

SINGER[®]

SINGER PAKISTAN LIMITED

**CONDENSED INTERIM FINANCIAL
STATEMENTS (UN-AUDITED)**

FOR THE SIX MONTHS ENDED 30 JUNE

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SINGER PAKISTAN LIMITED

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Note: These Accounts are also available on Company's
Website www.singer.com.pk

SINGER PAKISTAN LIMITED

COMPANY INFORMATION

Board of Directors

Kamal Shah	Chairman & Chief Executive Officer
Gavin J. Walker	(Alternate : Badaruddin F. Vellani)
Peter James O' Donnell	(Alternate : Fareed Khan)
Rasheed Y. Chinoy	
Jahangir Siddiqui	
U. R . Usmani	Chief Operating Officer
Ahmed S. Farrukh	

Company Secretary

Nasir Hussain

Audit Committee

Badaruddin F. Vellani	Chairman
Rasheed Y. Chinoy	Member
Jahangir Siddiqui	Member
U. R . Usmani	Member
Fareed Khan	Member
A. H. Dawood	Secretary

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Citibank, N.A.
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
JS Bank Limited
MCB Bank Limited
National Bank of Pakistan
Pakistan Kuwait Investment Company (Private) Limited
Soneri Bank Limited
The Bank of Punjab
The Royal Bank of Scotland Limited (Formerly ABN AMRO Bank (Pakistan) Limited)
United Bank Limited

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Share Registrar

Gangjees Registrar Services (Private) Limited
516, Clifton Centre, Khyaban-e-Roomi
Clifton, Block-5 Karachi

Registered Office

Plot No.39, Sector 19,
Korangi Industrial Area, Korangi
Karachi

Head Office

608, 6th Floor, Beaumont Plaza
Beaumont Road, Near PIDC House
Karachi

SINGER PAKISTAN LIMITED

DIRECTORS' REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2008

The Directors of the Company are pleased to present their report together with reviewed condensed interim financial statements of the Company for the first half year ended 30 June 2008 and auditor's review report thereon.

We are pleased to report that despite disturbed market conditions your Company has continued the healthy growth in terms of Net Sales by 26.7% and Net profit by 55% by adopting innovative and timely business promotions and expansion of retail network.

Sales for the first half increased to Rs. 1.12 billion from Rs. 0.88 billion, an increase of Rs. 235.84 million or 26.7% mainly due to increase of 28% in the sales of second quarter over same period of last year with sales growth in all major products.

Gross profit increased by Rs. 49.75 million or 29% over corresponding period of last year. The major reason for increase in gross profit is higher sales and higher earned carrying charges. This was made possible by vigorous efforts of the management to increase sales and control costs, despite continued escalation in raw material prices mainly due to devaluation of rupees and freight charges. The market conditions and cutthroat competition in appliances business kept selling prices under pressure.

Marketing, selling and distribution costs increased by Rs. 14.33 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. 3.03 million due to inflation and increased human resources costs required for supporting the growing retail network.

Profit from operations increased by Rs. 28.80 million or 43.3% over the same period of last year. However, finance costs increased by Rs. 14.27 million due to increased borrowings and consistent rise in mark-up rates.

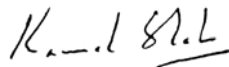
Profit after taxation increased by 55% over the same period of last year. Earnings per share for the first half improved to Rs. 1.02 against Re. 0.98 in the same period last year.

The shareholders in the Extraordinary General Meeting held on August 9, 2008 have elected the following persons as Directors of the Company for a term of three years commencing from August 9, 2008:

- 1) Mr. Kamal Shah
- 2) Mr. Gavin J. Walker
- 3) Mr. Peter James O' Donnell
- 4) Mr. Rasheed Y. Chinoy
- 5) Mr. Jahangir Siddiqui
- 6) Mr. U. R. Usmani
- 7) Mr. Ahmed S. Farrukh

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, advertising and promotion, with new ideas and improvement in productivity, but a lot will depend on the business environment in the country.

On behalf of the Board



Kamal Shah
Chairman

Karachi: August 22 2008



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

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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 2008 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 2008 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarter ended 30 June 2008 and 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 22 2008
Karachi


KPMGTaseer Hadi & Co.
Chartered Accountants

SINGER PAKISTAN LIMITED

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT 30 JUNE 2008

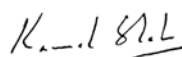
	Note	30 June 2008	31 December 2007
EQUITY AND LIABILITIES			
Share capital and reserves			
(Rupees in '000)			
Authorised capital 30,000,000 (2007: 25,000,000) ordinary shares of Rs. 10 each		<u>300,000</u>	<u>250,000</u>
Issued, subscribed and paid-up capital		275,668	245,038
Capital reserve		5,000	5,000
Revenue reserve		108,337	96,337
Unappropriated profit		<u>28,394</u>	<u>42,961</u>
		<u>417,399</u>	<u>389,336</u>
Non-current liabilities			
Long term loans - secured		191,876	186,459
Liabilities against assets subject to finance leases		33,245	35,124
Long term deposits		18,475	16,033
Employee retirement benefits - obligation		2,382	1,962
Deferred income		6,473	6,959
Deferred tax		<u>10,180</u>	<u>8,455</u>
		<u>262,631</u>	<u>254,992</u>
Current liabilities			
Trade and other payables		356,474	349,072
Mark-up accrued on short term running finance and long term loans		28,101	22,879
Short term running finance - secured		704,092	447,054
Current portion of long term loans		105,499	88,167
Current portion of liabilities against assets subject to finance leases		<u>11,755</u>	<u>11,126</u>
		<u>1,205,921</u>	<u>918,298</u>
		<u>1,885,951</u>	<u>1,562,626</u>
Contingencies and commitments	5		
ASSETS			
Non-current assets			
Property, plant and equipment	6	195,954	156,915
Intangible assets	7	4,575	4,666
Investment		6,834	6,894
Employee retirement benefits - prepayments		5,461	5,617
Long term deposits		<u>30,725</u>	<u>27,396</u>
		<u>243,549</u>	<u>201,488</u>
Current assets			
Stores and spares		4,483	5,433
Stock-in-trade		512,334	393,286
Trade debts		943,907	808,842
Advances, deposits and prepayments	8	27,219	25,782
Other receivables		4,126	7,036
Taxation - net		24,064	21,346
Cash and bank balances		<u>126,269</u>	<u>99,413</u>
		<u>1,642,402</u>	<u>1,361,138</u>
		<u>1,885,951</u>	<u>1,562,626</u>

The annexed notes 1 to 15 form an integral part of these condensed interim 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 2008

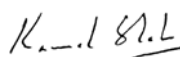
	Note	Three months ended 30 June 2008	Six months ended 30 June 2008	Three months ended 30 June 2007	Six months ended 30 June 2007
----- (Rupees in '000) -----					
Sales		692,685	1,118,544	541,521	882,708
Earned carrying charges		59,182	101,894	47,884	83,851
Sales tax / excise duty, commissions and discounts		(132,015)	(213,752)	(103,746)	(172,253)
Net sales	9	619,852	1,006,686	485,659	794,306
Cost of sales	10	(488,084)	(785,071)	(382,926)	(622,446)
Gross profit		131,768	221,615	102,733	171,860
Marketing, selling and distribution costs		(54,109)	(100,738)	(51,148)	(86,407)
Administrative expenses		(8,069)	(16,955)	(6,564)	(13,928)
Other operating expenses		(4,651)	(8,656)	(2,884)	(5,063)
Profit from operations		(66,829)	(126,349)	(60,596)	(105,398)
Finance costs		64,939	95,266	42,137	66,462
		(29,661)	(54,846)	(20,832)	(40,574)
		35,278	40,420	21,305	25,888
Other income		1,289	2,756	991	1,955
Profit before taxation		36,567	43,176	22,296	27,843
Taxation					
- Current		(10,306)	(13,388)	(5,607)	(8,137)
- Deferred		(2,705)	(1,725)	(2,200)	(1,608)
		(13,011)	(15,113)	(7,807)	(9,745)
Profit after taxation		23,556	28,063	14,489	18,098
----- (Rupees) -----					
Earnings per share - basic and diluted	11	0.85	1.02	0.79	0.98

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.


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 2008

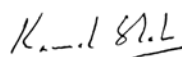
	Note	Six months ended 30 June 2008	Six months ended 30 June 2007
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		43,176	27,843
Adjustment for non-cash charges and other items:			
- Depreciation on property, plant and equipment		8,376	7,851
- Amortisation of intangible assets		646	261
- Finance costs		54,846	40,574
- Amortisation on investment		60	60
- Amortisation of deferred income		(486)	(464)
- Gain on disposal of property, plant and equipment		(208)	(13)
- Provision for staff retirement benefits		602	1734
		<u>107,012</u>	<u>77,846</u>
Effect on cashflow due to working capital changes			
(Increase) / decrease in current assets			
Stores and spares		950	(765)
Stock-in-trade		(119,048)	(65,292)
Trade debts		(135,065)	(104,144)
Advances, deposits and prepayments		(1,437)	(4,963)
Other receivables		2,910	(2,001)
Increase / (decrease) in current liabilities			
Trade and other payables		7,402	11,326
		<u>(244,288)</u>	<u>(165,839)</u>
Net cash used in operations		<u>(137,276)</u>	<u>(87,993)</u>
Income tax paid		(16,106)	(11,888)
Finance costs paid		(47,015)	(35,427)
Payment of staff retirement benefits		(27)	(1,566)
Security deposits received		2,442	2,722
Long term deposits paid		(3,329)	(3,999)
Net cash used in operating activities		<u>(201,311)</u>	<u>(138,151)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(43,511)	(22,491)
Proceeds from disposal of property, plant and equipment		486	419
Net cash used in investing activities		<u>(43,025)</u>	<u>(22,072)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loans - net		22,749	108,931
Lease rentals paid		(8,595)	(5,144)
Net cash generated from financing activities		<u>14,154</u>	<u>103,787</u>
Net decrease in cash and cash equivalents		<u>(230,182)</u>	<u>(56,436)</u>
Cash and cash equivalents at beginning of the period		<u>(347,641)</u>	<u>(326,321)</u>
Cash and cash equivalents at end of the period	12	<u>577,823</u>	<u>(382,757)</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Operating Officer


Director


Chief Executive

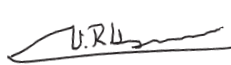
SINGER PAKISTAN LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2008

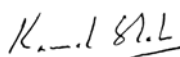
	Issued, subscribed and paid-up capital	Capital reserve	Revenue reserve	Unappropriated profit	Total
	(Rupees in '000)				
Balance as at 31 December 2006	133,173	5,000	84,337	32,986	255,496
Issue of bonus shares for the year ended 31 December 2006 @ 15 %	19,976	-	-	(19,976)	-
Transfer to revenue reserve	-	-	12,000	(12,000)	-
Net profit - total recognised income and expense for the six months ended 30 June 2007	-	-	-	18,098	18,098
Balance as at 30 June 2007	<u>153,149</u>	<u>5,000</u>	<u>96,337</u>	<u>19,108</u>	<u>273,594</u>
Net profit - total recognised income and expense for the six months ended 31 December 2007	-	-	-	23,853	23,853
Issue of right shares in the ratio of 6 shares for every 10 shares held @ Rs. 10 per share	91,889	-	-	-	91,889
Balance as at 31 December 2007	<u>245,038</u>	<u>5,000</u>	<u>96,337</u>	<u>42,961</u>	<u>389,336</u>
Issue of bonus shares for the year ended 31 December 2007 @ 12.5%	30,630	-	-	(30,630)	-
Transfer to revenue reserve	-	-	12,000	(12,000)	-
Net profit - total recognised income and expense for the six months ended 30 June 2008	-	-	-	28,063	28,063
Balance as at 30 June 2008	<u>275,668</u>	<u>5,000</u>	<u>108,337</u>	<u>28,394</u>	<u>417,399</u>

The annexed notes 1 to 15 form an integral part of these condensed interim 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 2008

1. STATUS AND NATURE OF BUSINESS

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., Netherland.

2. BASIS FOR PRESENTATION

These condensed interim financial statements have been presented in condensed form in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. They do not include all the information required for annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2007.

These condensed interim financial statements are unaudited and are being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted by the company in preparation of these condensed interim financial statements are the same as those applied for the preparation of annual audited financial statements for the year ended 31 December 2007.

4. ESTIMATES AND JUDGMENTS

The significant judgments, estimates and assumptions used by the management in preparation of these financial statements are same as those applied to the annual audited financial statements for the year ended 31 December 2007.

5. 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 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 (31 December 2007: Rs. 0.966 million).

Commitments	30 June 2008	31 December 2007
	(Rupees in '000)	
Software development	<u>22,682</u>	<u>19,037</u>
Outstanding letters of credit	<u>73,880</u>	<u>169,398</u>

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2008

6. PROPERTY PLANT AND EQUIPMENT

Following is the cost of property, plant and equipment that have been added during the six months ended 30 June 2008:

	Additions	
	Six months ended 30 June 2008	Six months ended 30 June 2007
	(Rupees in '000)	
Owned		
Building on leasehold land	207	-
Leasehold improvements	13,106	10,639
Furniture and equipment	3,492	2,110
Computers	353	353
Vehicles	940	59
Plant and machinery	-	734
Capital work in progress - net	43,988	712
Leased		
Vehicles	3,488	4,623
Computers	758	7,657
Furniture and equipment	-	1,565

During the six months ended 30 June 2008 vehicles having net book value of Rs. 0.277 million have been disposed off.

7. INTANGIBLE ASSETS

During the six months ended 30 June 2008, additions of Rs.0.555 million were made to intangible assets.

	30 June 2008	31 December 2007
	(Rupees in '000)	
8. TRADE DEBTS		
Considered good		
Hire purchase		
- Retail	788,774	623,711
- Institutional	246,676	216,503
	1,035,450	840,214
Unearned carrying charges	(137,670)	(101,404)
	897,780	738,810
Dealers	46,127	70,032
	943,907	808,842
Considered doubtful	21,649	19,542
	965,556	828,384
Provision for doubtful debts	(21,649)	(19,542)
	943,907	808,842

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Three months ended 30 June 2008	Six months ended 30 June 2008	Three months ended 30 June 2007	Six months ended 30 June 2007
	(Rupees in '000)			
9. NET SALES				
Sales	684,621	1,106,363	541,071	881,832
- Local	8,064	12,181	450	876
- Export	<u>692,685</u>	<u>1,118,544</u>	<u>541,521</u>	<u>882,708</u>
Earned carrying charges	<u>59,182</u>	<u>101,894</u>	<u>47,884</u>	<u>83,851</u>
	751,867	1,220,438	589,405	966,559
Sales tax / excise duty	(85,469)	(137,356)	(68,754)	(112,800)
Commissions / discounts	(46,546)	(76,396)	(34,992)	(59,453)
	<u>(132,015)</u>	<u>(213,752)</u>	<u>(103,746)</u>	<u>(172,253)</u>
	<u>619,852</u>	<u>1,006,686</u>	<u>485,659</u>	<u>794,306</u>
10. COST OF SALES				
Opening stock - finished goods	367,004	241,330	255,119	168,659
Purchases - finished goods	223,104	420,293	160,586	291,914
Cost of goods manufactured	<u>250,991</u>	<u>476,463</u>	<u>197,739</u>	<u>392,391</u>
	841,099	1,138,086	613,444	852,964
Closing stock - finished goods	<u>(353,015)</u>	<u>(353,015)</u>	<u>(230,518)</u>	<u>(230,518)</u>
	<u>488,084</u>	<u>785,071</u>	<u>382,926</u>	<u>622,446</u>
11. EARNINGS PER SHARE - basic and diluted				
Profit after taxation	<u>23,556</u>	<u>28,063</u>	<u>14,489</u>	<u>18,098</u>
	----- (Number in '000) -----			
Weighted average number of ordinary shares	<u>27,567</u>	<u>27,567</u>	<u>18,378</u>	<u>18,378</u>
	----- (Rupees) -----			
Earnings per share - basic and diluted	<u>0.85</u>	<u>1.02</u>	<u>0.79</u>	<u>0.98</u>
12. CASH AND CASH EQUIVALENTS			Six months ended 30 June 2008	Six months ended 30 June 2007
			(Rupees in '000)	
Cash and bank balances			126,269	61,613
Short term running finance - secured			<u>(704,092)</u>	<u>(444,370)</u>
			<u>(577,823)</u>	<u>(382,757)</u>

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2008

13. TRANSACTIONS WITH RELATED PARTIES

The related parties comprises of parent company Singer (Pakistan) B.V., Netherlands - ultimate parent company Retail Holdings N.V., Netherlands, related foreign group companies, local associated companies, directors of the Company, companies where directors also hold directorships, key management personnel and employee retirement benefit funds. The transactions and outstanding balances with related parties are as follows:

13.1 Transactions	Note	Six months ended 30 June 2008	Six months ended 30 June 2007
		(Rupees in '000)	
Associates			
Purchases of goods, materials and services	13.3	<u>151,593</u>	<u>152,169</u>
Royalty	13.4	<u>8,552</u>	<u>7,850</u>
Markup income on term deposits		<u>702</u>	<u>-</u>
Accrued interest expense		<u>1,295</u>	<u>-</u>
Employee retirement benefits	13.5	<u>3,871</u>	<u>3,179</u>
Remuneration of key management personnel		<u>13,816</u>	<u>8,246</u>
		30 June 2008	31 December 2007
		(Rupees in '000)	
13.2 Balances			
Royalty payable		<u>36,685</u>	<u>34,841</u>
Markup receivable on term deposits		<u>(702)</u>	<u>-</u>
Accrued interest expense		<u>1,295</u>	<u>-</u>
Employee retirement benefits - net receivables		<u>(3,079)</u>	<u>(3,655)</u>
Payable against purchase of goods, materials and services		<u>5,230</u>	<u>8,355</u>

13.3 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.

13.4 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.

13.5 Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefit funds and actuarial advice.

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2008

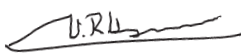
14. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors in their meeting held on August 22 2008.

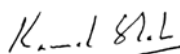
15. GENERAL

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


Chief Financial Officer


Chief Operating Officer


Director


Chief Executive

BOOK POST

UNDER POSTAL CERTIFICATE

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