

SINGER[®]

SINGER PAKISTAN LIMITED QUARTERLY ACCOUNTS (UN-AUDITED)

THIRD QUARTER ENDED 30 SEPTEMBER

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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 NINE MONTHS ENDED 30 SEPTEMBER 2006

The Directors of the Company take pleasure in presenting their report and un-audited financial statements of the Company for the nine months ended 30 September 2006.

During the period under review, overall economic environment was positive. On the other hand, heavy rain and floods affected our business. Further, mark up rates are continuously going upward, increasing the cost of borrowings. Selling prices of the Company's products have remained under pressure due to stiff market competition. Despite this, your Company achieved a healthy Net Sales growth of 20.7% for the nine months of 2006. Net sales increased to Rs. 921 million from Rs. 764 million, an increase of Rs. 157 million.

Gross profit increased by Rs. 46.8 million or 31.4% over corresponding period mainly due to increase in Sales, Earned Carrying Charges and controlled cost despite increased petroleum prices.

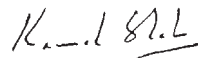
Marketing, selling and distribution costs increased by Rs. 20.9 million over the corresponding period mainly due to increase in Advertising and promotion while Administrative expenses increased by Rs. 2.8 million due to growth in business and inflation.

Profit from operation increased by Rs. 23.0 million or 41.3% over the same period of last year. However, Finance costs increased by Rs. 18.8 million due to increased borrowing and high mark up rates.

Profit after taxation increased by 21.7% over the same period of last year. Earnings per share for the nine months 2006 improved to Rs.1.34 as against Rs. 1.10 for 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: October 27, 2006.

SINGER PAKISTAN LIMITED

CONDENSED BALANCE SHEET (UN-AUDITED)

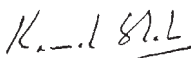
AS AT 30 SEPTEMBER 2006

	Note	30 September 2006	31 December 2005
NON-CURRENT ASSETS			
Property, plant and equipment	6	109,485	99,248
Intangible assets	7	964	560
Investment		7,060	7,148
Long term deposits		<u>17,820</u>	<u>17,344</u>
		135,329	124,300
CURRENT ASSETS			
Stores and spares		4,008	4,047
Stock-in-trade		253,538	229,383
Trade debts	8	625,584	588,760
Advances, deposits and prepayments		12,162	14,305
Other receivables		8,402	6,921
Taxation - net		16,437	12,962
Cash and bank balances		<u>98,159</u>	<u>61,307</u>
		1,018,290	917,685
CURRENT LIABILITIES			
Trade and other payables		264,716	239,693
Mark-up accrued on short term running finances and long term loans		15,595	14,273
Short term running finances- secured		360,043	331,856
Current portion of long term loans		75,879	63,615
Current portion of liabilities against assets subject to finance leases		5,841	5,536
		<u>722,074</u>	<u>654,973</u>
		296,216	262,712
NET CURRENT ASSETS			
		<u>431,545</u>	<u>387,012</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		431,545	387,012
NON-CURRENT LIABILITIES			
Deferred income		8,119	8,815
Long term loans - secured		149,500	125,305
Liabilities against assets subject to finance leases		17,530	17,076
Long term deposits		11,011	9,016
Deferred liabilities		4,294	3,595
		<u>190,454</u>	<u>163,807</u>
NET ASSETS			
		<u>241,091</u>	<u>223,205</u>
REPRESENTED BY			
Authorised share capital (15,000,000 shares of Rs.10 each)		<u>150,000</u>	<u>150,000</u>
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		<u>18,581</u>	<u>25,840</u>
		241,091	223,205
Contingencies and commitments			
	9		

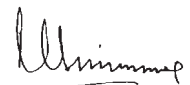
The annexed notes 1 to 16 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive



Director

SINGER PAKISTAN LIMITED

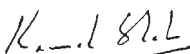
CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006

	Note	Quarter ended 30 Sep. 2006	Nine months ended 30 Sep. 2006	Quarter ended 30 Sep. 2005	Nine months ended 30 Sep. 2005
(Rupees in '000')					
Sales		313,813	1,025,059	281,471	856,895
Earned carrying charges		36,919	104,634	28,539	76,175
Sales tax, commissions and discounts		(66,049)	(208,304)	(55,879)	(169,484)
Net sales	10	284,683	921,389	254,131	763,586
Cost of sales	11	(221,151)	(725,106)	(202,390)	(614,162)
Gross profit		63,532	196,283	51,741	149,424
Other operating income		965	3,472	467	2,404
		64,497	199,755	52,208	151,828
Marketing, selling and distribution costs		(33,420)	(95,647)	(26,719)	(74,675)
Administrative expenses		(7,915)	(20,154)	(6,825)	(17,377)
Other operating expenses		(1,292)	(5,337)	(1,108)	(4,153)
		(42,627)	(121,138)	(34,652)	(96,205)
Profit from operation before finance costs		21,870	78,617	17,556	55,623
Finance costs		(16,993)	(49,879)	(12,691)	(31,083)
Profit before taxation		4,877	28,738	4,865	24,540
Taxation		(1,325)	(10,852)	(1,990)	(9,844)
Profit after taxation		3,552	17,886	2,875	14,696
(Rupees)					
Earnings per share - basic and diluted	12	0.27	1.34	0.22	1.10

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 NINE MONTHS ENDED 30 SEPTEMBER 2006

	Note	30 September 2006	30 September 2005
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		28,738	24,540
Adjustment for non-cash charges and other items :			
- Depreciation & amortization on property, plant and equipment		8,700	10,065
- Finance costs		49,879	31,083
- Amortisation on investment		88	114
- Amortisation of deferred income		(696)	(696)
- Gain on sale of property, plant and equipment		(1,141)	(831)
		85,568	64,275
Working capital changes			
Decrease / (Increase) in stores and spares		39	(503)
(Increase) in stock-in-trade		(24,155)	(54,110)
(Increase) in trade debts		(36,824)	(54,907)
Decrease / (Increase) in advances, deposits and prepayments		2,143	(1,298)
(Increase) / decrease in other receivables		(1,481)	1,602
Increase in trade and other payables		25,023	1,814
		(35,255)	(107,402)
Net cash generated from / (used in) operations		50,313	(43,127)
Income tax paid		(13,416)	(9,258)
Finance costs paid		(46,869)	(24,330)
Payment of staff retirement benefits		(212)	(269)
Security deposits received		1,995	750
Long term deposits		(476)	(1,589)
Net cash used in operating activities		(8,665)	(77,823)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment		(14,514)	(11,528)
Proceeds from sale of property, plant and equipment		1,768	1,134
Net cash used in investing activities		(12,746)	(10,394)
CASH FLOWS FROM FINANCING ACTIVITIES			
Addition in long term loans		36,459	58,580
Lease rentals paid		(6,383)	(3,942)
Dividend paid		-	(14,035)
Net cash generated from financing activities		30,076	40,603
Net increase / (decrease) in cash and cash equivalents		8,665	(47,614)
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	(261,884)	(244,038)

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



Chief Financial Officer



Chief Executive



Director

SINGER PAKISTAN LIMITED

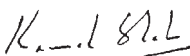
CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006

	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 nine months ended 30 September 2005	-	-	-	14,696	14,696
Balance as at 30 September 2005	113,339	24,689	59,337	15,483	212,848
Net profit for the three months ended 31 December 2005	-	-	-	10,357	10,357
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 nine months ended 30 September 2006	-	-	-	17,886	17,886
Balance as at 30 September 2006	133,173	5,000	84,337	18,581	241,091


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 NINE MONTHS ENDED 30 SEPTEMBER 2006

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 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 December 31, 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 nine months ended 30 September 2006. No asset having significant written down value has been disposed off during the nine months.

	Additions	
	Nine months ended 30 September 2006	Nine months ended 30 September 2005
	(Rupees in '000)	
Owned		
Leasehold improvements	10,194	9,018
Furniture and equipment	1,568	570
Computers	585	409
Vehicles	71	629
Plant and machinery	1,606	2,206
Leased		
Vehicles	3,803	3,421
Computers	1,105	-
Plant and machinery	-	14,048
Capital work in progress - net	399	-
	19,331	30,301

7. The addition in intangible assets during the nine months ended 30 September 2006 represents cost of computer softwares amounting to Rs.637,300

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006

	30 September 2006	31 December 2005
(Rupees in '000')		
8. Trade Debts		
Considered good		
Hire purchase		
- Retail	487,107	430,449
- Institutional	177,987	156,625
	665,094	587,074
Unearned carrying charges	(96,242)	(65,641)
	568,852	521,433
Dealers	56,732	67,327
	625,584	588,760
Considered doubtful	12,338	21,943
	637,922	610,703
Provision for doubtful debts	(12,338)	(21,943)
	625,584	588,760

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).

	30 September 2006	31 December 2005
(Rupees in '000')		
Commitments		
Outstanding letters of credit	77,394	53,143
	77,394	53,143
Duties payable on bonded stock	7,160	6,541
	7,160	6,541

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006

	Quarter ended 30 Sep. 2006	Nine months ended 30 Sep. 2006	Quarter ended 30 Sep. 2005	Nine months ended 30 Sep. 2005
----- (Rupees in '000') -----				
10. Net Sales				
Sales				
- Local	313,813	1,022,574	281,471	855,472
- Export	-	2,485	-	1,423
	<u>313,813</u>	<u>1,025,059</u>	<u>281,471</u>	<u>856,895</u>
Earned carrying charges	<u>36,919</u>	<u>104,634</u>	<u>28,539</u>	<u>76,175</u>
	<u>350,732</u>	<u>1,129,693</u>	<u>310,010</u>	<u>933,070</u>
Sales tax	(40,794)	(133,189)	(36,468)	(111,538)
Commissions / discounts	(25,255)	(75,115)	(19,411)	(57,946)
	<u>(66,049)</u>	<u>(208,304)</u>	<u>(55,879)</u>	<u>(169,484)</u>
	<u>284,683</u>	<u>921,389</u>	<u>254,131</u>	<u>763,586</u>
11. Cost of Sales				
Opening stock - finished goods	138,835	137,030	130,057	77,785
Purchases - finished goods	41,058	233,145	23,606	184,565
Cost of goods manufactured	<u>204,978</u>	<u>518,651</u>	<u>181,554</u>	<u>484,639</u>
	<u>384,871</u>	<u>888,826</u>	<u>335,217</u>	<u>746,989</u>
Closing stock - finished goods	(163,720)	(163,720)	(132,827)	(132,827)
	<u>221,151</u>	<u>725,106</u>	<u>202,390</u>	<u>614,162</u>
12. Basic / Diluted Earnings Per Share				
Profit after taxation	<u>3,552</u>	<u>17,886</u>	<u>2,875</u>	<u>14,696</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>0.27</u>	<u>1.34</u>	<u>0.22</u>	<u>1.10</u>
13. Cash and Cash Equivalents				
	30 September 2006		30 September 2005	
	(Rupees in '000')			
Cash and bank balances	98,159		42,175	
Short term running finances- secured	<u>(360,043)</u>		<u>(286,213)</u>	
	<u>(261,884)</u>		<u>(244,038)</u>	

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006

		Nine months ended 30 September 2006	Nine months ended 30 September 2005
		(Rupees in '000')	
14. Transactions with related parties			
- Associates			
Purchases of goods, materials and services	14.1	<u>101,119</u>	<u>82,766</u>
Royalty	14.2	<u>9,106</u>	<u>6,936</u>
Dividend paid		<u>-</u>	<u>9,904</u>
- Contribution to staff retirement benefits		<u>2,446</u>	<u>2,831</u>
- Remuneration of key management personnel		<u>11,371</u>	<u>10,533</u>
		30 September 2006	30 September 2005
		(Rupees in '000')	
- Period end balances arising from transactions			
Royalty payable to associate		<u>28,330</u>	<u>19,223</u>
Receivable from staff retirement benefits		<u>3,873</u>	<u>3,632</u>

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.

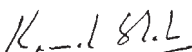
14.2 The Company pays royalty to Singer Asia Limited, Cayman Islands (a subsidiary of Retail Holdings N.V., Netherlands) based on sales of the Company in accordance with the royalty agreement.

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 27 October 2006.



Chief Financial Officer



Chief Executive



Director

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