

# **SINGER<sup>®</sup>**

**SINGER PAKISTAN LIMITED  
HALF YEARLY ACCOUNTS (UN-AUDITED)**

**FOR THE SIX MONTHS ENDED 30 JUNE**

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**Note:** These Accounts are also available on Company's Website [www.singerpakistan.com.pk](http://www.singerpakistan.com.pk)

# SINGER PAKISTAN LIMITED

## DIRECTORS' REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2006

The Directors of the Company take pleasure in presenting their report, un-audited financial statements of the Company for the half year ended 30 June 2006 and auditor's review report thereon.

During the period under review, overall economic environment was positive. However, the period under review witnessed a steep rise in mark up rates and continuing rise in oil prices. Selling prices have remained under pressure due to stiff market competition. Despite this, your Company achieved a healthy Net Sales growth of 25% for the first half of 2006. Sales increased to Rs. 711.2 million from Rs. 575.4 million, an increase of Rs. 135.8 million or 23.6%. This is mainly due to increase in sales of appliances.

Gross profit increased by Rs. 35.1 million or 35.9% over corresponding period mainly due to increase in Sales, Earned Carrying Charges and controlled cost despite increased petroleum prices.

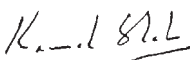
Marketing, selling and distribution costs increased by Rs. 14.3 million over the corresponding period mainly due to increase in Advertising and promotion while Administrative expenses increased by Rs. 1.7 million due to growth in business and inflation.

Profit from operation increased by Rs. 18.7 million or 49.1% over the same period of last year. However, Finance costs increased by Rs. 14.5 million due to increased borrowing and high mark up rates.

Profit after taxation increased by 21.3% over the same period of last year. Earnings per share for the first half 2006 improved to Rs.1.08 against Re. 0.89 in the same period last year.

The management of the company is committed to focus on its key strategies to create a strong customer base by way of aggressive marketing and credit promotions. However, this would greatly depend upon continuing favorable economic conditions and conducive business environment.

**On behalf of the Board**



**Kamal Shah**  
**Chairman**

Karachi: August 23, 2006.



**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
First Floor  
Sheikh Sultan Trust Building No.2  
Beaumont Road  
Karachi 75530 Pakistan

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## REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed condensed balance sheet of **Singer Pakistan Limited** ("the Company") as at 30 June 2006, and the related condensed profit and loss account, condensed cash flow statement and condensed statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial statements") for the six months period then ended. These condensed interim financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these condensed interim financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the condensed interim financial statements are free of material misstatements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the annexed condensed interim financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The figures for the quarter ended 30 June 2006 in the condensed profit and loss account have not been reviewed and we do not express an opinion on them.

**Date: August 23, 2006**

**Karachi**

  
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**

KPMG Taseer Hadi & Co., a partnership firm registered in Pakistan, is the Pakistan member firm of KPMG International, a Swiss cooperative

# SINGER PAKISTAN LIMITED

## CONDENSED BALANCE SHEET (UN-AUDITED) AS AT 30 JUNE 2006

	Note	30 June 2006	31 December 2005
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	104,691	99,248
Intangible assets	7	951	560
Investment		7,090	7,148
Long term deposits		19,001	17,344
		131,733	124,300
<b>CURRENT ASSETS</b>			
Stores and spares		3,918	4,047
Stock-in-trade		229,904	229,383
Trade debts	8	656,109	588,760
Advances, deposits and prepayments		16,224	14,305
Other receivables		6,846	6,921
Taxation - net		13,463	12,962
Cash and bank balances		95,229	61,307
		1,021,693	917,685
<b>CURRENT LIABILITIES</b>			
Trade and other payables		254,285	239,693
Mark-up accrued on short term running finances and long term loans		14,721	14,273
Short term running finances- secured		357,758	331,856
Current portion of long term loans		75,369	63,615
Current portion of liabilities against assets subject to finance leases		6,703	5,536
		708,836	654,973
<b>NET CURRENT ASSETS</b>		312,857	262,712
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		444,590	387,012
<b>NON-CURRENT LIABILITIES</b>			
Deferred income		8,351	8,815
Long term loans - secured		164,990	125,305
Liabilities against assets subject to finance leases		18,560	17,076
Long term deposits		10,790	9,016
Staff retirement benefits		1,810	1,956
Deferred taxation		2,550	1,639
		207,051	163,807
<b>NET ASSETS</b>		237,539	223,205
<b>REPRESENTED BY</b>			
Authorised share capital (15,000,000 shares of Rs.10 each)		150,000	150,000
Issued, subscribed and paid-up share capital		133,173	113,339
Capital reserves		5,000	24,689
Revenue reserves		84,337	59,337
Unappropriated profit		15,029	25,840
		237,539	223,205
<b>Contingencies and commitments</b>			
	9		

The annexed notes 1 to 16 form an integral part of these financial statements.

  
Chief Financial Officer

  
Chief Executive

  
Director

# SINGER PAKISTAN LIMITED

## CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2006

	Note	Quarter ended 30 June 2006	Six months ended 30 June 2006	Quarter ended 30 June 2005	Six months ended 30 June 2005
----- (Rupees in '000') -----					
Sales		413,204	711,246	340,238	575,424
Earned carrying charges		37,032	67,715	26,299	47,636
Sales tax, commissions and discounts		(81,480)	(142,255)	(65,713)	(113,605)
<b>Net sales</b>	10	<b>368756</b>	<b>636,706</b>	300,824	509,455
Cost of sales	11	(294,295)	(503,955)	(243,880)	(411,772)
<b>Gross profit</b>		<b>74,461</b>	<b>132,751</b>	56,944	97,683
Other operating income		1,799	2,507	1,408	1,937
		<u>76,260</u>	<u>135,258</u>	58,352	99,620
Marketing, selling and distribution costs		(31,907)	(62,227)	(25,991)	(47,956)
Administrative expenses		(5,708)	(12,239)	(4,833)	(10,552)
Other operating expenses		(2,140)	(4,045)	(1,897)	(3,045)
		<u>(39,755)</u>	<u>(78,511)</u>	(32,721)	(61,553)
<b>Profit from operation before finance costs</b>		<b>36,505</b>	<b>56,747</b>	25,631	38,067
Finance costs		(18,119)	(32,886)	(10,342)	(18,392)
<b>Profit before taxation</b>		<b>18,386</b>	<b>23,861</b>	15,289	19,675
Taxation					
- Current		(6,271)	(8,616)	(5,749)	(7,474)
- Deferred		(911)	(911)	(380)	(380)
		<u>(7,182)</u>	<u>(9,527)</u>	(6,129)	(7,854)
<b>Profit after taxation</b>		<b>11,204</b>	<b>14,334</b>	9,160	11,821
----- (Rupees) -----					
<b>Earnings per share - basic and diluted</b>	12	<u>0.84</u>	<u>1.08</u>	0.69	0.89

The annexed notes 1 to 16 form an integral part of these financial statements.

  
Chief Financial Officer

  
Chief Executive

  
Director

# SINGER PAKISTAN LIMITED


## CONDENSED CASH FLOW STATEMENT (UN-AUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2006

	Note	30 June 2006	30 June 2005
(Rupees in '000')			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		23,861	19,675
Adjustment for non-cash charges and other items :			
- Depreciation on property, plant and equipment		5,575	6,764
- Amortisation of intangible assets		155	228
- Finance costs		32,886	18,392
- Amortisation on investment		58	84
- Amortisation of deferred income		(464)	(557)
- Gain on sale of property, plant and equipment		(635)	(831)
- Provision for staff retirement benefits		208	548
		61,644	44,303
<b>Working capital changes</b>			
Decrease / (Increase) in stores and spares		129	(397)
(Increase) in stock-in-trade		(521)	(66,086)
(Increase) in trade debts		(67,349)	(50,837)
(Increase) / decrease in advances, deposits and prepayments		(1,919)	3,301
(Increase) / decrease in other receivables		(133)	1,913
Increase in trade and other payables		14,592	10,230
		(55,201)	(101,876)
Net cash generated from / (used in) operations		6,443	(57,573)
Income tax paid		(9,117)	(5,420)
Finance costs paid		(31,335)	(14,381)
Payment of staff retirement benefits		(146)	(244)
Security deposits received		1,774	450
Long term deposits paid		(1,657)	(714)
Net cash used in operating activities		(34,038)	(77,882)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisitions of property, plant and equipment		(6,110)	(10,667)
Proceeds from sale of property, plant and equipment		635	1,134
Net cash used in investing activities		(5,475)	(9,533)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Addition in / (repayment of) long term loans		51,439	(25,642)
Lease rentals paid		(3,906)	(2,615)
Dividend paid		-	(14,035)
Net cash generated from / (used in) financing activities		47,533	(42,292)
Net decrease / (increase) in cash and cash equivalents		8,020	(129,707)
Cash and cash equivalents at the beginning of the period		(270,549)	(196,424)
Cash and cash equivalents at the end of the period	13	(262,529)	(326,131)

The annexed notes 1 to 16 form an integral part of these financial statements.

  
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Chief Financial Officer

  
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Chief Executive

  
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Director

## SINGER PAKISTAN LIMITED

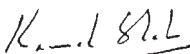
### CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2006

	Share Capital	Capital reserves	Revenue reserves	Unappropriated profit	Total
	(Rupees in '000')				
Balance as at 31 December 2004	113,339	24,689	52,337	21,954	212,319
Final dividend paid for the year ended 31 December 2004	-	-	-	(14,167)	(14,167)
Transfer to revenue reserves	-	-	7,000	(7,000)	-
Net profit for the six months ended 30 June 2005	-	-	-	11,821	11,821
Balance as at 30 June 2005	113,339	24,689	59,337	12,608	209,973
Net profit for the six months ended 31 December 2005	-	-	-	13,232	13,232
Balance as at 31 December 2005	113,339	24,689	59,337	25,840	223,205
Issue of Bonus Shares for the year ended 31 December 2005	19,834	(19,689)	-	(145)	-
Transfer to revenue reserves	-	-	25,000	(25,000)	-
Net profit for the six months ended 30 June 2006	-	-	-	14,334	14,334
<b>Balance as at 30 June 2006</b>	<b>133,173</b>	<b>5,000</b>	<b>84,337</b>	<b>15,209</b>	<b>237,539</b>

The annexed notes 1 to 16 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive



Director

# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2006

1. Singer Pakistan Limited (the Company) was incorporated in Pakistan as a public company limited by shares and is quoted on Karachi and Lahore Stock Exchanges. The Company is principally engaged in manufacturing, assembling and sale of sewing machines, domestic consumer appliances and other light engineering products and trading in other electric and domestic consumer appliances. The registered office of the Company is situated in Karachi.

The Company is a subsidiary of Singer (Pakistan) B.V., Netherlands, whereas its ultimate parent company is Retail Holdings N.V., Netherland.

2. These financial statement have been prepared in condensed form in accordance with the requirements of International Accounting Standard - 34 Interim Financial Reporting.
3. The accounting policies and methods of computation adopted by the company in preparation of these financial statements are the same as those applied for the preparation of annual financial statements for the year ended 31 December 2005.
4. The significant judgment, estimates and assumptions used by the management in preparation of these financial statements are same as those applied to the annual financial statements for the year ended 31 December 2005.
5. These financial statements are unaudited and are being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.
6. Following is the cost of property, plant and equipment that have been added during the six months ended 30 June 2006. No asset having significant written down value has been disposed off during the six months.

	Additions	
	Six months ended 30 June 2006	Six months ended 30 June 2005
	(Rupees in '000')	
<b>Owned</b>		
Leasehold improvements	3,375	7,567
Furniture and equipment	591	457
Computers	400	409
Vehicles	32	596
Plant and machinery	1,606	282
<b>Leased</b>		
Vehicles	3,803	3,421
Computers	1,105	-
Plant and machinery	-	14,048
<b>Capital work in progress - net</b>	<b>106</b>	<b>1,325</b>

7. The addition in intangible assets during the six months ended 30 June 2006 represents cost of computer software acquired on finance lease amounting to Rs.546,000.

# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2006

8. Trade Debts	30 June 2006	31 December 2005
	(Rupees in '000')	
Considered good		
Hire purchase		
- Retail	516,452	430,449
- Institutional	<u>182,867</u>	<u>156,625</u>
	699,319	587,074
Unearned carrying charges	<u>(99,039)</u>	<u>(65,641)</u>
	600,280	521,433
Dealers	<u>55,829</u>	<u>67,327</u>
	656,109	588,760
Considered doubtful	<u>21,382</u>	<u>21,943</u>
	677,491	610,703
Provision for doubtful debts	<u>(21,382)</u>	<u>(21,943)</u>
	<u>656,109</u>	<u>588,760</u>

### 9. Contingencies and Commitments

#### Contingencies

There are certain pending lawsuits initiated by and against the Company concerning shop leases and ex-employees. However, based on the consultation with the legal advisors, management believe that no significant liability is likely to arise in these cases. Guarantees have been extended by various commercial banks amounting to Rs. 0.966 million (2005: Rs. 0.966 million).

#### Commitments

	30 June 2006	31 December 2005
	(Rupees in '000')	
Outstanding letters of credit	<u>30,310</u>	<u>53,143</u>
Duties payable on bonded stock	<u>8,706</u>	<u>6,541</u>

### 10. Net Sales

	Quarter ended 30 June 2006	Six months ended 30 June 2006	Quarter ended 30 June 2005	Six months ended 30 June 2005
	(Rupees in '000')			
Sales				
- Local	411,437	708,761	339,167	574,001
- Export	<u>1,767</u>	<u>2,485</u>	<u>1,071</u>	<u>1,423</u>
	413,204	711,246	340,238	575,424
Earned carrying charges	<u>37,032</u>	<u>67,715</u>	<u>26,299</u>	<u>47,636</u>
	450,236	778,961	366,537	623,060
Sales tax	<u>(53,639)</u>	<u>(92,395)</u>	<u>(44,046)</u>	<u>(75,070)</u>
Commissions / discount	<u>(27,841)</u>	<u>(49,860)</u>	<u>(21,667)</u>	<u>(38,535)</u>
	<u>(81,480)</u>	<u>(142,255)</u>	<u>(65,713)</u>	<u>(113,605)</u>
	<u>368,756</u>	<u>636,706</u>	<u>300,824</u>	<u>509,455</u>

### 11. Cost of Sales

Opening stock - finished goods	155,812	137,030	112,501	77,785
Purchases - finished goods	116,538	192,087	104,365	160,959
Cost of goods manufactured	<u>160,780</u>	<u>313,673</u>	<u>157,071</u>	<u>303,085</u>
	433,130	642,790	373,937	541,829
Closing stock - finished goods	<u>(138,835)</u>	<u>(138,835)</u>	<u>(130,057)</u>	<u>(130,057)</u>
	<u>294,295</u>	<u>503,955</u>	<u>243,880</u>	<u>411,772</u>

# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2006

	Quarter ended 30 June 2006	Six months ended 30 June 2006	Quarter ended 30 June 2005	Six months ended 30 June 2005
(Rupees in '000')				
<b>12. Basic / Diluted Earnings Per Share</b>				
Profit after taxation	<u>11,204</u>	<u>14,334</u>	<u>9,160</u>	<u>11,821</u>
Weighted average number of ordinary shares (in thousands)	<u>13,317</u>	<u>13,317</u>	<u>13,317</u>	<u>13,317</u>
Basic / Diluted Earnings Per Share (Rupees)	<u>0.84</u>	<u>1.08</u>	<u>0.69</u>	<u>0.89</u>

### 13. Cash and Cash Equivalents

	30 June 2006	30 June 2005
(Rupees in '000')		
Cash and bank balances	95,229	49,690
Short term running finances- secured	<u>(357,758)</u>	<u>(375,821)</u>
	<u>(262,529)</u>	<u>(326,131)</u>

### 14. Transactions with related parties

#### - Associates

	Six months ended 30 June 2006	Six months ended 30 June 2005
Purchases of goods, materials and services	14.1 <u>72,331</u>	<u>61,876</u>
Royalty	14.2 <u>6,259</u>	<u>4,399</u>

#### - Contribution to staff retirement benefits

<u>1,487</u>	<u>1,705</u>
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#### -Remuneration of key management personnel

<u>7,930</u>	<u>7,022</u>
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#### -Period end balances arising from transactions

30 June 2006	31 December 2005
<u>25,482</u>	<u>19,223</u>
<u>3,474</u>	<u>3,632</u>

<u>25,482</u>	<u>19,223</u>
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<u>3,474</u>	<u>3,632</u>
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14.1 Purchases of goods, materials and services are entered into on the basis of comparable uncontrolled price method which is approved by the Board of Directors.

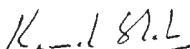
14.2 The Company pays royalty to Singer Asia Limited, Cayman Islands (a subsidiary of Retail Holdings N.V., Netherlands) based on sales of the Company in accordance with the royalty agreement.

15. Figures have been rounded off to nearest thousand unless stated otherwise.

16. These financial statements were authorised for issue by the Board of Directors in their meeting held on 23 August 2006.



Chief Financial Officer



Chief Executive



Director

**BOOK POST**

**UNDER POSTAL CERTIFICATE**

If undelivered, please return to:  
**SINGER PAKISTAN LIMITED**  
608, 6th Floor, Beaumont Plaza,  
Beaumont Road, Near PIDC House, Karachi.