

**FOR IMMEDIATE RELEASE**  
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**INFORMATION CONTACT**  
**Amy Pappas at (914) 241-3404**

**RETAIL HOLDINGS N.V. ANNOUNCES 2006 RESULTS**

May 15, 2007, Curacao, Netherlands Antilles

Retail Holdings N.V. (Symbol: RHDGF)

Retail Holdings N.V. (“ReHo” or the Company”) announced today its results for the year ended December 31, 2006.

**2006 Year Results**

The Company’s 2006 consolidated results are impacted significantly by the results for Thailand where poor collection performance on motorcycle installment accounts, among other factors, resulted in a significantly higher level of product reverts (which are accounted for as negative sales) and higher bad debt and inventory provisions (the latter, also being impacted by declining used motorcycle prices). The resulting introduction during the year of new, tighter credit granting procedures, the restructuring and consolidation of the operation, and the need to provide a valuation reserve for a portion of the deferred tax asset, further impacted the Thailand results.

For the year ended December 31, 2006, the Company reported consolidated revenue of \$243.7 million compared to consolidated revenue of \$295.1 million for the same period in 2005, a decrease of \$51.4 million or 17.4%. The decline in consolidated revenue is due to the \$73.3 million drop in Thailand’s revenue. Revenue at the retail operating units in Bangladesh, Pakistan and Sri Lanka increased by \$23.8 million in 2006, to \$177.9 million, or by 15.4%, as compared to the same period in 2005. Overall, consolidated revenue, excluding Thailand, showed a 12.7% increase over prior year.

The Company’s revenue in 2006 includes \$47.8 million of finance earnings on consumer credit sales compared to \$52.2 million of finance earnings on consumer credit sales for the same period in 2005. The decrease in finance earnings is due to decreased credit earnings in Thailand, partially offset by increased credit earnings at the retail operating units in Bangladesh, Pakistan and Sri Lanka as a result of their strong sales and credit promotion.

Gross profit for the year ended December 31, 2006 was \$100.7 million, representing a gross profit as a percentage of revenue of 41.3% as compared to \$115.0 million and a gross profit percentage of 39.0% for the year ended December 31, 2005. The increase in gross profit percentage is primarily due to the significant decline in Thailand’s motorcycles sales which have a lower gross profit contribution. Gross profit at the retail operating units in Bangladesh, Pakistan and Sri Lanka was \$59.7 million for the year

ended December 31, 2006, representing a gross profit as a percentage of revenue of 33.6%, as compared to \$48.6 million and a gross profit percentage of 31.5% for the year ended December 31, 2005.

Selling and administrative expense for the year ended December 31, 2006 was \$111.4 million, representing 45.7% of revenue, as compared to \$109.5 million and 37.1% of revenue for the year ended December 31, 2005. The increase in selling and administrative expense as a percentage of revenue is primarily due to Thailand's significant sales decrease without a corresponding decrease in fixed selling and administrative expense coupled with increased bad debt provisions. Excluding Thailand, selling and administrative expense as a percentage of revenue would have improved to 26.4% in the year ended December 31, 2006 as compared to 29.2% for the same period in 2005. Selling and administrative expense at Retail Holdings' corporate declined to \$2.8 million in 2006 as compared with \$5.8 million for the same period in the prior year.

Operating income for the year ended December 31, 2006 was a loss of \$10.6 million as compared to income of \$5.6 million for the same period in 2005. The \$16.2 million decline in operating income reflects the \$23.4 million operating loss in Thailand in 2006 as compared to an operating profit in Thailand of \$3.1 million for the same period in 2005. Operating profit at the retail operating units in Bangladesh, Pakistan and Sri Lanka increased \$3.8 million to \$20.0 million, an increase of 23.2% over prior year. The improvement in consolidated operating profit, excluding Thailand, also reflects reduced operating losses in India and reduced Retail Holdings' corporate expense.

Interest expense was \$13.8 million and \$9.8 million for the years ended December 31, 2006 and 2005, respectively. The increase in interest expense reflects higher interest rates and the increased financing required to support the increased level of installment receivables and other assets as a result of higher sales and promotion of credit in markets other than Thailand, including longer average credit terms in Sri Lanka.

Equity earnings from Operating Affiliates were \$1.6 million and \$0.6 million for the years ended December 31, 2006 and 2005, respectively. The \$1.0 million improvement is primarily due to enhanced operating performance at an affiliate in Sri Lanka.

Royalty expense was \$2.4 million and \$3.0 million for the years ended December 31, 2006 and 2005, respectively. The decrease in royalty expense is due to decreased revenue in Singer Asia. The royalty expense is for the use of the Singer<sup>®</sup> trademark by the companies of Singer Asia.

Miscellaneous other income was \$8.3 million and \$22.1 million for the years ended December 31, 2006 and 2005, respectively. Other income in 2006 includes: \$3.5 million of interest income from cash investments and the KSIN and Jamaica Notes receivable; a \$3.0 million gain from reversal of a valuation reserve no longer required relating to a KSIN Note; and a \$0.3 million gain on sale of property. Other income in 2005 includes: a \$11.1 million gain upon deconsolidation of Singer India reflecting the reversal of losses previously recorded for Singer India that exceeded the Company's investment and

exposure in Singer India; \$9.7 million from settlement of the Company's liabilities to and distribution of the residual assets of Singer Exports, a subsidiary of Old Singer, on its liquidation; \$2.8 million of interest income from cash investments and the KSIN and Jamaica Notes receivable; a \$1.1 million gain resulting from a favorable legal settlement of an outstanding obligation; and a \$0.4 million gain on sale of property. These gains in 2005 were partially offset by \$1.4 million in legal settlements, principally relating to a discontinued operation in Mexico, and foreign exchange losses of \$1.1 million.

Provision for income taxes amounted to \$0.7 million and \$4.3 million for the years ended December 31, 2006 and 2005, respectively. The \$3.6 million decrease in provision for income taxes is primarily due to the negative income tax provision in Thailand reflecting the significant operating losses incurred during 2006, as compared to the small negative provision in Thailand for the same period in 2005. A valuation allowance of \$7.9 million was established during the year for the deferred tax asset in Thailand, offsetting a portion of the impact on the provision of the substantial Thailand loss.

Minority interest share in loss was \$15.5 million for 2006 compared to minority interest share in income of \$5.8 million for 2005. The shift in minority interest share from income to loss is primarily due to the significant net loss in Thailand in 2006, compared to a small loss in 2005, which results are shared both by the 46.6% public shareholders of Singer Thailand and the 43.2% minority shareholder in Singer Asia.

The Company's loss from continuing operations for the year ended December 31, 2006 was \$2.3 million as compared to income of \$5.5 million in 2005. The deterioration of \$7.8 million is primarily due to the decline in operating income, reflecting the deterioration in Thailand, coupled with a decrease in miscellaneous other income, which was partially offset by the increase in minority interest share in loss and a decreased income tax provision.

Loss from discontinued operations for the year ended December 31, 2005 was \$0.4 million; there was no income or loss from discontinued operations in 2006. The loss from discontinued operation in 2005 was due to the loss on sale of Jamaica, net of earnings from operations, of \$1.7 million, and additional termination benefits of \$1.0 million, which were offset, in part, by the post closing purchase price adjustment relating to the KSIN transaction, which resulted in a gain of \$2.3 million.

The net income available to the Company's common shares (the "Shares") was a loss of \$2.3 million for the year ended December 31, 2006 as compared to income of \$5.1 million in 2005. This is equivalent to basic and diluted loss per Share of \$0.44 in 2006, as compared to basic and diluted income per Share of \$0.97 and \$0.90, respectively, in 2005.

## **Chairman Comments**

Commenting on the 2006 results, Stephen H. Goodman, ReHo's Chairman, President and Chief Executive Officer, remarked, "I am, of course, disappointed by the very poor 2006 Thailand performance and the resulting impact on the Singer Asia and Retail Holdings' consolidated results. It should be noted, however, that a significant portion of the Thailand loss is attributable to a specific area -- motorcycle installment accounts -- and some relates to non-cash items such as the valuation reserve established for the deferred tax asset. Thailand's cash flow in 2006 was strongly positive, enabling Singer Thailand management to reduce debt outstanding by \$15.4 million. Management anticipates that Thailand's performance will be improved in 2007 as a consequence of the introduction of new, tighter credit-granting procedures, the restructuring and consolidation of the operation and the decision to essentially exit the motorcycle business.

"The Thailand results, unfortunately, also mask the exceptional performance of the core retail managements in Bangladesh, Pakistan and Sri Lanka. Combined revenue for these three managements was up 15.4% in 2006 as compared with 2005, while operating income was up 23.2%. In each of these markets, Singer Asia is the leading retailer of durable products for the home. In each of these markets Singer Asia is recognized by consumers as a trusted source of reliable, quality, consumer products, as well as being identified with the availability of consumer credit and other financial services."

## **About Retail Holdings**

Retail Holdings N.V., ("ReHo" or the "Company") is a holding company with three principal assets: 1) a 56.8% equity interest in Singer Asia Limited, ("Singer Asia"), a distributor of consumer durable products in selected emerging markets in Asia, with consumer credit and other financial services available to qualified customers; 2) seller notes, primarily arising from the sale of the Singer® world-wide sewing business and trademark; and 3) cash and cash equivalents. The Company has no operating activities other than those carried out through Singer Asia.

The Company is a Netherlands Antilles public company which is the successor company to the Singer Company N.V. and its predecessor companies. The Company, formerly known as Singer N.V., changed its name to Retail Holdings N.V. following the sale of the sewing machine business and the Singer® trademark in September 2004.

Price quotations for the Company's shares are available on the "Pink Sheets" quotation service under the symbol "RHDGF". Brokers should be able to continue trading ReHo's shares using the "Pink Sheets" quotation service as long as the Company is current in submitting to the U.S. Securities and Exchange Commission the materials that it makes available to its shareholders or is required to file under its own country jurisdiction. Even to the extent that quotations on the "Pink Sheets" service continue, there is no assurance that there will be adequate liquidity or that there will not be wide swings in prices and significant differences between "bid" and "asked" prices, which will make

trading difficult and could cause prices for the Company's shares to deviate substantially from their theoretical inherent value.

Additional financial and other information about the Company, including: a copy of ReHo's audited consolidated financial statements for the twelve months ended December 31, 2006, 2005, 2004, 2003, 2002, and 2001 and for the three months ended December 31, 2000, together with the Auditor's Reports thereon; the 2006 Annual Report dated May 2007, and the prior Disclosure Statements and Reports dated April 2006, April 2005, April 2004, April 2003, May 2002 and September 2001; and copies of all semi-annual and quarterly reports and press releases since the conclusion of the Chapter 11 proceedings in September 2000, may be found at the Corporate/Investor section of the Company's website at [www.retailholdings.com](http://www.retailholdings.com).

Statements made herein with respect to the Company's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of the Company. Forward-looking statements include, but are not limited to, those using words such as believe, expect, anticipate, plans, strategy, prospects, forecast, estimate, project, may or might, and words of similar meaning in connection with a discussion of future operations, financial performance, financial position, capital resources, and strategy and plans and objectives of management. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions and beliefs which are expressed in light of the information available to management at the time. The ultimate outcome in many cases is outside the Company's control. The Company cautions you that no assurance can be given that expectations reflected in such forward-looking statements will prove to have been 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, you should not rely on any obligation of the Company to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The Company disclaims any such obligation. Risks and uncertainties that might affect the Company include, but are not limited to: general economic conditions, particularly in Asia, including levels of consumer spending; exchange rate, particularly between the US dollar and the currencies in which the Company makes significant sales or in which the Company's assets and liabilities are denominated; the Company's ability to continue to win acceptance of its products and services, which are offered in highly competitive markets; the payment at maturity of the unsecured subordinated promissory notes issued to the Company by KSIN Holdings, Ltd. and the secured promissory notes issued to the Company by AON International and Singer Jamaica; continuing relationships with financial institutions, suppliers and other creditors; and the outcome of contingencies.

For further information, please contact Amy Pappas at (914) 241-3404.

## RETAIL HOLDINGS N.V. AND SUBSIDIARIES

### CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2006 AND 2005

(in thousands of U.S. dollars, except share and per share amounts)

	2006	As Corrected 2005
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 32,454	\$ 33,194
Accounts receivable	114,463	108,599
Inventories	56,758	53,799
Other current assets	19,610	20,878
Total current assets	<u>223,285</u>	<u>216,470</u>
Investment in affiliates	7,715	6,413
Installment receivables due in excess of one year	35,863	59,834
Property, plant and equipment	25,834	20,564
Goodwill and intangible assets	15,167	14,887
Other assets	27,629	23,875
Total assets	<u>\$ 335,493</u>	<u>\$ 342,043</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Notes and loans payable	\$ 70,789	\$ 71,434
Current portion of long-term debt	24,278	30,814
Accounts payable	19,076	14,466
Accrued liabilities	18,911	17,374
Total current liabilities	<u>133,054</u>	<u>134,088</u>
Long-term debt, excluding current portion	53,560	46,623
Other non-current liabilities	15,157	13,812
Minority interest	51,451	63,459
Total liabilities	<u>253,222</u>	<u>257,982</u>
<b>SHAREHOLDERS' EQUITY:</b>		
Preferred shares, redeemable, \$0.01 par value, authorized 1,000,000 shares; issued and outstanding Series A convertible, nil shares in 2006 and 2005	-	-
Common shares, \$0.01 par value, authorized 20,000,000 shares; issued and outstanding 5,086,766 in 2006 and 5,173,271 in 2005	51	52
Additional paid-in capital	90,926	91,651
Deficit	(3,845)	(1,543)
Accumulated other comprehensive loss	(4,861)	(6,099)
Total shareholders' equity	<u>82,271</u>	<u>84,061</u>
Total liabilities and shareholders' equity	<u>\$ 335,493</u>	<u>\$ 342,043</u>

## RETAIL HOLDINGS N.V. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

(in thousands of U.S. dollars, except share and per share amounts)

	<u>2006</u>	<u>2005</u>
REVENUES	\$ 243,706	\$ 295,143
COST OF REVENUES	142,969	180,096
Gross profit	<u>100,737</u>	<u>115,047</u>
SELLING AND ADMINISTRATIVE EXPENSES	111,350	109,473
Operating income (loss)	<u>(10,613)</u>	<u>5,574</u>
OTHER INCOME (EXPENSE)		
Interest expense	(13,830)	(9,836)
Equity in earnings from affiliates	1,556	588
Royalty expense	(2,437)	(2,951)
Other, net	8,295	22,133
Other income (expense), net	<u>(6,416)</u>	<u>9,934</u>
Income (loss) from continuing operations before provision for income taxes and minority interest	(17,029)	15,508
PROVISION FOR INCOME TAXES	739	4,257
MINORITY INTEREST SHARE IN INCOME (LOSS)	(15,466)	5,774
Income (loss) from continuing operations	<u>(2,302)</u>	<u>5,477</u>
DISCONTINUED OPERATIONS		
Gain (loss) on sale of Sewing business and trademark, net of tax benefit	-	1,314
Income from operations of Jamaica, before income taxes	-	308
Provision for income taxes of Jamaica	-	75
Loss on sale of Jamaica, net of tax benefit	-	(1,927)
Loss from discontinued operations	<u>-</u>	<u>(380)</u>
NET INCOME (LOSS)	<u>\$ (2,302)</u>	<u>\$ 5,097</u>
Earnings (loss) per common share - basic		
Income (loss) from continuing operations	\$ (0.44)	\$ 0.97
Loss from discontinued operations	<u>\$ -</u>	<u>\$ (0.07)</u>
Income (loss) available to common shares	<u>\$ (0.44)</u>	<u>\$ 0.90</u>
Earnings (loss) per common share – diluted		
Income (loss) from continuing operations	\$ (0.44)	\$ 0.93
Loss from discontinued operations	<u>\$ -</u>	<u>\$ (0.06)</u>
Income (loss) available to common shares	<u>\$ (0.44)</u>	<u>\$ 0.87</u>
Basic weighted average common shares outstanding	<u>5,148,989</u>	<u>5,638,631</u>
Diluted weighted average common shares outstanding	<u>5,291,017</u>	<u>5,886,869</u>

