

SINGER®

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

SINGER PAKISTAN LIMITED

DIRECTORS' REPORT FOR THE 1ST QUARTER ENDED 31 MARCH 2007

The Directors of the Company are pleased to present their report together with financial statements of the Company for the first quarter ended 31 March 2007.

We are pleased to report that your Company has continued to grow in terms of Revenue and profitability. Sales for the first quarter increased to Rs.341.2 million from Rs. 298.0 million, an increase of Rs.43.2 million or 14.5 %. The major contribution in sales growth is attributed to appliances.

Gross profit increased by Rs.10.8 million or 18.6 % 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 inflation and increased prices.

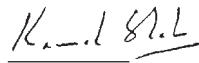
Marketing, selling and distribution costs increased by Rs. 4.9 million over the corresponding period of last year mainly due to increase in advertising, sales promotion and expansion of retail network. Administrative expenses increased by Rs.0.8 million due to inflation and increased human resources costs required for supporting the growing retail network.

Profit from operation before finance costs increased by Rs.4.8 million or 24.5 % over the same period of last year. However, finance costs increased by Rs. 5.0 million due to increased borrowings and soaring mark-up rates.

Profit after taxation increased by 15.3 % over the same period of last year. Earning per share for the first quarter improved to Re.0.27 against Re. 0.24 in the same period last year.

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: 26 April 2007.

SINGER PAKISTAN LIMITED

CONDENSED BALANCE SHEET (UN-AUDITED)

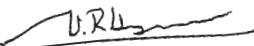
AS AT 31 MARCH 2007

	Note	31 March 2007	31 December 2006
(Rupees in '000)			
Non-current assets			
Property, plant and equipment	5	112,349	110,312
Intangible assets		729	822
Investment		6,996	7,026
Employee retirement benefits - prepayments		3,255	3,578
Long term deposits		21,970	20,475
		145,299	142,213
Current assets			
Stores and spares		3,156	3,083
Stock-in-trade		390,092	305,452
Trade debts	6	683,586	675,897
Advances, deposits and prepayments		13,496	13,901
Other receivables		4,033	2,301
Taxation - net		22,885	21,264
Cash and bank balances		46,196	72,534
		1,163,444	1,094,432
Current liabilities			
Trade and other payables		323,652	312,600
Mark-up accrued on short term running finances and long term loans		20,072	17,505
Short term running finance - secured		423,483	398,855
Current portion of long term loans		77,278	68,944
Current portion of liabilities against assets subject to finance leases		6,073	6,806
		850,558	804,710
		312,886	289,722
Net current assets		458,185	431,935
Total assets less current liabilities		458,185	431,935
Non-current liabilities			
Deferred income		7,655	7,887
Long term loans - secured		156,000	134,000
Liabilities against assets subject to finance leases		16,965	15,704
Long term deposits		11,078	10,858
Deferred tax liabilities		5,206	5,797
Employee retirement benefits - obligation		2,176	2,193
		199,080	176,439
Net assets		259,105	255,496
REPRESENTED BY			
Share capital and reserves			
Authorised capital			
15,000,000 (2006: 15,000,000) ordinary shares of Rs. 10 each		150,000	150,000
Issued, subscribed and paid-up capital		133,173	133,173
Capital reserve		5,000	5,000
Revenue reserve		84,337	84,337
Unappropriated profit		36,595	32,986
		259,105	255,496
Contingencies and commitments			
	7		

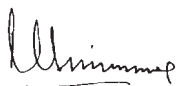
The annexed notes 1 to 14 form an integral part of these financial statements.



Chief Financial Officer



Chief Operating Officer



Director



Chief Executive

SINGER PAKISTAN LIMITED

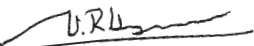
CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2007

	Note	31 March 2007	31 March 2006
		(Rupees in '000)	
Sales		341,187	298,042
Earned carrying charges		35,967	30,683
Sales tax, commissions and discounts		<u>(68,507)</u>	<u>(60,775)</u>
Net sales	8	308,647	267,950
Cost of sales	9	<u>(239,520)</u>	<u>(209,660)</u>
Gross profit		69,127	58,290
Marketing, selling and distribution costs		<u>(35,259)</u>	<u>(30,320)</u>
Administrative expenses		<u>(7,364)</u>	<u>(6,531)</u>
Other operating expenses		<u>(2,179)</u>	<u>(1,905)</u>
		<u>(44,802)</u>	<u>(38,756)</u>
Profit from operations before finance costs		24,325	19,534
Finance costs		<u>(19,742)</u>	<u>(14,767)</u>
		4,583	4,767
Other income		<u>964</u>	<u>708</u>
Profit before taxation		5,547	5,475
Taxation		<u>(1,938)</u>	<u>(2,345)</u>
Profit after taxation		<u>3,609</u>	<u>3,130</u>
		(Rupee)	
Earning per share - basic and diluted	10	<u><u>0.27</u></u>	<u><u>0.24</u></u>

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Chief Financial Officer



Chief Operating Officer



Director



Chief Executive

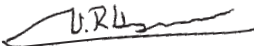
SINGER PAKISTAN LIMITED

CONDENSED CASH FLOW STATEMENT (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2007

	Note	31 March 2007	31 March 2006
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		5,547	5,475
Adjustment for:			
- Depreciation & Amortisation		4,059	2,463
- Finance costs		19,742	14,767
- Amortisation on investment		30	36
- Gain on sale of property, plant and equipment		(13)	(205)
- Amortisation of deferred income		(232)	(232)
- Provision for employee retirement and other service benefits		323	293
		29,456	22,597
Working Capital changes			
(Increase) in stores and spares		(73)	(1,370)
(Increase) in stock-in-trade		(84,640)	(40,496)
(Increase) in trade debts		(7,689)	(5,075)
Decrease / (increase) in advances, deposits and prepayments		405	(904)
(Increase) / decrease in other receivables		(1,732)	41
Increase in trade and other payables		11,052	20,104
Net cash flows from operations		(53,221)	(5,103)
Income tax paid		(4,150)	(4,169)
Finance costs paid		(16,609)	(14,900)
Employee retirement and other service benefits paid		(17)	(99)
Security deposits received		220	270
Long term deposits paid		(1,495)	(610)
Net cash flows from operating activities		(75,272)	(24,611)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(3,804)	(1,148)
Proceeds from sale of property, plant and equipment		13	205
Net cash flows from investing activities		(3,791)	(943)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid		(2,237)	(1,979)
Additions in / (repayment of) long term loans		30,334	(17,629)
Net cash flows from financing activities		28,097	(19,608)
Net decrease in cash and cash equivalents		(50,966)	(45,162)
Cash and cash equivalents at the beginning of the year		(326,321)	(270,549)
Cash and cash equivalents at the end of the year	11	(377,287)	(315,711)

The annexed notes 1 to 14 form an integral part of these financial statements.


Chief Financial Officer


Chief Operating Officer


Director


Chief Executive

SINGER PAKISTAN LIMITED

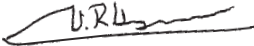
CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2007

	Issued, subscribed and paid-up capital	Capital reserve	Revenue reserve	Unappropriated profit	Total
------(Rupees in '000)-----					
Balance as at 1 January 2006	113,339	24,689	59,337	25,840	223,205
Total recognised income and expense - profit for the three months ended 31 March 2006	-	-	-	3,130	3,130
Balance as at 31 March 2006	<u>113,339</u>	<u>24,689</u>	<u>59,337</u>	<u>28,970</u>	<u>226,335</u>
Issue of Bonus Shares for the year ended 31 December 2005 @ 17.5% per share	19,834	(19,689)	-	(145)	-
Transfer to revenue reserve	-	-	25,000	(25,000)	-
Total recognised income and expense - profit for the nine months ended 31 December 2006	-	-	-	29,161	29,161
Balance as at 31 December 2006	<u>133,173</u>	<u>5,000</u>	<u>84,337</u>	<u>32,986</u>	<u>255,496</u>
Total recognised income and expense - profit for the three months ended 31 March 2007	-	-	-	3,609	3,609
Balance as at 31 March 2007	<u><u>133,173</u></u>	<u><u>5,000</u></u>	<u><u>84,337</u></u>	<u><u>36,595</u></u>	<u><u>259,105</u></u>

The annexed notes 1 to 14 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 THREE MONTHS ENDED 31 MARCH 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., Netherland.

2. These financial statements have been prepared in compliance with the International Accounting Standard (IAS) 34 - Interim Financial Reporting.
3. 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 2006.

The significant judgement, 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.

4. The financial statements are unaudited and are being submitted to the shareholders as required by Section 245 of the Companies Ordinance 1984.
5. Following is the cost of property, plant and equipment that have been added during the first quarter ended 31 March 2007. No asset having significant written down value has been disposed off during the quarter.

Owned

Leasehold improvements
Furniture and equipment
Vehicles
Computers

Additions (Rupees in '000)

2,116

658

25

252

3,051

Leased

Vehicles

2,199

Capital work in progress

753

6,003

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2007

	31 March 2007	31 December 2006
	(Rupees in '000)	
6. TRADE DEBTS		
Considered good		
Hire purchase		
- Retail	492,087	503,659
- Institutional	238,671	204,428
	730,758	708,087
Unearned carrying charges	(94,886)	(92,012)
	635,872	616,075
Dealers	47,714	59,822
	683,586	675,897
Considered doubtful	17,806	16,300
	701,392	692,197
Provision for doubtful debts	(17,806)	(16,300)
	683,586	675,897
7. CONTINGENCIES AND COMMITMENTS		
7.1 Contingencies		
<p>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 occur in these cases. Guarantees have been extended by various commercial banks amounting to Rs. 0.966 million (2006: Rs. 0.966 million).</p>		
7.2 Commitments		
Outstanding letters of credit	140,843	75,929
	Three months ended 31 March, 2007	Three months ended 31 March 2006
	(Rupees in '000)	
8. NET SALES		
Sales		
- Local	340,761	297,324
- Export	426	718
	341,187	298,042
Earned carrying charges	35,967	30,683
	377,154	328,725
- Sales tax	(44,046)	(38,756)
- Commissions / discounts	(24,461)	(22,019)
	(68,507)	(60,775)
	308,647	267,950
9. COST OF SALES		
Opening stock - finished goods	168,659	137,030
Purchases - finished goods	131,328	75,549
Cost of goods manufactured	194,652	152,893
	494,639	365,472
Closing stock - finished goods	(255,119)	(155,812)
	239,520	209,660

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2007

	31 March 2007	31 March 2006
10. EARNING PER SHARE - basic and diluted		
Profit after taxation (Rupees in thousands)	<u>3,609</u>	<u>3,130</u>
Weighted average number of ordinary shares (in thousands)	<u>13,317</u>	<u>13,317</u>
Earning Per Share - basic and diluted (Rupee)	<u>0.27</u>	<u>0.24</u>
	31 March 2007	31 March 2006
	(Rupees in '000)	
11. CASH AND CASH EQUIVALENTS		
Cash and bank balances	46,196	68,169
Short term running finance - secured	<u>(423,483)</u>	<u>(383,880)</u>
	<u>(377,287)</u>	<u>(315,711)</u>

12. TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. 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 aggregate value of transactions and outstanding balances as at 31 March 2007 with related parties other than those which have been disclosed else where are as follows:

		Transaction Value Three months ended		Balance payable / (receivable)	
		31 March 2007	31 March 2006	31 March 2007	31 March 2006
(Rupees in '000)					
Royalty	12.1	<u>3,209</u>	<u>2,703</u>	<u>35,729</u>	<u>21,926</u>
Purchases of goods, materials and services	12.2	<u>75,061</u>	<u>33,294</u>	<u>42,141</u>	<u>8,538</u>
Dividend paid		<u>-</u>	<u>-</u>	<u>517</u>	<u>517</u>
Employee retirement benefits		<u>1,007</u>	<u>916</u>	<u>(3,255)</u>	<u>(3,339)</u>
Employee retirement benefits - field staff	12.3	<u>17</u>	<u>15</u>	<u>2,176</u>	<u>1,857</u>
		<u>1,024</u>	<u>931</u>	<u>(1,079)</u>	<u>(1,482)</u>

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2007

12.1 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.

12.2 Purchases of goods, material and services are entered into on the basis of commercial terms and at market prices.

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

13. DATE OF AUTHORISATION

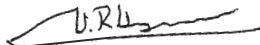
These financial statements were authorised for issue in the meeting of Board of Directors held on 26 March 2007.

14. GENERAL

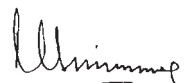
Figures have been rounded off to the nearest thousand rupees except stated otherwise.



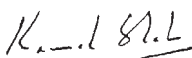
Chief Financial Officer



Chief Operating Officer



Director



Chief Executive

BOOK POST

UNDER POSTAL CERTIFICATE

If undelivered, please return to:
SINGER PAKISTAN LIMITED
608, 6th Floor, Beaumont Plaza,
Beaumont Road, Near PIDC House, Karachi.