

SINGER[®]

SINGER PAKISTAN LIMITED

**CONDENSED INTERIM FINANCIAL
STATEMENTS (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

SINGER PAKISTAN LIMITED

DIRECTORS' REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2007

The Directors of the Company are pleased to present their report together with un-audited condensed interim financial statements of the Company for the first half year ended 30 June 2007 and auditor's review report thereon.

We are pleased to report that during the period under review your Company has continued the healthy growth trend. Net Sales increased by 24.8% and profit after taxation by 26.3%, despite difficult business conditions. Sales for the first half increased to Rs. 882.7 million from Rs. 711.2 million, an increase of Rs. 171.5 million or 24.1%. The major contribution in sales growth is attributed to appliances.

Gross profit increased by Rs. 39.1 million or 29.5% over corresponding period of last year. The major reason for increase in gross profit is higher sales, higher earned carrying charges and cost reduction. This was made possible by vigorous efforts of the management to increase sales and control costs, despite inflation.

Marketing, selling and distribution costs increased by Rs. 24.2 million over the corresponding period of last year mainly due to increase in advertising, sales promotion and expansion of retail network. Administrative expenses increased by Rs. 1.7 million due to inflation and increased human resources costs required for supporting the growing retail network.

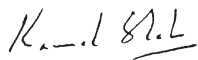
Profit from operation before finance costs increased by Rs. 12.2 million or 22.5% over the same period of last year. However, Finance costs increased by Rs. 7.7 million due to increased borrowing and mark-up rates.

Profit after taxation increased by 26.3% over the same period of last year. Earnings per share for the first half improved to Rs. 1.18 against Re. 0.94 in the same period last year.

The Board of Directors, in its meeting held on August 24, 2007, announced to issue 60% Right Shares at par in proportion of 60 Shares for every 100 Shares held.

The Management of the Company will remain focused on its key strategies of building up demand for its products through expanding its distribution network, introduction of new products, modernization of its product line, innovative advertisement and sales promotion, but a lot will depend on the business environment in the country.

On behalf of the Board



Kamal Shah
Chairman

Karachi: August 24, 2007.



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Chartered Accountants Fax : +92 (21) 568 5095
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Beaumont Road
Karachi 75530 Pakistan

REPORT ON REVIEW OF CONDENSED SET OF INTERIM FINANCIAL INFORMATION TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Singer Pakistan Limited** ("the Company") as at 30 June 2007 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity for the six months period then ended (the interim financial information). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at 30 June 2007 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The figures for the quarter ended 30 June 2007 in the condensed interim profit and loss account have not been reviewed and we do not express a conclusion on them.

Date: August 24, 2007

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

Karachi

KPMG Taseer Hadi & Co., a partnership firm registered in Pakistan
and a member firm of the KPMG network of independent member
firms affiliated with KPMG International, a Swiss cooperative

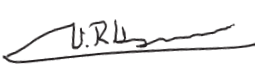
SINGER PAKISTAN LIMITED

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT 30 JUNE 2007

	Note	30 June 2007	31 December 2006
(Rupees in '000)			
NON-CURRENT ASSETS			
Property, plant and equipment	6	130,507	110,312
Intangible assets	7	10,009	822
Investment		6,966	7,026
Employee retirement benefits-prepayments		3,292	3,578
Long term deposits		24,474	20,475
		<u>175,248</u>	<u>142,213</u>
CURRENT ASSETS			
Stores and spares		3,848	3,083
Stock-in-trade		370,744	305,452
Trade debts	8	780,041	675,897
Advances, deposits and prepayments		18,864	13,901
Other receivables		4,302	2,301
Taxation - net		25,015	21,264
Cash and bank balances		61,613	72,534
		<u>1,264,427</u>	<u>1,094,432</u>
CURRENT LIABILITIES			
Trade and other payables		323,926	312,600
Mark-up accrued on short term running finances and long term loans		21,457	17,505
Short term running finances- secured		444,370	398,855
Current portion of long term loans		74,500	68,944
Current portion of liabilities against assets subject to finance leases		8,516	6,806
		<u>872,769</u>	<u>804,710</u>
NET CURRENT ASSETS		<u>391,658</u>	<u>289,722</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>566,906</u>	<u>431,935</u>
NON-CURRENT LIABILITIES			
Deferred income		7,423	7,887
Long term loans - secured		237,375	134,000
Liabilities against assets subject to finance leases		25,454	15,704
Long term deposits		13,580	10,858
Employee retirement benefits - obligation		2,075	2,193
Deferred tax liabilities		7,405	5,797
		<u>293,312</u>	<u>176,439</u>
NET ASSETS		<u>273,594</u>	<u>255,496</u>
REPRESENTED BY			
Authorised share capital [25,000,000 (31 December 2006: 15,000,000) shares of Rs.10 each]		<u>250,000</u>	<u>150,000</u>
Issued, subscribed and paid-up capital		153,149	133,173
Capital reserves		5,000	5,000
Revenue reserves		96,337	84,337
Unappropriated profit		19,108	32,986
		<u>273,594</u>	<u>255,496</u>
Contingencies and commitments	9		

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


Chief Financial Officer


Chief Operating Officer


Director


Chief Executive

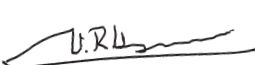
SINGER PAKISTAN LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2007

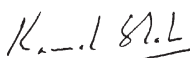
	Note	Quarter ended 30 JUNE 2007	Six months ended 30 JUNE 2007	Quarter ended 30 JUNE 2006	Six months ended 30 JUNE 2006
----- (Rupees in '000) -----					
Sales		541,521	882,708	413,204	711,246
Earned carrying charges		47,884	83,851	37,032	67,715
Sales tax, commissions and discounts		(103,746)	(172,253)	(81,480)	(142,255)
Net sales	10	485,659	794,306	368,756	636,706
Cost of sales	11	(382,926)	(622,446)	(294,295)	(503,955)
Gross profit		102,733	171,860	74,461	132,751
Marketing, selling and distribution costs		(51,148)	(86,407)	(31,907)	(62,227)
Administrative expenses		(6,564)	(13,928)	(5,708)	(12,239)
Other operating expenses		(2,884)	(5,063)	(2,140)	(4,045)
		(60,596)	(105,398)	(39,755)	(78,511)
Profit from operation before finance costs		42,137	66,462	34,706	54,240
Finance costs		(20,832)	(40,574)	(18,119)	(32,886)
		21,305	25,888	16,587	21,354
Other income		991	1,955	1,799	2,507
Profit before taxation		22,296	27,843	18,386	23,861
Taxation					
- Current		(5,607)	(8,137)	(6,271)	(8,616)
- Deferred		(2,200)	(1,608)	(911)	(911)
		(7,807)	(9,745)	(7,182)	(9,527)
Profit after taxation		14,489	18,098	11,204	14,334
----- (Rupees) -----					
Earnings per share - basic and diluted	12	0.95	1.18	0.73	0.94

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Chief Financial Officer


Chief Operating Officer


Director


Chief Executive

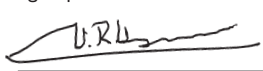
SINGER PAKISTAN LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Note	30 June 2007	30 June 2006
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		27,843	23,861
Adjustment for non-cash charges and other items :			
- Depreciation on property, plant and equipment		7,851	5,575
- Amortisation of intangible assets		261	155
- Finance costs		40,574	32,886
- Amortisation on investment		60	58
- Amortisation of deferred income		(464)	(464)
- Gain on sale of property, plant and equipment		(13)	(635)
- Provision for staff retirement benefits		1,734	208
		<u>77,846</u>	<u>61,644</u>
Working capital changes			
(Increase) / decrease in stores and spares		(765)	129
(Increase) in stock-in-trade		(65,292)	(521)
(Increase) in trade debts		(104,144)	(67,349)
(Increase) in advances, deposits and prepayments		(4,963)	(1,919)
(Increase) in other receivables		(2,001)	(133)
Increase in trade and other payables		11,326	14,592
		<u>(165,839)</u>	<u>(55,201)</u>
Net cash (used in) / generated from operations		<u>(87,993)</u>	6,443
Income tax paid		(11,888)	(9,117)
Finance costs paid		(35,427)	(31,335)
Payment of staff retirement benefits		(1,566)	(146)
Security deposits received		2,722	1,774
Long term deposits paid		(3,999)	(1,657)
Net cash used in operating activities		<u>(138,151)</u>	<u>(34,038)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment		(14,607)	(6,110)
Acquisitions of intangible assets		(7,884)	-
Proceeds from sale of property, plant and equipment		419	635
Net cash used in investing activities		<u>(22,072)</u>	<u>(5,475)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Addition in long term loans - net		108,931	51,439
Lease rentals paid		(5,144)	(3,906)
Net cash generated from financing activities		<u>103,787</u>	<u>47,533</u>
Net (decrease) / increase in cash and cash equivalents		<u>(56,436)</u>	8,020
Cash and cash equivalents at the beginning of the period		<u>(326,321)</u>	<u>(270,549)</u>
Cash and cash equivalents at the end of the period	13	<u>(382,757)</u>	<u>(262,529)</u>

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


Chief Financial Officer


Chief Operating Officer


Director


Chief Executive

SINGER PAKISTAN LIMITED

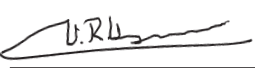
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Unappropriated profit	Total
	(Rupees in '000)				
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 @ 17.5%	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
Balance as at 30 June 2006	133,173	5,000	84,337	15,029	237,539
Net profit for the six months ended 31 December 2006	-	-	-	17,957	17,957
Balance as at 31 December 2006	133,173	5,000	84,337	32,986	255,496
Issue of Bonus Shares for the year ended 31 December 2006 @ 15%	19,976	-	-	(19,976)	-
Transfer to revenue reserves	-	-	12,000	(12,000)	-
Net profit for the six months ended 30 June 2007	-	-	-	18,098	18,098
Balance as at 30 June 2007	153,149	5,000	96,337	19,108	273,594

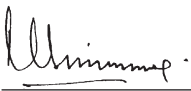
The annexed notes 1 to 16 form an integral part of these financial statements.



Chief Financial Officer



Chief Operating Officer



Director



Chief Executive

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2007

1. Singer Pakistan Limited (the Company) is 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., Netherlands.

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 2006.
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 2006.
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 2007. No asset having significant written down value has been disposed off during the six months:

	Additions	
	Six months ended 30 June 2007	Six months ended 30 June 2006
	(Rupees in '000)	
Owned		
Leasehold improvements	10,639	3,375
Furniture and equipment	2,110	591
Computers	353	400
Vehicles	59	32
Plant and machinery	734	1,606
Leased		
Vehicles	4,623	3,803
Computers	7,657	1,105
Furniture and equipment	1,565	-
Capital work in progress - net	712	106

7. The addition in intangible assets during the six months ended 30 June 2007 represents cost of computer software acquired on finance lease amounting to Rs 1.564 million and capital work in progress incurred amounting to Rs 7.884 million for Development and Installation Project (software).

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2007

8. TRADE DEBTS	30 June 2007	31 December 2006
Considered good		
Hire purchase		(Rupees in '000)
- Retail	580,486	503,659
- Institutional	275,654	204,428
	<u>856,140</u>	<u>708,087</u>
Unearned carrying charges	(125,350)	(92,012)
	<u>730,790</u>	<u>616,075</u>
Dealers	49,251	59,822
	<u>780,041</u>	<u>675,897</u>
Considered doubtful	20,488	16,300
	<u>800,529</u>	<u>692,197</u>
Provision for doubtful debts	(20,488)	(16,300)
	<u>780,041</u>	<u>675,897</u>

9. CONTINGENCIES AND COMMITMENTS

9.1 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 believes 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 (2006: Rs. 0.966 million).

9.2 Commitments

Outstanding letters of credit	<u>71,732</u>	<u>75,929</u>
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10. NET SALES	Quarter ended 30 JUNE 2007	Six months ended 30 JUNE 2007	Quarter ended 30 JUNE 2006	Six months ended 30 JUNE 2006
	----- (Rupees in '000) -----			
Sales				
- Local	541,071	881,832	411,437	708,761
- Export	450	876	1,767	2,485
	<u>541,521</u>	<u>882,708</u>	<u>413,204</u>	<u>711,246</u>
Earned carrying charges	47,884	83,851	37,032	67,715
	<u>589,405</u>	<u>966,559</u>	<u>450,236</u>	<u>778,961</u>
Sales tax	(68,754)	(112,800)	(53,639)	(92,395)
Commissions / discounts	(34,992)	(59,453)	(27,841)	(49,860)
	<u>(103,746)</u>	<u>(172,253)</u>	<u>(81,480)</u>	<u>(142,255)</u>
	<u>485,659</u>	<u>794,306</u>	<u>368,756</u>	<u>636,706</u>
11. COST OF SALES				
Opening stock - finished goods	255,119	168,659	155,812	137,030
Purchases - finished goods	160,586	291,914	116,538	192,087
Cost of goods manufactured	197,739	392,391	160,780	313,673
	<u>613,444</u>	<u>852,964</u>	<u>433,130</u>	<u>642,790</u>
Closing stock - finished goods	(230,518)	(230,518)	(138,835)	(138,835)
	<u>382,926</u>	<u>622,446</u>	<u>294,295</u>	<u>503,955</u>
12. EARNINGS PER SHARE				
- basic / diluted				
Profit after taxation (Rupees in thousand)	14,489	18,098	11,204	14,334
Weighted average number of ordinary shares (in thousand)	15,315	15,315	15,315	15,315
Earnings per share				
- basic / diluted (Rupees)	<u>0.95</u>	<u>1.18</u>	<u>0.73</u>	<u>0.94</u>

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2007

13. CASH AND CASH EQUIVALENTS	30 June 2007	30 June 2006
	(Rupees in '000)	
Cash and bank balances	61,613	95,229
Short term running finances- secured	(444,370)	(357,758)
	<u>(382,757)</u>	<u>(262,529)</u>

14. TRANSACTIONS WITH RELATED PARTIES	Transaction Value	
	Six months ended 30 June 2007	Six months ended 30 June 2006
	(Rupees in '000)	
Associates		
- Purchases of goods, materials and services	14.1 152,169	72,331
- Royalty	14.2 7,850	6,259
Employee retirement benefits	2,660	1,487
Employee retirement benefits - field staff	519	263
	14.3 3,179	1,750
Remuneration of key management personnel	8,246	7,930

	Balance payable / (receivable)	
	30 June 2007	31 December 2006
	(Rupees in '000)	
Period end balances arising from transactions		
- Royalty payable to associate	36,193	32,520
- Purchases of goods, materials and services	26,545	31,081
- Employee retirement benefits	(3,292)	(3,578)
- Employee retirement benefits - field staff	2,075	2,193
	(1,217)	(1,385)

14.1 Purchases of goods, materials and services are entered into on the basis of commercial terms and at market prices which are approved by the Board of Directors.

14.2 The Company accrues 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.

14.3 Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefits scheme and actuarial advice.

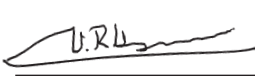
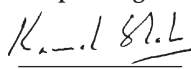
15. DATE OF AUTHORISATION

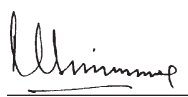
These financial statements were authorised for issue by the Board of Directors in their meeting held on 24 August 2007.

16. GENERAL

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


Chief Financial Officer


Chief Operating 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.

REGISTRAR

Gangjees Registrar Services (Private) Limited
516, Clifton Center, Khayaban-e-Roomi,
Block-5, Clifton, Karachi.