,964	82,358	9,606

In 2011 and 2012, the Group sold 3.0% and 4.4% of equity interest respectively in Singer Thailand Public Company Limited (STL) and recorded a gain of USD 1,017 thousand and US 3,225 thousand respectively (see Note 24).

The total market value of STL calculated based on the closing price of the shares listed on the Stock Exchange of Thailand, not adjusted for the percentage ownership held by the Group, amounted to USD 159,549 thousand as at 31 December 2012.

11. Deferred tax assets and liabilities

Unrecognized deferred tax assets

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

In thousands of U.S. Dollars	**2012**	**2011**
Deductible temporary differences	1,193	1,096
Tax losses	5,624	7,370
	6,817	8,466

The tax losses will expire by 2016. Deferred tax assets have not been recognised in respect of tax losses of USD 5,624 thousand because it is not probable that future taxable profit will be available against which the Group can utilize the benefits.

The Group does not provide for deferred taxes on the accumulated, undistributed earnings of subsidiaries and affiliates as the amount of dividend to be declared is subject to approvals by Boards of Directors, and in certain cases, by shareholders at Annual General Meetings of these subsidiaries and affiliates. The aggregate amount of the unrecognised deferred tax liabilities in this respect amounted to USD 4,887 thousand as at 31 December 2012.

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

In thousands of U.S. Dollars	**Assets**		**Liabilities**		**Net**	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Property, plant and equipment	-	-	5,347	4,287	5,347	4,287
Receivables	(1,409)	(1,177)	-	-	(1,409)	(1,177)
Inventories	(752)	(657)	-	-	(752)	(657)
Employee benefit plans	(1,089)	(955)	-	-	(1,089)	(955)
Provision	(512)	(338)	-	-	(512)	(338)
Finance charges on instalment sales	-	-	276	301	276	301
Others	-	-	683	532	683	532
Total (assets) liabilities before set off	(3,762)	(3,127)	6,306	5,120	2,544	1,993
Set off of tax	3,464	3,127	(3,464)	(3,127)	-	-
Net tax (assets) liabilities	(298)	-	2,842	1,993	2,544	1,993

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. Deferred tax assets and liabilities (continued)
Movement in temporary differences during the year

In thousands of U.S. Dollars	**Balance 1 January 2011**	**Recognised in profit or loss**	**Recognised directly in equity**	**Effects from movements in exchange rate**	**Balance 31 December 2011**	**Recognised in profit or loss**	**Recognised directly in equity**	**Effects from movements in exchange rate**	**Balance 31 December 2012**
Property, plant and equipment	5,172	(193)	(32)	(660)	4,287	545	754	(239)	5,347
Receivables	(1,465)	236	-	52	(1,177)	(301)	-	69	(1,409)
Inventories	(544)	(144)	-	31	(657)	(142)	-	47	(752)
Employee benefit plans	(909)	(89)	-	43	(955)	(173)	-	39	(1,089)
Provision	(244)	(129)	-	35	(338)	(213)	-	39	(512)
Finance charges on instalment sales	399	(38)	-	(60)	301	(19)	-	(6)	276
Others	499	3	-	30	532	153	-	(2)	683
	2,908	(354)	(32)	(529)	1,993	(150)	754	(53)	2,544

12. Inventories

In thousands of U.S. Dollars	**2012**	**2011**
Raw materials and consumables	7,702	8,333
Work in progress	2,402	2,643
Finished goods	73,253	54,656
	83,357	65,632
Impairment loss	(2,518)	(2,117)
	80,839	63,515

In 2012 raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales amounted to USD 229,688 thousand (2011: USD 219,540 thousand).

At 31 December 2012, inventories with carrying amount of USD nil (2011: USD 6,419 thousand) were collateralized to secure bank loans (see Note 17).

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

In thousands of U.S. Dollars	**2012**	**2011**
Balance at 1 January	2,117	2,122
Impairment loss recognised	618	129
Impairment loss reversed	(217)	(134)
Balance at 31 December	2,518	2,117

The reversal and write-down are included in cost of sales.

13. Trade and other receivables

In thousands of U.S. Dollars	**2012**	**2011**
Trade receivables	169,291	131,929
Others	4,334	30,668
Less: Unearned finance charges	(27,465)	(23,114)
	146,160	139,483
Non-current	57,404	59,545
Current	88,756	79,938
	146,160	139,483

Other receivables (non-current) include unsecured, subordinated promissory notes due from KSIN Holdings, Ltd. received as part of the consideration for the sale in 2004 of the Singer worldwide sewing business and of the ownership of the Singer trademark (the “SVP Notes” or “Notes”). The principal amount outstanding at 31 December 2012 was USD 22,138 thousand (2011: USD 26,813 thousand). The notes are guaranteed by SVP Holdings Ltd (“SVP”).

13. Trade and other receivable (continued)

In the fall of 2009, as a result primarily of the economic downturn and its impact on the worldwide sewing market, SVP defaulted with respect to certain financial covenants in its principal credit agreement. Consequently, an event of cross-default occurred with respect to the SVP Notes with effect from 1 October, 2009.

In May 2010, following and as a result of amendments of the respective credit agreements, SVP cured all outstanding defaults with respect to the credit agreements and paid ReHo all past due interest curing the default with respect to the Notes. At that time, in consideration for an extension of maturity of the Notes from October 2010 (for one third of repayment) and October 2011 (for the balance of the principal) to February 2014 (for all of the principal), SVP agreed to an increase in the interest rate on the Notes from 10.0% to 11.0%, effective October 2010, and from 11.0% to 12.0%, effective October 2011. For the period from October 2010 to September 2011 and the period from October 2011 to maturity date, SVP has the option of paying biannually at least approximately 64% and 58% of the interest in cash, respectively, and accruing the unpaid portion of the interest, with the accrued interest being subject to interest charges as mentioned above and payable at maturity along with the principal.

Improvements in SVP's operating performance in 2010 and 2011 enabled SVP, in June 2012, to successfully restructure its debt obligations. To provide additional liquidity to facilitate growth, the size of the overall facilities were increased, while maturities were extended from 2013/2014 to 2017/2018. Reflecting improvements in operating performance, SVP's increased financial flexibility, and the extension in the maturity of SVP's senior debt, the Company agreed, in June 2102, to extend the maturity of the Notes from February 2014 to September 2018, without any increase in the interest rate. The interest rate on the Notes remains at 12.0%. SVP can elect to pay at least approximately 58% of the interest in kind.

Concurrent with the refinancing, SVP used a portion of the additional liquidity that had been created to make a cash payment to the Company of USD 5,000 thousand in consideration for a reduction in the outstanding principal amount of the Notes by USD 5,882 thousand, representing a 15.0% discount to notional value.

The movements in the outstanding balance of the Notes are as follows:

In thousands of U.S. Dollars	**2012**	**2011**
Balance at 1 January	26,813	25,708
Accrued unpaid interest	1,207	1,105
Reduction due to refinancing	(5,882)	-
Balance at 31 December	22,138	26,813

SVP is current in all of its obligations to the Company. For the June and December 2012 and June and December 2011 interest payments, SVP elected to make the minimum cash interest payments and to accrete the balance of the interest due.

The Notes are measured at amortised cost. At 31 December 2012, the fair value of the Notes was USD 18,346 thousand (2011: USD 26,813 thousand). The basis for determining fair value is discussed in Note 4. The interest rates used to discount estimated cash flows are discussed in Note 30.

At 31 December 2012, trade receivables with carrying amount of USD 5,319 thousand (2011: USD 7,379 thousand) are collateralized to secure bank loans (see Note 17).

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 30.

14. Cash and cash equivalents

In thousands of U.S. Dollars	**2012**	**2011**
Bank balances	10,385	15,906
Call deposits	2,968	4,803
Cash and cash equivalents	13,353	20,709
Bank overdrafts	(21,981)	(15,511)
Cash and cash equivalents in the statement of cash flows	(8,628)	5,198

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 30.

At 31 December 2012, inventory with a carrying amount of USD 16,040 thousand (2011: nil) are collateralised to secure bank overdraft.

15. Capital and reserves

Ordinary shares and preferred shares

In thousands of shares	**Ordinary shares**		**Preferred shares**	
	2012	**2011**	**2012**	**2011**
On issue at 1 January	5,307	5,307	-	-
Purchased	(15)	-	-	-
Issued	3	-	-	-
On issue at 31 December	5,295	5,307	-	-

As at 31 December, 2012 the authorized capital of the Company comprised USD 210 thousand (2010: USD 210 thousand) divided into (a) 20,000,000 common shares with a par value of USD 0.01 per share and (b) 1,000,000 preferred shares with a par value of USD 0.01 per share.

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

To date, the Company has issued 8,976,105 ordinary shares, and has acquired 3,683,656 ordinary shares through purchase and pursuant to the terms of the original share distribution plan (including 14,250 ordinary shares purchased in 2012). All shares purchased have been cancelled other than the shares purchased in 2010 and 2012. Of the shares remaining, 3,000 shares were issued to Directors in 2012 as part of a Directors share incentive program (see Note 19). The residual 46,250 shares remain as Treasury shares and are not included as outstanding in the Financial Statements.

All shares have equal voting rights.

Translation reserve

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

Revaluation reserve

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

15. Capital and reserves (continued)

Distributions

The following returns of capital were made to equity holders.

In thousands of U.S. Dollars	**2012**	**2011**
USD 2.50 per qualifying ordinary share (2011: USD 2.50)	13,239	13,267

16. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2012 was based on the earnings attributable to ordinary shareholders of USD 11,962 thousand (2011: USD 14,070 thousand) and a weighted average number of ordinary shares outstanding of 5,301 thousand (2011: 5,307 thousand), calculated as follows:

Weighted average number of ordinary shares

In thousands of shares	***Note***	**2012**	**2011**
Issued ordinary shares at 1 January	*15*	5,307	5,307
Effect of share purchased		(6)	-
Weighted average number of ordinary shares at 31 December		5,301	5,307

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2012 was based on the earnings attributable to ordinary shareholders of USD 11,815 thousand (2011: USD 13,945 thousand) and a weighted average number of ordinary shares outstanding of 5,310 thousand (2011: 5,307 thousand), calculated as follows:

Weighted average number of ordinary shares

In thousands of shares	***Note***	**2012**	**2011**
Weighted average number of ordinary shares at 1 January (basic)	*15*	5,301	5,307
Effect of share based payment	*19*	9	-
Weighted average number of ordinary shares at 31 December		5,310	5,307

17. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see Note 30.

In thousands of U.S. Dollars	**2012**	**2011**
Non-current liabilities		
Secured bank loans	3,746	5,564
Unsecured bank loans	11,044	4,425
Promissory notes	-	2,195
Public deposits	2,699	4,417
Finance lease liabilities	151	214
	17,640	16,815
Current liabilities		
Current portion of secured bank loans	5,130	4,584
Current portion of unsecured bank loans	35,114	35,251
Promissory notes	16,206	-
Public deposits	19,861	18,961
Current portion of finance lease liabilities	94	209

	76,405	59,005

17. Loans and borrowings (continued)

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

In thousands of U.S. Dollars	Currency	Nominal interest rate	Year of maturity	31 December 2012 Face value	31 December 2012 Carrying amount	31 December 2011 Face value	31 December 2011 Carrying amount
Secured bank loans	SLR	16.4	2013-2015	6,548	6,548	7,139	7,139
Secured bank loans	PKR	10.8	2013-2016	2,328	2,328	3,003	3,003
Unsecured bank loans	SLR	14.9	2013	46,158	46,158	39,676	39,676
Promissory notes	SLR	15.9	2013-2014	16,206	16,206	2,195	2,195
Public deposits	SLR	15.1	2013-2017	22,555	22,555	23,378	23,378
Public deposits	INR	12.0	2013	5	5	6	6
Total interest-bearing liabilities				93,800	93,800	75,397	75,397

Security

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

In thousands of U.S. Dollars	2012	2011
Property, plant and equipment	7,177	5,319
Receivables	5,319	7,379
Inventories	-	6,419
	12,496	19,117

Finance lease liabilities

Finance lease liabilities are payable as follows:

In thousands of U.S. Dollars	Future minimum lease payments 2012	Interest 2012	Present value of minimum lease payments 2012	Future minimum lease payments 2011	Interest 2011	Present value of minimum lease payments 2011
Less than one year	118	24	94	253	44	209
Between one and five years	174	23	151	252	38	214
	292	47	245	505	82	423

18. Employee benefits

In thousands of U.S. Dollars	**2012**	**2011**
Present value of unfunded obligations	4,019	3,597
Present value of funded obligations	1,155	1,155
Total present value of obligations	5,174	4,752
Fair value of plan assets	(1,143)	(1,267)
Recognised liability for defined benefit obligations	4,031	3,485
Other long-term employee benefits	113	69
Total employee benefits	4,144	3,554

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

Plan assets comprise:

In thousands of U.S. Dollars	**2012**	**2011**
Term deposits	-	69
Government securities	1,033	1,074
Cash and cash equivalents	5	32
Others	105	92
	1,143	1,267
Actual return on plan asset	130	154

Movement in the present value of the defined benefit obligations

In thousands of U.S. Dollars	**2012**	**2011**
Defined benefit obligations at 1 January	4,752	4,634
Benefits paid by the plan	(335)	(604)
Current service costs and interest (see below)	870	773
Actuarial losses recognised in the period	275	228
Effect from movements in exchange rates	(388)	(279)
Defined benefit obligations at 31 December	5,174	4,752

Movement in the present value of plan assets

In thousands of U.S. Dollars	**2012**	**2011**
Fair value of plan assets at 1 January	1,267	1,683
Contribution to the plan	(4)	-
Benefits paid by the plan	(157)	(493)
Expected return on plan assets	149	161
Actuarial losses recognised in profit and loss	(23)	(5)
Effect from movements in exchange rates	(89)	(79)

Fair value of plan assets at 31 December	1,143	1,267

18. Employee benefits (continued)

Expense recognised in profit or loss

In thousands of U.S. Dollars	**2012**	**2011**
Current service costs	394	333
Interest on obligation	476	440
Expected return on plan assets	(149)	(161)
Actuarial (gains) / losses	298	233
	1,019	845

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

In thousands of U.S. Dollars	**2012**	**2011**
Cost of sales	241	253
Selling and administrative expenses	778	592
	1,019	845

Actuarial assumptions

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

	2012	**2011**
Discount rate at 31 December	10.6%	11.2%
Expected return on plan assets at 1 January	6.4%	7.0%
Future salary increases	7.8%	7.8%

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

The calculation of the defined benefit obligation is sensitive to the actuarial assumptions set out above as well as other assumptions such as mortality rates.

Historical information

In thousands of U.S. Dollars	**2012**	**2011**
Present value of the defined benefit obligation	5,174	4,752
Fair value of plan assets	(1,143)	(1,267)
Deficit in the plan	4,031	3,485

The Group expects USD 716 thousand in contributions to be paid to the funded defined benefit plans and USD 2,024 thousand in benefits to be paid for the unfunded plans in 2013.

19. Share-based payments

Directors Share Incentive Scheme

In September 2012, a Directors Share Incentive Scheme was approved whereby 3,000 of the Company's Treasury Shares were distributed as part of a three year, 9,000 Share program. Each Director of the Company received 600 Share as the initial tranche under the program. The 2012 Shares are restricted and may not be sold until a Director has rendered three years of service. The restricted shares participate in distributions paid on shares generally during the period. The Company recognized stock-based compensation expense of USD 7 thousands in 2012 (2011: USD nil), based on the fair value of the awards.

Singer Asia

In 2005 Singer Asia granted stock options to Singer Asia employees to purchase 60,000 shares of Singer Asia stock. The options are exercisable at 40% of the number of options granted on the second anniversary of the date of grant and 20% of the number of options granted on each successive anniversary of the date of grant so that they are fully exercisable within 5 years from date of grant. During 2009, 2010 and 2011, 5,025, 5,077 and 6,564 stock options were exercised at a value of USD 324 thousand, USD 327 thousand and USD 423 thousand respectively. During 2008, 10,000 options were forfeited. At 31 December, 2012, 33,334 options were fully vested (2011: 39,898 options). The unexercised options carry the same right to receive dividends and distributions as issued shares.

20. Deferred income

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

21. Warranty provision

In thousands of U.S. Dollars	**2012**	**2011**
Balance at 1 January	1,238	898
Provisions made during the year	1,685	1,561
Provisions used during the year	(905)	(1,221)
Balance at 31 December	2,018	1,238
Non-current	458	103
Current	1,560	1,135
	2,018	1,238

The provision for warranty relates mainly to products sold during the years ended 31 December 2012 and 2011. The provision is based on estimates made from historical warranty data associated with similar products.

22. Trade and other payables

In thousands of U.S. Dollars	**2012**	**2011**
Trade payables	14,480	16,095
Non-trade payables and accrued expenses	23,999	25,717
	38,479	41,812

The Group's exposure to currency and liquidity risks related to trade and other payables is disclosed in Note 30.

23. Revenue

In thousands of U.S. Dollars	**2012**	**2011**
Sale of goods	306,124	299,089
Finance charges	31,861	26,686
Commission	441	215
Service income	3,502	3,353
Others	1,999	1,954
	343,927	331,297

24. Other income

In thousands of U.S. Dollars	**Note**	**2012**	**2011**
Gain on disposal of subsidiary and affiliate shares		3,225	1,017
Settlement of legal case and liquidation proceeding		-	3,766
Gain on sale of property, plant and equipment		122	120
Discount on early repayment of SVP Note	*13*	(882)	-
Others		2,306	1,751
		4,771	6,654

During 2011, the Company disposed of its 3.0% interest in STL for a cash consideration of USD 1,513 thousand. The Company's share of STL's assets on the date of disposal was USD 884 thousand. Due to the adjustments for the foreign currency translation differences for foreign operations, the consolidated statement of income recorded a gain of USD 1,017 thousand while the consolidated statement of comprehensive income recorded a loss of USD 388 thousand.

During 2011, the Company settled a long standing legal case in the United States relating to the assets of an old pension plan for non-US employees, realizing a gain of USD 3,420 thousand, and received the residual proceeds from the liquidation settlement of a subsidiary of a predecessor company, realizing a gain of USD 346 thousand.

During 2012, the Company disposed of its 4.4% interest in STL for a cash consideration of USD 4,115 thousand. The Company's share of STL's assets on the date of disposal was USD 1,453 thousand. Due to the adjustments for the foreign currency translation differences for foreign operations, the consolidated statement of income recorded a gain of USD 3,225 thousand while the consolidated statement of comprehensive income recorded a loss of USD 563 thousand.

25. Expenses by nature

In thousands of U.S. Dollars	**Note**	**2012**	**2011**
Changing in inventories of finished goods and work-in-progress	12	(17,912)	(14,777)
Semi-finished goods and materials used	12	247,600	234,317
Advertising and promotion		10,757	11,592
Depreciation and amortisation expenses	8	3,322	3,410
Employee benefits expenses	27	34,227	35,371
Impairment and amortisation	9	453	24
Rental and occupancy		8,664	8,740
Warranty expenses		2,708	2,491
Others		13,950	14,690
Total cost of sales, selling and administrative expenses		303,769	295,858

26. Other expenses

In thousands of U.S. Dollars	**2012**	**2011**
Royalty expense	3,439	3,313

Royalty is for the use of the SINGER trademark by the Company's subsidiaries and is calculated at 1% of the Company's consolidated revenue.

27. Employee benefit expenses

In thousands of U.S. Dollars	***Note***	**2012**	**2011**
Wages and salaries		29,330	30,768
Compulsory social security contributions		99	150
Contributions to defined contribution plans		2,352	2,311
Expenses related to defined benefit plans	*18*	1,019	845
Others		1,427	1,297
		34,227	35,371

28. Finance income and finance costs recognized in profit and loss

In thousands of U.S. Dollars	**2012**	**2011**
Interest income on bank deposits	192	89
Interest from SVP Notes	2,901	2,922
Other	937	1,381
Finance income	4,030	4,392
Interest expense	16,278	10,390
Net foreign exchange loss	260	437
Finance costs	16,538	10,827
Net finance costs recognized in profit or loss	12,508	6,435

29. Income tax expense

In thousands of U.S. Dollars	**2012**	**2011**
Current tax expense		
Current period	8,382	10,116
Adjustment for prior periods	(26)	(204)
	8,356	9,912
Deferred tax expense		
Origination and reversal of temporary differences	84	(55)
Change in unrecognized deductible temporary differences	(116)	(361)
Change in tax rate	-	385
Change in previously unrecognized tax losses	51	(3)
Other	(169)	(320)
	(150)	(354)
Total income tax expense	8,206	9,558

Income tax recognized directly in equity

In thousands of U.S. Dollars	**2012**	**2011**
Income tax charge / (credit) on revaluation of property, plant and equipment	754	(191)

Reconciliation of effective tax rate

In thousands of U.S. Dollars	**2012** %	**2012**	**2011** %	**2011**
Profit for the period		24,861		25,113
Total income tax expense		8,206		9,558
Profit excluding income tax		33,067		34,671
Weighted average tax using the tax rates in the jurisdictions where the Group operates	21.05%	6,960	30.44%	10,553
Withholding tax on dividends paid	3.66%	1,210	3.91%	1,354
Adjustment for prior periods	(0.08%)	(26)	(0.59%)	(204)
Change in tax rate	0.00%	-	1.11%	385
Change in unrecognized temporary differences and effect of tax expense on loss before tax	0.15%	50	(0.01%)	(3)
Permanent differences	1.00%	329	(5.33%)	(1,847)
Other	(0.96%)	(317)	(1.96%)	(680)
	24.82%	8,206	27.57%	9,558

The weighted average tax rate for the Group is dependent on the prevailing income tax rates in the countries in which the Group operates and the proportion of each of these countries' profit in relation to the Group's total profit.

30. Financial instruments
Credit risk
Exposure to credit risk

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

In thousands of U.S. Dollars	**Carrying amount 2012**	**2011**
Receivables	146,160	139,483
Cash and cash equivalents	13,353	20,709
	159,513	160,192

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

In thousands of U.S. Dollars	**Carrying amount 2012**	**2011**
Asian countries	124,022	112,670
Other countries	22,138	26,813
	146,160	139,483

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

In thousands of U.S. Dollars	**Carrying amount 2012**	**2011**
Retail customers	107,652	96,719
Wholesale customers	12,469	13,143
Others	26,039	29,621
Total	146,160	139,483

Impairment losses

The aging of receivables at the reporting date was:

In thousands of U.S. Dollars	**Gross 2012**	**Impairment 2012**	**Gross 2011**	**Impairment 2011**
Not past due	114,909	166	137,034	71
Past due 0-30 days	18,746	10	1,505	225
Past due 31-120 days	11,898	265	2,017	912
Past due more than 120 days	4,456	3,408	2,101	1,966
	150,009	3,849	142,657	3,174

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

In thousands of U.S. Dollars	**2012**	**2011**
Balance at 1 January	3,174	4,027
Impairment loss recognized	1,560	1,773
Amounts written off	(885)	(2,626)
Balance at 31 December	3,849	3,174

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

30. Financial instruments (continued)

Credit risk (continued)

Impairment loss (continued)

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

Liquidity risk

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

31 December 2012

In thousands of U.S. Dollars	**Carrying amount**	Contractual cash flows	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Secured bank loans	8,876	9,373	6,176	1,539	818	840	-
Unsecured bank loans	46,158	51,411	33,627	-	1,748	16,036	-
Promissory notes	16,206	17,248	12,118	828	4,302	-	-
Public deposits	22,560	25,740	12,954	8,993	1,069	2,724	-
Finance lease liabilities	245	292	68	50	84	90	-
Trade and other payables	38,479	38,479	37,625	854	-	-	-
Bank overdraft	21,981	21,981	16,328	5,653	-	-	-
	154,505	164,524	118,896	17,917	8,021	19,690	-

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

31 December 2011

In thousands of U.S. Dollars	**Carrying Amount**	Contractual cash flows	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Secured bank loans	10,148	12,861	1,895	4,966	3,293	1,918	789
Unsecured bank loans	39,676	41,089	9,863	21,574	-	9,652	-
Promissory notes	2,195	2,509	-	-	2,509	-	-
Public deposits	23,378	26,115	4,203	16,975	2,528	2,409	-
Finance lease liabilities	423	505	50	203	125	127	-
Trade and other payables	41,812	41,812	16,322	25,490	-	-	-
Bank overdraft	15,511	17,875	4,110	13,765	-	-	-
	133,143	142,766	36,443	82,973	8,455	14,106	789

30. Financial instruments (continued)

Currency risk

Exposure to currency risk

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

Net exposure consists of:

In thousands of U.S. Dollars	**31 December 2012**	**31 December 2011**
U.S. Dollar to Bangladesh Taka	(1,686)	(6,154)
U.S. Dollar to Sri Lanka Rupee	(758)	(19,167)
Total exposure	(2,444)	(25,321)

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

	Average rate		**Reporting date Spot rate**	
U.S. Dollar	**2012**	**2011**	**2012**	**2011**
BT 1	81.84	74.17	79.78	81.97
PKR 1	93.40	86.38	97.25	89.92
SLR 1	127.45	110.52	127.00	113.91

Sensitivity analysis

A 10 percent strengthening of the U.S. Dollar against the following currencies at 31 December would have increased / (decreased) equity and profit by the amounts shown below. This analysis assumes that other variables, in particular interest rates and prices of import purchases denominated in U.S. Dollars, remain constant. This analysis is performed on the same basis for 2011 and 2012 as indicated below:

In thousands of U.S. Dollars	**Equity**	**Profit or loss**
31 December 2012		
SLR	(5,207)	(76)
BT	(2,999)	(79)
31 December 2011		
SLR	(5,077)	(381)
BT	(2,568)	(176)

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

30. Financial instruments (continued)

Interest rate risk

Profile

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

In thousands of U.S. Dollars	**2012**	**2011**
Fixed rate instruments		
Financial assets	131,381	129,613
Financial liabilities	(85,720)	(60,347)
	45,661	69,266
Variable rate instruments		
Financial assets	3,072	1,273
Financial liabilities	(31,701)	(32,132)
	(28,629)	(30,859)

Fair value flow sensitivity analysis for fixed rate instruments

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

A change of 100 basis points in interest rates would have increased or decreased total equity by USD 457 thousand (2011: USD 692 thousand).

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at 31 December would have increased (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that other variables, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for 2012 and 2011.

	Profit or loss	
In thousands of U.S. Dollars	**100 bp increase**	**100 bp decrease**
31 December 2012		
Variable rate instruments	(286)	286
Cash flow sensitivity	(286)	286
31 December 2011		
Variable rate instruments	(309)	309
Cash flow sensitivity	(309)	309

30. Financial instruments (continued)

Accounting classifications and fair values

Fair values versus carrying amounts

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

In thousands of U.S. Dollars

31 December 2012	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
Cash and cash equivalents	13,353	-	13,353	13,353
Loans and receivables	146,160	-	146,160	142,368
	159,513	-	159,513	155,721
Secured bank loans	-	(8,876)	(8,876)	(9,373)
Unsecured bank loans	-	(46,157)	(46,157)	(51,411)
Promissory notes	-	(16,207)	(16,207)	(17,248)
Public deposits	-	(22,560)	(22,560)	(25,740)
Finance lease liabilities	-	(245)	(245)	(292)
Trade and other payables	-	(38,479)	(38,479)	(38,479)
Bank overdraft	-	(21,981)	(21,981)	(21,981)
	-	(154,505)	(154,505)	(164,524)

31 December 2011	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
Cash and cash equivalents	20,709	-	20,709	20,709
Loans and receivables	139,483	-	139,483	139,483
	160,192	-	160,192	160,192
Secured bank loans	-	(10,148)	(10,148)	(11,264)
Unsecured bank loans	-	(39,676)	(39,676)	(41,403)
Promissory notes	-	(2,195)	(2,195)	(2,509)
Public deposits	-	(23,378)	(23,378)	(26,115)
Finance lease liabilities	-	(423)	(423)	(505)
Trade and other payables	-	(41,812)	(41,812)	(41,812)
Bank overdraft	-	(15,511)	(15,511)	(15,511)
	-	(133,143)	(133,143)	(139,119)

The basis for determining fair values is discussed in Note 5.

Interest rates used for determining fair values

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

	2012	2011
Loans and other receivables (other than SVP Notes)	26.4%	27.1%
SVP Notes	17.2%	12.0%
Loans and borrowings	14.3%	13.4%
Leases	16.8%	16.8%

31. Operating leases

Leases as lessee

Non-cancellable operating lease rental are payable as follows:

In thousands of U.S. Dollars	**2012**	**2011**
Less than one year	694	671
Between one and five years	1,217	1,802
	1,911	2,473

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

During the year ended 31 December, 2012, USD 3,708 thousand was recognized as an expense in the income statement in respect of operating leases (2011: USD 3,892 thousand).

32. Capital Commitments

As at 31 December 2012 the Group was committed to incur capital expenditure of USD 286 thousand (2011: USD 305 thousand) to acquire software.

33. Contingencies

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

34. Related parties

Transactions with key management personnel

Key management personnel compensation

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

In thousands of U.S. Dollars	**2012**	**2011**
Short-term employee salaries and benefits	1,824	2,105
Other long-term benefits	55	54
	1,879	2,159

Key management personnel and directors of the company control 17.7% of the Company. Three trusts of which a relative of a director is the trustee control 8.4% of the Company.

Other related party transactions

	Transaction value for the year ended 31 December		**Balance outstanding as at 31 December**	
In thousands of U.S. Dollars	**2012**	**2011**	**2012**	**2011**
Management fee received				
Singer Thailand Public Company Limited	1,010	829	955	743

35. Group entities

Significant subsidiaries	Country of incorporation	Ownership interest 2012	2011
Singer Asia Limited	Cayman Islands	55.9%	56.2%

There are no significant restrictions on the ability of the Group’s subsidiaries to transfer funds to the parent except for Singer Bangladesh Limited, where, pursuant to an agreement entered into with the Department of Industries of Bangladesh in February 1979 when Singer Bangladesh Limited was incorporated, Singer Bangladesh Limited is not permitted to remit dividends on certain shares owned by Singer Asia, equivalent to 20% of Singer Bangladesh Limited’s total number of shares issued.

36. Segment information

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

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

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

36. Segment information (continued)

31 December 2012

In thousands of U.S. Dollars	**Sri Lanka**	**Bangladesh**	**Pakistan**	**India**	**Thailand**	**Unallocated Amounts**	**Inter-segment Elimination**	**Total**
External revenue	199,252	82,496	27,074	33,659	-	1,446	-	343,927
Inter-segment revenue	-	-	-	-	-	2	(2)	-
Depreciation and amortisation	2,641	734	351	46	-	3	-	3,775
Impairment charge – accounts receivable	903	722	71	17	-	-	-	1,713
Impairment charge – inventory	52	346	1	2	-	-	-	401
Results from operating activities	27,454	9,052	2,828	1,480	-	623	-	41,437
Interest income	598	314	52	123	-	2,932	-	4,019
Interest expenses	12,827	1,173	2,274	4	-	-	-	16,278
Income tax charge	4,984	2,155	197	3	-	867	-	8,206
Profit before tax	15,261	8,253	561	1,571	4,085	12,650	(9,314)	33,067
Capital expenditure	5,365	1,177	367	-	-	138		7,047
Total assets	185,203	57,743	26,471	10,941	16,609	109,678	(74,425)	332,220
Total liabilities	127,930	24,752	18,118	6,762	-	3,737	(9,374)	171,925
Net assets	57,273	32,991	8,353	4,179	16,609	105,941	(65,051)	160,295

36. Segment information (continued)

31 December 2011

In thousands of U.S. Dollars	**Sri Lanka**	**Bangladesh**	**Pakistan**	**India**	**Thailand**	**Unallocated Amounts**	**Inter-segment Elimination**	**Total**
External revenue	198,912	72,945	28,533	29,091	-	1,816	-	331,297
Inter-segment revenue	-	-	-	-	-	255	(255)	-
Depreciation and amortisation	2,312	679	365	50	-	4	-	3,410
Impairment charge – accounts receivable	538	65	65	13	-	-	-	1,857
Impairment charge / (reversal) – inventory	16	(11)	7	(17)	-	-	-	(5)
Results from operating activities	26,612	6,139	2,557	1,090	-	2,382	-	38,780
Interest income	245	1,092	42	79	-	2,934	-	4,392
Interest expenses	7,751	426	2,209	4	-	-	-	10,390
Income tax charge	6,495	1,581	107	2	-	1,373	-	9,558
Profit before tax	19,133	6,791	353	1,179	2,326	25,415	(20,526)	34,671
Capital expenditure	3,429	912	369	-	-	38	-	4,748
Total assets	168,432	46,419	26,856	7,461	13,647	116,497	(75,577)	303,735
Total liabilities	112,590	18,171	18,200	5,612	-	3,150	(8,464)	149,259
Net assets	55,842	28,248	8,656	1,849	13,647	113,347	(67,113)	154,476

"Unallocated Amounts" include goodwill and the SVP Notes totalling USD 24,653 thousand as at 31 December 2012 (2011: USD 26,813 thousand).

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

37. Subsequent event

In January 2013, the Company's subsidiary, Singer Asia Limited, sold a further 1.1% interest in STL for a cash consideration of USD 1,845 thousand. Singer Asia Limited's share of STL's assets on the date of disposal was USD 425 thousand. Due to the adjustments for the foreign currency translation differences for foreign operations, the Singer Asia Limited's consolidated statement of income recorded a gain of USD 1,562 thousand while its consolidated statement of comprehensive income recorded a loss of USD 142 thousand.

On 28 February 2013, Singer India was deregistered as a sick company by BIFR.