

# **SINGER<sup>®</sup>**

**SINGER PAKISTAN LIMITED**  
**CONDENSED INTERIM**  
**FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE 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 FIRST QUARTER ENDED 31 MARCH 2008

The Directors of the Company are pleased to present their report together with un-audited condensed interim financial statements of the Company for the first quarter ended 31 March 2008.

We are pleased to report that your Company has continued to grow in terms of revenue and profitability by focusing on timely marketing promotions. Sales for the first quarter increased by 24.8% to Rs. 425.9 million from Rs. 341.2 million. The major contribution in sales growth is largely attributed to appliances.

Gross profit increased by 30% 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 increasing sales in a difficult market environment through controlling costs, despite escalation in raw material prices and freight charges. The tough competition in appliances' business restricted our ability to increase prices.

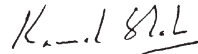
Marketing, selling and distribution costs increased by Rs. 11.4 million over the corresponding period of last year mainly due to increase in advertising, sales promotion and expansion of retail network. Administrative expenses increased by Rs. 1.5 million due to inflation and increased human resources costs required for supporting the growing retail network.

Profit from operation before finance costs increased by Rs. 6.0 million or 24.7 % over the same period of last year. However, finance costs increased by Rs. 5.4 million due to increased borrowings, to support growing seasonal business.

Profit after taxation increased by 24.9 % over the same period of last year. Earning per share for the first quarter improved to Re. 0.16 against Re. 0.13 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: April 29, 2008

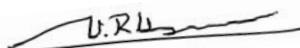
# SINGER PAKISTAN LIMITED

## CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT 31 MARCH 2008

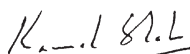
	Note	31 March 2008	31 December 2007
(Rupees in '000')			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	179,055	156,915
Intangible assets	7	9,159	4,666
Investment		6,864	6,894
Employee retirement benefits - prepayments		5,247	5,617
Long term deposits		29,659	27,396
		<u>229,984</u>	<u>201,488</u>
<b>CURRENT ASSETS</b>			
Stores and spares		4,430	5,433
Stock-in-trade		558,849	393,286
Trade debts	8	802,403	808,842
Advances, deposits and prepayments		29,431	25,782
Other receivables		6,723	7,036
Taxation - net		24,779	21,346
Cash and bank balances		81,649	99,413
		<u>1,508,264</u>	<u>1,361,138</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		359,165	349,072
Mark-up accrued on short term running finances and long term loans		25,974	22,879
Short term running finance - secured		624,966	447,054
Current portion of long term loans		85,167	88,167
Current portion of liabilities against assets subject to finance leases		9,599	11,126
		<u>1,104,871</u>	<u>918,298</u>
<b>NET CURRENT ASSETS</b>		<u>403,393</u>	<u>442,840</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>633,377</u>	<u>644,328</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred income		6,727	6,959
Long term loans - secured		170,833	186,459
Liabilities against assets subject to finance leases		36,516	35,124
Long term deposits		16,254	16,033
Deferred tax liabilities		7,475	8,455
Employee retirement benefits - obligation		1,729	1,962
		<u>239,534</u>	<u>254,992</u>
<b>NET ASSETS</b>		<u>393,843</u>	<u>389,336</u>
<b>REPRESENTED BY</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital 30,000,000 (31 December 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		4,838	42,961
		<u>393,843</u>	<u>389,336</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		

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

  
Chief Financial Officer

  
Chief Operating Officer

  
Director

  
Chief Executive

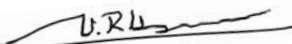
# SINGER PAKISTAN LIMITED

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2008

	Note	31 March 2008	31 March 2007
(Rupees in '000')			
Sales		425,859	341,187
Earned carrying charges		42,712	35,967
Sales tax / excise duty, commissions and discounts		<u>(81,737)</u>	<u>(68,507)</u>
<b>Net sales</b>	<b>10</b>	<b>386,834</b>	<b>308,647</b>
Cost of sales	11	<u>(296,987)</u>	<u>(239,520)</u>
<b>Gross profit</b>		<b>89,847</b>	<b>69,127</b>
Marketing, selling and distribution costs		<u>(46,629)</u>	<u>(35,259)</u>
Administrative expenses		<u>(8,886)</u>	<u>(7,364)</u>
Other operating expenses		<u>(4,005)</u>	<u>(2,179)</u>
		<u>(59,520)</u>	<u>(44,802)</u>
<b>Profit from operations before finance costs</b>		<b>30,327</b>	<b>24,325</b>
Finance costs		<u>(25,185)</u>	<u>(19,742)</u>
		5,142	4,583
Other income		<u>1,467</u>	<u>964</u>
<b>Profit before taxation</b>		<b>6,609</b>	<b>5,547</b>
Taxation		<u>(2,102)</u>	<u>(1,938)</u>
<b>Profit after taxation</b>		<u><u>4,507</u></u>	<u><u>3,609</u></u>
(Rupee)			
<b>Earning per share - basic and diluted</b>	<b>12</b>	<u><u>0.16</u></u>	<u><u>0.13</u></u>

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

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

  
\_\_\_\_\_  
Director

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

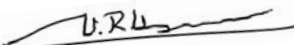
# SINGER PAKISTAN LIMITED


## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2008

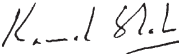
Note	31 March 2008	31 March 2007
(Rupees in '000')		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>6,609</b>	5,547
<b>Adjustment for:</b>		
- Depreciation & Amortisation	5,578	4,059
- Finance costs	25,185	19,742
- Amortisation on investment	30	30
- Gain on sale of property, plant and equipment	(155)	(13)
- Amortisation of deferred income	(232)	(232)
- Provision for employee retirement and other service benefits	370	323
	<u>37,385</u>	<u>29,456</u>
<b>Working Capital changes</b>		
Decrease / (increase) in stores and spares	1,003	(73)
(Increase) in stock-in-trade	(165,563)	(84,640)
Decrease / (increase) in trade debts	6,439	(7,689)
(Increase) / decrease in advances, deposits and prepayments	(3,649)	405
Decrease / (increase) in other receivables	313	(1,732)
Increase in trade and other payables	10,093	11,052
Net cash out flows in operations	<u>(113,979)</u>	<u>(53,221)</u>
Income tax paid	(6,515)	(4,150)
Finance costs paid	(22,090)	(16,609)
Employee retirement and other service benefits paid	(233)	(17)
Security deposits received	221	220
Long term deposits paid	(2,263)	(1,495)
Net cash out flows from operating activities	<u>(144,859)</u>	<u>(75,272)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(29,435)	(3,804)
Proceeds from sale of property, plant and equipment	155	13
Net cash out flows from investing activities	<u>(29,280)</u>	<u>(3,791)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease rentals paid	(2,911)	(2,237)
Repayment / Net additions in long term loans	(18,626)	30,334
Net cash (out flows) / inflows from financing activities	<u>(21,537)</u>	<u>28,097</u>
Net decrease in cash and cash equivalents	<u>(195,676)</u>	<u>(50,966)</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	<u>13</u> <u>(543,317)</u>	<u>(377,287)</u>

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

  
Chief Financial Officer

  
Chief Operating Officer

  
Director

  
Chief Executive

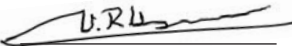
# SINGER PAKISTAN LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2008

	Issued subscribed and paid-up capital	Capital reserve	Revenue reserve	Unappropriated profit	Total
	(Rupees in '000')				
Balance as at 1 January 2007	133,173	5,000	84,337	32,986	255,496
Total recognised income and expense - profit for the three months ended 31 March 2007	-	-	-	3,609	3,609
Balance as at 31 March 2007	133,173	5,000	84,337	36,595	259,105
Issue of bonus shares for the year ended 31 December 2006 @ 15% per share	19,976	-	-	(19,976)	-
Transfer to revenue reserve	-	-	12,000	(12,000)	-
Total recognised income and expense - profit for the nine months ended 31 December 2007	-	-	-	38,342	38,342
Issue of right shares during the year in the ratio of 6 for every 10 shares held @ Rs. 10 per share	91,889	-	-	-	91,889
Balance as at 31 December 2007	245,038	5,000	96,337	42,961	389,336
Issue of bonus shares for the year ended 31 December 2007 @ 12.5% per share	30,630	-	-	(30,630)	-
Transfer to revenue reserve	-	-	12,000	(12,000)	-
Total recognised income and expense - profit for the three months ended 31 March 2008	-	-	-	4,507	4,507
<b>Balance as at 31 March 2008</b>	<b>275,668</b>	<b>5,000</b>	<b>108,337</b>	<b>4,838</b>	<b>393,843</b>

The annexed notes 1 to 16 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 2008

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 statements have been prepared in condensed form in accordance with the requirements of 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 2007.
4. 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 2007.
5. The 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 first quarter ended 31 March 2008. No asset having significant written down value has been disposed off during the quarter.

	Additions	
	Three months ended 31 March 2008	Three months ended 31 March 2007
	(Rupees in '000')	
<b>Owned</b>		
Leasehold improvements	9,232	2,116
Furniture and equipment	1,368	658
Vehicles	30	25
Computers	76	225
	10,706	3,024
<b>Leased</b>		
Vehicles	2,776	2,199
<b>Capital work in progress</b>	13,921	753
	27,403	5,976

7. The addition in intangible assets during the three months ended 31 March 2008 represents cost of computer software amounting to Rs. 4.808 million.

# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2008

8. TRADE DEBTS	31 March 2008	31 December 2007
	(Rupees in '000')	
Considered good		
Hire purchase		
- Retail	655,291	623,711
- Institutional	<u>209,099</u>	<u>216,503</u>
	864,390	840,214
Unearned carrying charges	<u>(106,714)</u>	<u>(101,404)</u>
	757,676	738,810
Dealers	<u>44,727</u>	<u>70,032</u>
	802,403	808,842
Considered doubtful	<u>22,403</u>	<u>19,542</u>
	824,806	828,384
Provision for doubtful debts	<u>(22,403)</u>	<u>(19,542)</u>
	<u>802,403</u>	<u>808,842</u>

### 9. CONTINGENCIES & COMMITMENTS

#### 9.1 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 occur in these cases. Guarantees have been extended by various commercial banks amounting to Rs. 0.966 million (2007: Rs. 0.966 million).

#### 9.2 Commitments

	31 March 2008	31 December 2007
	(Rupees in '000')	
Outstanding letters of credit	<u>233,565</u>	<u>169,398</u>
Software development	<u>19,435</u>	<u>19,037</u>

### 10. NET SALES

	Three months ended 31 March 2008	Three months ended 31 March 2007
	(Rupees in '000')	
Sales		
- Local	421,742	340,761
- Export	<u>4,117</u>	<u>426</u>
	425,859	341,187
Earned carrying charges	<u>42,712</u>	<u>35,967</u>
	468,571	377,154
- Sales tax / excise duty	<u>(51,887)</u>	<u>(44,046)</u>
- Commissions / discounts	<u>(29,850)</u>	<u>(24,461)</u>
	<u>(81,737)</u>	<u>(68,507)</u>
	<u>386,834</u>	<u>308,647</u>

# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2008

	Three months ended 31 March 2008	Three months ended 31 March 2007
	(Rupees in '000')	
<b>11. COST OF SALES</b>		
Opening stock - finished goods	241,330	168,659
Purchases - finished goods	197,189	131,328
Cost of goods manufactured	<u>225,472</u>	<u>194,652</u>
	663,991	494,639
Closing stock - finished goods	<u>(367,004)</u>	<u>(255,119)</u>
	<u>296,987</u>	<u>239,520</u>
<b>12. EARNING PER SHARE - basic / diluted</b>		
Profit after taxation (Rupees in thousands)	<u>4,507</u>	<u>3,609</u>
Weighted average number of ordinary shares (in thousands)	<u>27,567</u>	<u>27,567</u>
Earning Per Share - basic / diluted (Rupee)	<u>0.16</u>	<u>0.13</u>
	31 March 2008	31 March 2007
	(Rupees in '000')	
<b>13. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	81,649	46,196
Short term running finance - secured	<u>(624,966)</u>	<u>(423,483)</u>
	<u>(543,317)</u>	<u>(377,287)</u>

# SINGER PAKISTAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2008

### 14. TRANSACTIONS WITH RELATED PARTIES

		Transaction Value		Balance payable / (receivable)	
		Three months ended 31 March 2008	Three months ended 31 March 2007	As at 31 March 2008	As at 31 December 2007
(Rupees in '000')					
Royalty	14.1	3,656	3,209	32,028	34,841
Purchases of goods, materials and services	14.2	119,261	75,061	58,733	8,355
Markup accrued on investments		351	-	(351)	-
Dividend paid		-	-	517	517
Employee retirement benefits	14.3	1,846	1,024	(3,518)	(3,655)

**14.1** 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.

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

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

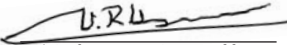
### 15. DATE OF AUTHORISATION

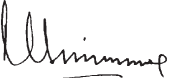
These financial statements were authorised for issue in the meeting of Board of Directors held on April 29, 2008.

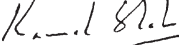
### 16. GENERAL

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

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

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

  
\_\_\_\_\_  
Director

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

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