

# **SINGER<sup>®</sup>**

## **SINGER PAKISTAN LIMITED QUARTERLY ACCOUNTS (UN-AUDITED)**

**FIRST QUARTER ENDED 31 MARCH**

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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 1ST QUARTER ENDED 31 MARCH 2006

The Board of Directors of the Company take pleasure in presenting un-audited financial statements of the Company for the three months ended 31 March 2006.

The Sales for the 1<sup>st</sup> quarter 2006 increased from Rs. 235.2 million to Rs. 298.0 million, an increase of Rs. 62.8 million i.e. a growth of 26.7% over the corresponding period of last year. This is mainly due to increase in sales of appliances.

Gross profit increased by Rs. 17.6 million or 43.1% over last year's corresponding period mainly due to increase in Sales and Earned Carrying Charges. This was made possible by vigorous efforts of the management to increase sales and control costs, despite increased petroleum prices and general inflation.

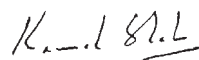
Marketing, selling and distribution costs increased by Rs. 8.4 million over the same period of last year mainly due to increase in Advertising and Promotion while Administrative expenses increased by Rs. 0.8 million only.

Profit from operations increased by Rs. 7.8 million representing a growth of 62.8% over the same period of last year. However, Finance Costs increased by Rs. 6.7 million due to increased borrowings and high mark up rates.

Profit after taxation increased by 17.6% over the same period of last year. Earnings per share for the 1<sup>st</sup> quarter improved to Re. 0.28 against Re. 0.23 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 favorable economic conditions and conducive business environment .

On behalf of the Board



**Kamal Shah**  
Chairman

Karachi: April 26, 2006.

# SINGER PAKISTAN LIMITED

## BALANCE SHEET (UN-AUDITED) AS AT 31 MARCH 2006

	Note	31 March 2006	31 December 2005
<b>(Rupees in '000')</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	99,703	99,248
Intangible assets		446	560
Investment		7,112	7,148
Long term deposits		17,954	17,344
		125,215	124,300
<b>CURRENT ASSETS</b>			
Stores and spares		5,417	4,047
Stock-in-trade		269,879	229,383
Trade Debts	5	593,835	588,760
Advances, deposits and prepayments		15,209	14,305
Other receivables		6,783	6,921
Taxation - net		14,856	12,962
Cash and bank balances		68,169	61,307
		974,148	917,685
<b>CURRENT LIABILITIES</b>			
Trade and other payables		259,801	239,693
Mark-up accrued on short term running finances and long term loans		13,606	14,273
Short term running finances- secured		383,880	331,856
Current portion of long term loans		69,273	63,615
Current portion of liabilities against assets subject to finance lease		5,372	5,536
		731,932	654,973
<b>NET CURRENT ASSETS</b>		242,216	262,712
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		367,431	387,012
<b>NON-CURRENT LIABILITIES</b>			
Deferred income		8,583	8,815
Long term loans - secured		102,018	125,305
Liabilities against asset subject to finance lease		17,643	17,076
Long term deposits		9,286	9,016
Deferred liabilities		3,566	3,595
		141,096	163,807
<b>NET ASSETS</b>		226,335	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		113,339	113,339
Capital reserves		24,689	24,689
Revenue reserves		59,337	59,337
Unappropriated profit		28,970	25,840
		226,335	223,205
<b>Contingencies and commitments</b>			
	6		

The annexed notes 1 to 11 form an integral part of these financial statements.

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Chief Operating Officer

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Chief Executive


# SINGER PAKISTAN LIMITED

## PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2006

	Note	Three Months ended 31 March 2006	Three Months ended 31 March 2005
(Rupees in '000')			
Sales		298,042	235,186
Earned carrying charges		30,683	21,337
Sales tax, commissions and discounts		(60,775)	(47,892)
Net Sales	7	267,950	208,631
Cost of sales	8	(209,660)	(167,892)
Gross profit		58,290	40,739
Other operating income		708	529
		58,998	41,268
Marketing, selling and distribution costs		(30,320)	(21,965)
Administrative expenses		(6,531)	(5,719)
Other operating expenses		(1,905)	(1,148)
		(38,756)	(28,832)
<b>Profit from operations before finance costs</b>		<b>20,242</b>	<b>12,436</b>
Finance costs		(14,767)	(8,050)
<b>Profit before taxation</b>		<b>5,475</b>	<b>4,386</b>
Taxation		(2,345)	(1,725)
<b>Profit after taxation</b>		<b>3,130</b>	<b>2,661</b>
(Rupees)			
<b>Earnings per share - basic and diluted</b>		<b>0.28</b>	<b>0.23</b>

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Chief Financial Officer

  
Chief Operating Officer

  
Director

  
Chief Executive


# SINGER PAKISTAN LIMITED

## CASH FLOW STATEMENT (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2006

	Note	31 March 2006	31 March 2005
(Rupees in '000')			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		5,475	4,386
Adjustment for non-cash charges and other items:			
- Depreciation & Amortisation		2,463	3,283
- Finance costs		14,767	8,050
- Amortisation on investment		36	-
- Gain on sale of property, plant and equipment		(205)	-
- Amortisation of deferred income		(232)	-
- Provision for employees retirement and other service benefits		293	43
		22,597	15,762
<b>Working Capital changes</b>			
Increase in stores and spares		(1,370)	(39)
Increase in stock-in-trade		(40,496)	(57,361)
(Increase) / decrease in trade debts		(5,075)	1,756
(Increase) / decrease in advances, deposits and prepayments		(904)	455
Decrease / (increase) in other receivables		41	(233)
Increase in trade and other payables		20,104	12,328
Net cash (used in) operations		(5,103)	(27,332)
Income tax paid		(4,169)	(1,102)
Finance costs paid		(14,900)	(6,270)
Employees retirement and other service benefits paid		(99)	-
Security deposits received / (paid)		270	(340)
Long term deposits (paid) / received		(610)	463
Net cash (used in) operating activities		(24,611)	(34,581)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(1,148)	(17,155)
Proceeds from sale of property, plant and equipment		205	-
Net cash used in investing activities		(943)	(17,155)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease rentals paid		(1,979)	(1,287)
Repayment of long term loans		(17,629)	(15,697)
Net cash (used in) financing activities		(19,608)	(16,984)
Net decrease in cash and cash equivalents		(45,162)	(68,720)
Cash and cash equivalents at the beginning of the year		(270,549)	(196,424)
Cash and cash equivalents at the end of the year	9	(315,711)	(265,144)

The annexed notes 1 to 11 form an integral part of these financial statements.

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Chief Operating Officer

  
\_\_\_\_\_  
Director

  
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Chief Executive


# SINGER PAKISTAN LIMITED

## STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2006

	Share Capital	Capital reserves	Revenue reserves	Unappropriated profit	Total
(Rupees in '000')					
Balance as at 1 January 2005	113,339	24,689	52,337	21,954	<b>212,319</b>
Net profit for the Quarter ended 31 March 2005	-	-	-	2,661	<b>2,661</b>
Balance as at 31 March 2005	113,339	24,689	52,337	24,615	<b>214,980</b>
Final dividend paid for the year ended 31 December 2004	-	-	-	(14,167)	<b>(14,167)</b>
Transfer to Revenue Reserves	-	-	7,000	(7,000)	-
Net profit for the Nine months ended 31 December 2005	-	-	-	22,392	<b>22,392</b>
Balance as at 31 December 2005	113,339	24,689	59,337	25,840	<b>223,205</b>
Net profit for the Quarter ended 31 March 2006	-	-	-	3,130	<b>3,130</b>
<b>Balance as at 31 March 2006</b>	<b>113,339</b>	<b>24,689</b>	<b>59,337</b>	<b>28,970</b>	<b>226,335</b>

The annexed notes 1 to 11 form an integral part of these financial statements.

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Chief Operating Officer

  
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Director

  
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Chief Executive

# SINGER PAKISTAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2006

1. These financial statements have been prepared in compliance with the International Accounting Standard (IAS) 34 - Interim Financial Reporting.
2. The accounting policies and methods of computation followed for the preparation of these financial statements are the same as those applied in the preparation of the preceding annual financial statements of the Company for the year ended 31 December 2005.
3. The financial statements are un-audited and are being submitted to the shareholders as required by Section 245 of the Companies Ordinance 1984.
4. Following is the cost of property, plant and equipment that have been added during the quarter ended 31 March 2006. No asset having significant written down value has been disposed off during the quarter.

	<b>Additions (Rupees in '000')</b>
<b>Owned</b>	
Leasehold improvements	472
Plant and machinery	1,606
Furniture and equipment	198
Vehicles	32
Computers	310
	2,618
<b>Leased</b>	
Vehicles	1,848
<b>Capital work in progress</b>	9
	4,475

	<b>31 March 2006</b>	<b>31 December 2005</b>
	<b>(Rupees in '000')</b>	
<b>5. Trade Debts</b>		
Considered good		
Hire purchase		
Retail	450,986	430,449
Institutional	162,629	156,625
	613,615	587,074
Unearned carrying charges	(76,221)	(65,641)
	537,394	521,433
Dealers	56,441	67,327
	593,835	588,760
Considered doubtful	22,344	21,943
Less: Provision for doubtful debts	(22,344)	(21,943)
	-	-
	593,835	588,760

# SINGER PAKISTAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2006

### 6. Contingencies and Commitments

#### Contingencies

There are certain pending lawsuits initiated by and against the Company concerning shop leases and ex-employees. However, in the opinion of the legal advisors, no significant liability will arise in case of adverse decision. Guarantees have been extended by commercial banks amounting to Rs. 0.966 million (2005: Rs. 0.966 million).

	31 March 2006	31 December 2005
<b>Commitments</b>	(Rupees in '000')	
Outstanding letters of credit	<u>78,396</u>	<u>53,143</u>
Duties payable on bonded stock	<u>11,420</u>	<u>6,541</u>

### 7. Net Sales

	Three months ended 31 March, 2006	Three months ended 31 March 2005
<b>Sales</b>	(Rupees in '000')	
- Local	<u>297,324</u>	<u>234,834</u>
- Export	<u>718</u>	<u>352</u>
	<u>298,042</u>	<u>235,186</u>
Earned carrying charges	<u>30,683</u>	<u>21,337</u>
	<u>328,725</u>	<u>256,523</u>
Sales tax	<u>(38,756)</u>	<u>(31,024)</u>
Commissions / discounts	<u>(22,019)</u>	<u>(16,868)</u>
	<u>(60,775)</u>	<u>(47,892)</u>
	<u>267,950</u>	<u>208,631</u>

### 8. Cost of Sales

Opening stock - finished goods	137,030	77,785
Purchases - finished goods	75,549	56,594
Cost of goods manufactured	<u>152,893</u>	<u>146,014</u>
	<u>365,472</u>	<u>280,393</u>
Closing stock - finished goods	<u>(155,812)</u>	<u>(112,501)</u>
	<u>209,660</u>	<u>167,892</u>

### 9. Cash and Cash Equivalents

	31 March 2006	31 March 2005
	(Rupees in '000')	
Cash and bank balances	68,169	45,734
Short term running finances- secured	<u>(383,880)</u>	<u>(310,878)</u>
	<u>(315,711)</u>	<u>(265,144)</u>

# SINGER PAKISTAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2006

### 10. Transactions with Related Parties

10.1 Related parties comprise of parent company, related group companies, directors of the Company, companies where directors also hold directorship, key employees and staff retirement funds. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	Note	Three months ended 31 March 2006 (Rupees in '000')	Three months ended 31 March 2005
Purchase of goods, materials and services	10.2	<u>33,294</u>	<u>36,317</u>
Royalty	10.3	<u>2,703</u>	<u>1,981</u>
Charge for retirement benefit plans	10.4	<u>931</u>	<u>763</u>

10.2 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.

10.3 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.

10.4 Contributions to the retirement benefits are made in accordance with the terms of retirement benefit schemes and actuarial advice.

11. These financial statements were authorised for issue by the Board of Directors in their meeting held on 26 April, 2006.



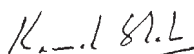
Chief Financial Officer



Chief Operating Officer



Director



Chief Executive

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