

# **SINGER<sup>®</sup>**

**SINGER PAKISTAN LIMITED**

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

**FOR THE SIX MONTHS ENDED 30 JUNE**

**2 0 0 9**

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# SINGER PAKISTAN LIMITED

<b>CONTENTS</b>	<b>PAGE</b>
Company Information	1
Directors' Report	2
Auditors' Report to the Members on Review of Interim Financial Information	3
Condensed Interim Balance Sheet (Un-Audited)	4
Condensed Interim Profit and Loss Account (Un-Audited)	5
Condensed Interim Cash Flow Statement (Un-Audited)	6
Condensed Interim Statement of Changes in Equity (Un-Audited)	7
Notes to the Condensed Interim Financial Statements (Un-Audited)	8

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

# SINGER PAKISTAN LIMITED

## COMPANY INFORMATION

### Board of Directors

Kamal Shah  
Gavin J. Walker  
Peter James O'Donnell  
Rasheed Y. Chinoy  
Jahangir Siddiqui  
U. R. Usmani  
Ahmed S. Farrukh

Chairman & Chief Executive Officer  
(Alternate : Badaruddin F. Vellani)  
(Alternate : Fareed Khan)

Chief Operating Officer

### Company Secretary

Nasir Hussain

### Audit Committee

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

Chairman  
Member  
Member  
Member  
Member  
Secretary

### Bankers

Allied Bank Limited  
Askari Bank Limited  
Bank Al-Falah Limited  
BankIslami Pakistan Limited  
Citibank, N. A.  
Deutsche Bank AG  
Faysal Bank Limited  
Habib Bank Limited  
JS Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
Soneri Bank Limited  
The Bank of Punjab  
The Royal Bank of Scotland  
United Bank Limited

### Auditors

KPMG Taseer Hadi & co.  
Chartered Accountants

### Share Registrar

Gangjees Registrar Services (Pvt.) Limited  
513, 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 2009

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 2009 and auditor's review report thereon.

The first half of 2009 was adversely affected by unprecedented power shortages, high interest costs and disturbed business conditions.

Despite these conditions, net sales increased to Rs. 1.1 billion, i.e. an increase of 7.9% compared to corresponding period last year. The growth in sales was mainly achieved from sewing machines, refrigerators and earned carrying charges.

Gross profit for the first half increased to Rs. 232.8 million from Rs. 221.6 million over the corresponding period last year. The main factors for the increase in gross profit are higher sales, cost control and earned carrying charges. The tough competition in the market limited our ability to increase prices.

Marketing, selling and distribution costs decreased by Rs. 1 million over the corresponding period last year mainly due to costs control. However, Administrative expenses increased by Rs. 2.2 million due to inflation.

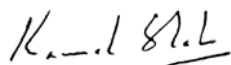
Profit from Operations increased to Rs. 106.4 million as against Rs. 95.3 million, an increase of 11.7% over the same period last year, due to increased revenue and controlled costs.

However, financial costs increased to Rs.83.9 million from Rs.54.8 million, mainly due to increase in mark-up rates.

Profit after Taxation was Rs.16.3 million as against Rs.28.1 million in the corresponding period last year mainly due to increase in finance costs.

The Company will remain focused on its key strategies of continuing modernization of its product line, innovative advertising and promotion and improved productivity. However, a lot will depend on the business environment prevailing in the Country during rest of the year.

**On behalf of the Board**



**Kamal Shah**  
Chairman

**Karachi:** August 27 2009



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

Telephone: +92 (21) 568 5847  
Fax : +92 (21) 568 5095  
Internet : www.kpmg.com.pk

## **AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION**

### ***Introduction***

We have reviewed the accompanying condensed interim balance sheet of Singer Pakistan Limited ("the Company") as at 30 June 2009 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-month period then ended (here-in-after referred to as 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 for interim financial reporting. 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 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### ***Other Matters***

The figures for the quarters ended 30 June 2009 and 30 June 2008 in the condensed interim profit and loss account have not been reviewed and we do not express a conclusion on them.

**Date:** August 27 2009

**Karachi**

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

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

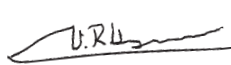
# SINGER PAKISTAN LIMITED

## CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT 30 JUNE 2009

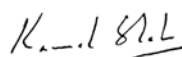
EQUITY AND LIABILITIES	Note	30 June 2009	31 December 2008
(Rupees in '000)			
<b>Share capital and reserves</b>			
Authorised capital 40,000,000 (2008: 30,000,000) ordinary shares of Rs. 10 each	5.1	400,000	300,000
Issued, subscribed and paid-up capital	5.2	310,127	275,668
Capital reserve		5,000	5,000
Revenue reserve		126,337	108,337
Unappropriated profit		16,767	52,892
		458,231	441,897
<b>Non-current liabilities</b>			
Long term loans - secured		142,396	161,354
Liabilities against assets subject to finance lease		49,389	51,854
Long term deposits		21,952	21,450
Employee retirement benefits - obligation		3,655	3,495
Deferred tax liabilities		21,397	18,660
Deferred income		5,567	6,031
		244,356	262,844
<b>Current liabilities</b>			
Current portion of long term loans		124,479	115,104
Current portion of liabilities against assets subject to finance lease		18,046	17,035
Short term running finance - secured		675,106	630,624
Mark-up accrued on short term running finance and long term loans		37,876	39,938
Trade and other payables		433,896	352,501
		1,289,403	1,155,202
		1,991,990	1,859,943
Contingencies and commitments	6		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	214,159	212,213
Intangible assets		6,354	7,638
Employee retirement benefits - prepayments		9,045	6,798
Long term deposits		32,466	32,100
		262,024	258,749
<b>Current assets</b>			
Stores, spares and loose tools		2,993	5,319
Stock-in-trade		515,577	501,985
Trade debts	8	1,016,498	887,628
Advances, deposits and prepayments		30,762	28,400
Other receivables		12,770	10,100
Taxation - net		42,212	38,668
Cash and bank balances		109,154	129,094
		1,729,966	1,601,194
		1,991,990	1,859,943

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

  
Chief Financial Officer

  
Chief Operating Officer

  
Director

  
Chief Executive

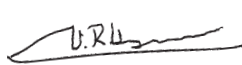
# SINGER PAKISTAN LIMITED

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2009

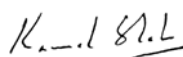
	Note	Three months ended 30 June 2009	Six months ended 30 June 2009	Three months ended 30 June 2008	Six months ended 30 June 2008
----- (Rupees in '000) -----					
Sales		703,628	1,165,796	692,685	1,118,544
Earned carrying charges		68,480	137,207	59,182	101,894
Sales tax / excise duty, commissions and discounts		(120,617)	(216,900)	(132,015)	(213,752)
<b>Net sales</b>	9	<b>651,491</b>	<b>1,086,103</b>	619,852	1,006,686
Cost of sales	10	(529,249)	(853,319)	(488,084)	(785,071)
<b>Gross profit</b>		<b>122,242</b>	<b>232,784</b>	131,768	221,615
Marketing, selling and distribution costs		(49,205)	(99,736)	(54,109)	(100,738)
Administrative expenses		(9,117)	(19,112)	(8,069)	(16,955)
Other operating expenses		(4,262)	(7,549)	(4,651)	(8,656)
		(62,584)	(126,397)	(66,829)	(126,349)
<b>Profit from operations</b>		<b>59,658</b>	<b>106,387</b>	64,939	95,266
Finance costs		(40,328)	(83,953)	(29,661)	(54,846)
		19,330	22,434	35,278	40,420
<b>Other income</b>		<b>532</b>	<b>1,734</b>	1,289	2,756
<b>Profit before taxation</b>		<b>19,862</b>	<b>24,168</b>	36,567	43,176
Taxation		(6,630)	(7,834)	(13,011)	(15,113)
<b>Profit after taxation</b>		<b>13,232</b>	<b>16,334</b>	23,556	28,063
----- (Rupees) -----					
<b>Earnings per share - basic and diluted</b>	11	<b>0.43</b>	<b>0.53</b>	0.76	0.90

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

  
Chief Financial Officer

  
Chief Operating Officer

  
Director

  
Chief Executive

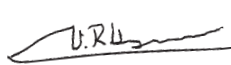
# SINGER PAKISTAN LIMITED

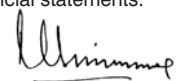
## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2009

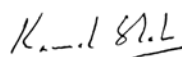
Note	Six months ended 30 June 2009	Six months ended 30 June 2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
	(Rupees in '000)	
<b>Profit before taxation</b>	<b>24,168</b>	43,176
<b>Adjustment for non-cash charges and other items:</b>		
- Depreciation on property, plant and equipment	10,492	8,376
- Amortisation of intangible assets	1,284	646
- Finance costs	83,953	54,846
- Amortisation on investment	-	60
- Amortisation of deferred income	(464)	(486)
- Gain on disposal of property, plant and equipment	(12)	(208)
- Provision for staff retirement benefits	(1,464)	602
	<u>117,957</u>	<u>107,012</u>
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets		
Stores and spares	2,326	950
Stock-in-trade	(13,592)	(119,048)
Trade debts	(128,870)	(135,065)
Advances, deposits and prepayments	(2,362)	(1,437)
Other receivables	(2,670)	2,910
Increase in current liabilities		
Trade and other payables	81,395	7,402
	<u>(63,773)</u>	<u>(244,288)</u>
Net cash generated from / (used in) operations	<u>54,184</u>	<u>(137,276)</u>
Income tax paid	(8,641)	(16,106)
Finance costs paid	(81,930)	(47,015)
Payment of staff retirement benefits	(622)	(27)
Security deposits received	502	2,442
Long term deposits paid	(366)	(3,329)
Net cash used in operating activities	<u>(36,873)</u>	<u>(201,311)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(5,154)	(43,511)
Proceeds from disposal of property, plant and equipment	12	486
Net cash used in investing activities	<u>(5,142)</u>	<u>(43,025)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term loans - net	(9,583)	22,749
Lease rentals paid	(12,824)	(8,595)
Net cash flow (used in) / generated from financing activities	<u>(22,407)</u>	<u>14,154</u>
Net decrease in cash and cash equivalents	<u>(64,422)</u>	<u>(230,182)</u>
Cash and cash equivalents at beginning of the period	<u>(501,530)</u>	<u>(347,641)</u>
Cash and cash equivalents at end of the period	12 <u>(565,952)</u>	<u>(577,823)</u>

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

  
Chief Financial Officer

  
Chief Operating Officer

  
Director

  
Chief Executive

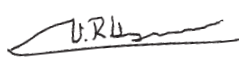
# SINGER PAKISTAN LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2009

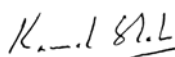
	Issued, subscribed and paid-up capital	Capital reserve	Revenue reserve	Unappropriated profit	Total
	(Rupees in '000)				
Balance as at 31 December 2007	245,038	5,000	96,337	42,961	389,336
Transfer to revenue reserve	-	-	12,000	(12,000)	-
<b>Distribution to owners</b>					
Issue of bonus shares for the year ended 31 December 2007 @ 12.5 % per share	30,630	-	-	(30,630)	-
<b>Total comprehensive income for the six months ended 30 June 2008</b>					
Profit for the period	-	-	-	28,063	28,063
<b>Balance as at 30 June 2008</b>	<b>275,668</b>	<b>5,000</b>	<b>108,337</b>	<b>28,394</b>	<b>417,399</b>
<b>Total comprehensive income for the six months ended 31 December 2008</b>					
Profit for the period	-	-	-	24,498	24,498
<b>Balance as at 31 December 2008</b>	<b>275,668</b>	<b>5,000</b>	<b>108,337</b>	<b>52,892</b>	<b>441,897</b>
Transfer to revenue reserve	-	-	18,000	(18,000)	-
<b>Distribution to owners</b>					
Issue of bonus shares for the year ended 31 December 2008 @ 12.5 % per share	34,459	-	-	(34,459)	-
<b>Total comprehensive income for the six months ended 30 June 2009</b>					
Profit for the period	-	-	-	16,334	16,334
<b>Balance as at 30 June 2009</b>	<b>310,127</b>	<b>5,000</b>	<b>126,337</b>	<b>16,767</b>	<b>458,231</b>

The annexed notes 1 to 16 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 2009

### 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 located at Plot No. 39, Sector 19, Korangi Industrial Area, Korangi, Karachi.

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

### 2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. These condensed interim financial statements do not include all the information required for annual financial statements, and should be read in conjunction with the Company's annual financial statements as at and for the year ended 31 December 2008.

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

#### 2.1 Initial application of a Standard, Amendment or an Interpretation to an existing Standard

Revised IAS 1 - Presentation of financial statements became effective from 1 January 2009 which introduced the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. The Company does not have any items of comprehensive income to report for the six months ended 30 June 2009 and comparative periods.

IFRS 8 - Operating Segments also became effective from 1 January 2009 which requires an entity to determine and present operating segments based on the information that is provided internally to the Company's Chief Operating Decision Maker, that is, the organisation's function which allocates resources to and assesses performance of its operating segments. Management has determined that the Company has a single reportable segment and therefore the adoption of the said IFRS has only resulted in some entity wide disclosures given in note 14 to these condensed interim financial statements.

IFRIC 13 - Customer Loyalty Programmes ("the Interpretation") was issued by the International Financial Reporting Interpretation Committee providing guidance on the accounting by the entity that grants to its customers award credits as a part of sales transactions and subject to meeting and qualifying conditions, the customers can redeem in future for free or discounted goods and services. The Interpretation is effective from annual periods beginning on or after 1 July 2008. Management has evaluated the application of the Interpretation on its loyalty programmes offered to customers and noted that the current promotional loyalty programmes are outside the scope of IFRIC 13.

### 3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements have been prepared using the same accounting policies which were applied in the preparation of the annual audited financial statements of the Company for the year ended 31 December 2008.

### 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 2008.

# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2009

### 5. SHARE CAPITAL

#### 5.1 Authorised Share Capital

This represents 40,000,000 (2008: 30,000,000) ordinary shares of Rs. 10 each amounting to Rs. 400,000 thousand (2008: Rs. 300,000 thousand)

#### 5.2 Issued, Subscribed and Paid up Capital

The increase is due to issue of bonus shares for the year ended 31 December 2008 @ 12.5% per share.

### 6. 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 2008: Rs. 0.966 million).

	<b>Un-audited 30 June 2009</b>	<b>Audited 31 December 2008</b>
<b>Commitments</b>	<b>(Rupees in '000)</b>	
Software development	<u>25,174</u>	<u>24,828</u>
Outstanding letters of credit	<u>118,560</u>	<u>123,007</u>

### 7. PROPERTY, PLANT AND EQUIPMENT

Following is the cost of property, plant and equipment that have been added during the six months ended 30 June 2009:

	<b>Additions</b>	
	<b>Six months ended 30 June 2009</b>	<b>Six months ended 30 June 2008</b>
<b>Owned</b>	<b>(Rupees in '000)</b>	
Building on leasehold land	-	207
Leasehold improvements	-	13,106
Furniture and equipment	2,450	3,492
Computers	-	353
Vehicles	-	940
Plant and machinery	<u>727</u>	-
	<u>3,177</u>	<u>18,098</u>
<b>Capital work in progress</b>	<u>2,675</u>	<u>43,988</u>
<b>Leased</b>		
Vehicles	-	3,488
Computers	-	758
Plant and machinery	<u>7,285</u>	-
	<u>7,285</u>	<u>4,246</u>

During the six months ended 30 June 2009, fully depreciated owned vehicles were disposed off.

# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2009

8. TRADE DEBTS	Un-audited 30 June 2009	Audited 31 December 2008		
	(Rupees in '000)			
Considered good				
Hire purchase				
- Retail	785,001	724,111		
- Institutional	256,779	220,075		
	1,041,780	944,186		
Unearned carrying charges	(86,807)	(117,555)		
	954,973	826,631		
Dealers	61,525	60,997		
	1,016,498	887,628		
Considered doubtful	14,006	17,618		
	1,030,504	905,246		
Provision for doubtful debts	(14,006)	(17,618)		
	1,016,498	887,628		
9. NET SALES	Three months ended 30 June 2009	Six months ended 30 June 2009	Three months ended 30 June 2008	Six months ended 30 June 2008
	(Rupees in '000)			
Sales				
- Local	694,080	1,154,183	684,621	1,106,363
- Export	9,548	11,613	8,064	12,181
	703,628	1,165,796	692,685	1,118,544
Earned carrying charges	68,480	137,207	59,182	101,894
	772,108	1,303,003	751,867	1,220,438
Sales tax / excise duty	(76,163)	(137,097)	(85,469)	(137,356)
Commissions / discounts	(44,454)	(79,803)	(46,546)	(76,396)
	(120,617)	(216,900)	(132,015)	(213,752)
	651,491	1,086,103	619,852	1,006,686
10. COST OF SALES				
Opening stock - finished goods	289,542	304,919	367,004	241,330
Purchases - finished goods	219,338	307,668	223,104	420,293
Cost of goods manufactured	343,834	564,197	250,991	476,463
	852,714	1,176,784	841,099	1,138,086
Closing stock - finished goods	(323,465)	(323,465)	(353,015)	(353,015)
	529,249	853,319	488,084	785,071
11. EARNINGS PER SHARE - basic and diluted				
Profit after taxation	13,232	16,334	23,556	28,063
	----- (Number in '000) -----			
Weighted average number of ordinary shares	31,013	31,013	31,013	31,013
	----- (Rupees) -----			
Earnings per share - basic and diluted	0.43	0.53	0.76	0.90

# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2009

11.1 There were no convertible dilutive potential ordinary shares in issue as at 30 June 2009 and 30 June 2008.

11.2 The number of shares during the half year ended 30 June 2008 have been adjusted for the effect of bonus shares issued subsequent to that date.

### 12. CASH AND CASH EQUIVALENTS

	Six months ended 30 June 2009	Six months ended 30 June 2008
(Rupees in '000)		
Cash and bank balances	109,154	126,269
Short term running finances- secured	(675,106)	(704,092)
	(565,952)	(577,823)

### 13. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise 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:

Transactions	Note	Six months ended 30 June 2009	Six months ended 30 June 2008
(Rupees in '000)			
Purchase of goods, materials and services	13.1	3,279	151,593
Royalty	13.2	13,205	8,552
Markup income on term deposits		-	702
Accrued interest expense	13.3	3,369	1,295
Employee retirement benefits	13.4	706	3,871
Remuneration of key management personnel	13.5	18,879	13,816
		<b>Un-audited 30 June 2009</b>	<b>Audited 31 December 2008</b>
(Rupees in '000)			
<b>Balances</b>			
Payable against purchase of goods, materials and services	13.1	1,828	11,406
Royalty payable	13.2	29,039	32,771
Accrued interest expense	13.3	1,675	2,095
Employee retirement benefits - net receivables	13.4	(5,390)	(3,303)

# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2009

- 13.1 Purchase 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.
- 13.2 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.
- 13.3 This represent interest expense accrued on running finance facility availed from an associated financial institution at negotiated rates.
- 13.4 Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefit funds and actuarial advice.
- 13.5 There are no transactions with the key management personnel other than under their terms of employments / entitlements.

### 14. OPERATING SEGMENTS

These financial statements have been prepared on the basis of single reportable segment.

- 14.1 Sales to domestic customers in Pakistan are 99% (2008: 98.9%) and to customers outside Pakistan are 1% (2008: 1.1%) of the revenue during the six months ended 30 June 2009.
- 14.2 All non-current assets of the Company at 30 June 2009 are located in Pakistan.
- 14.3 Sale to any single customer did not equal or exceed 10% of the Company's revenue during the six months ended 30 June 2009 and six months ended 30 June 2008.

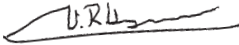
### 15. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors in their meeting held on August 27 2009.

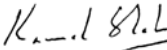
### 16. GENERAL

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

  
Chief Financial Officer

  
Chief Operating Officer

  
Director

  
Chief Executive