

# **SINGER<sup>®</sup>**

**SINGER PAKISTAN LIMITED**

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

**FOR THE FIRST QUARTER ENDED 31 MARCH**

**2 0 0 9**

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

# SINGER PAKISTAN LIMITED

## **DIRECTORS' REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2009**

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 2009.

Sales for the first quarter increased to Rs.462.2 million from Rs. 425.8 million a growth of 8.5% despite difficult business conditions.

Gross profit increased by 23% over corresponding period of last year. The major reason for increase in gross profit is higher sales and higher earned carrying charges.

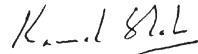
Marketing, selling and distribution costs increased by 8.3% over the corresponding period of last year mainly due to increase in advertising, sales promotion and other related expenses.

Administrative expenses increased by Rs. 1.1 million due to inflation and increased human resources costs to support the growth.

Profit from operation before finance costs increased by Rs. 16.4 million over the same period of last year as explained above. However, finance costs increased by Rs. 18.4 million due to increased borrowings and mark-up rates, resulting in decline of profit after taxation by Rs. 1.4 million over the same period of last year. Earning per share for the first quarter is Re. 0.11 against Re. 0.16 in the same period last year.

The Management of the Company will remain focused on building demand for its products through modernization of product line, advertising and promotion and improved productivity, but a lot will depend on the overall business environment in the country during rest of this year.

**On behalf of the Board**



**Kamal Shah**  
**Chairman**

Karachi: April 28, 2009.

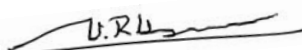
# SINGER PAKISTAN LIMITED

## CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT 31 MARCH 2009

	Note	Un-audited 31 March 2009	Audited 31 December 2008
(Rupees in '000)			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	215,628	212,213
Intangible assets	6	7,018	7,638
Employee retirement benefits - prepayment		6,705	6,798
Long term deposits		32,356	32,100
		261,707	258,749
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		3,141	5,319
Stock-in-trade		536,893	501,985
Trade debts	7	877,486	887,628
Advances, deposits and prepayments		31,978	28,400
Other receivables		12,978	10,100
Taxation - net		40,468	38,668
Cash and bank balances		98,194	129,094
		1,601,138	1,601,194
<b>CURRENT LIABILITIES</b>			
Trade and other payables		345,297	352,501
Mark-up accrued on short term running finances and long term loans		45,658	39,938
Short term running finance - secured		596,521	630,624
Current portion of long term loans		121,042	115,104
Current portion of liabilities against assets subject to finance leases		15,614	17,035
		1,124,132	1,155,202
<b>NET CURRENT ASSETS</b>		477,006	445,992
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		738,713	704,741
<b>NON-CURRENT LIABILITIES</b>			
Long term loans - secured		189,792	161,354
Liabilities against assets subject to finance leases		56,264	51,854
Long term deposits		21,671	21,450
Employee retirement benefits - obligation		2,523	3,495
Deferred tax liabilities		17,665	18,660
Deferred income		5,799	6,031
		293,714	262,844
<b>NET ASSETS</b>		444,999	441,897
<b>REPRESENTED BY</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
30,000,000 (2008: 30,000,000)			
ordinary shares of Rs. 10 each		300,000	300,000
Issued, subscribed and paid-up capital		275,668	275,668
Capital reserve		5,000	5,000
Revenue reserve		108,337	108,337
Unappropriated profit		55,994	52,892
		444,999	441,897
<b>CONTINGENCIES AND COMMITMENTS</b>	8		

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

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

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

  
\_\_\_\_\_  
Director

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

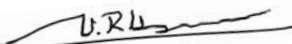
# SINGER PAKISTAN LIMITED

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2009

	Note	31 March 2009	31 March 2008
(Rupees in '000)			
Sales		462,168	425,859
Earned carrying charges		68,727	42,712
Sales tax / excise duty, commissions and discounts		<u>(96,283)</u>	<u>(81,737)</u>
<b>Net sales</b>	9	434,612	386,834
Cost of sales	10	<u>(324,070)</u>	<u>(296,987)</u>
<b>Gross profit</b>		110,542	89,847
Marketing, selling and distribution costs		<u>(50,531)</u>	<u>(46,629)</u>
Administrative expenses		<u>(9,995)</u>	<u>(8,886)</u>
Other operating expenses		<u>(3,287)</u>	<u>(4,005)</u>
		<u>(63,813)</u>	<u>(59,520)</u>
<b>Profit from operations before finance costs</b>		46,729	30,327
Finance costs		<u>(43,625)</u>	<u>(25,185)</u>
		3,104	5,142
Other income		<u>1,202</u>	<u>1,467</u>
<b>Profit before taxation</b>		4,306	6,609
Taxation		<u>(1,204)</u>	<u>(2,102)</u>
<b>Profit after taxation</b>		<u>3,102</u>	<u>4,507</u>
(Rupee)			
<b>Earning per share - basic and diluted</b>	11	<u>0.11</u>	<u>0.16</u>

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

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

  
\_\_\_\_\_  
Director

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

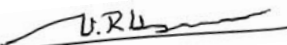
# SINGER PAKISTAN LIMITED


## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2009

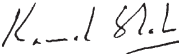
Note	31 March 2009	31 March 2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Rupees in '000)		
<b>Profit before taxation</b>	4,306	6,609
<b>Adjustment for:</b>		
- Depreciation & Amortisation	4,545	5,578
- Finance costs	43,625	25,185
- Amortisation on investment	-	30
- Gain on sale of property, plant and equipment	-	(155)
- Amortisation of deferred income	(232)	(232)
- (Reversal) / provision for employee retirement and other service benefits	(639)	370
	51,605	37,385
<b>Working Capital changes</b>		
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	2,178	1,003
Stock-in-trade	(34,908)	(165,563)
Trade debts	10,142	6,439
Advances, deposits and prepayments	(3,578)	(3,649)
Other receivables	(2,878)	313
	(29,044)	(161,457)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	(7,204)	10,093
Net cash from / (used in) operations	15,357	(113,979)
Income tax paid	(3,999)	(6,515)
Finance costs paid	(35,299)	(22,090)
Employee retirement and other service benefits paid	(240)	(233)
Security deposits received	221	221
Long term deposits paid	(256)	(2,263)
Net cash used in operating activities	(24,216)	(144,859)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(54)	(29,435)
Proceeds from sale of property, plant and equipment	-	155
Net cash used in investing activities	(54)	(29,280)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease rentals paid	(6,903)	(2,911)
Net additions in long term loans	34,376	(18,626)
Net cash from / (used in) financing activities	27,473	(21,537)
Net increase / (decrease) in cash and cash equivalents	3,203	(195,676)
Cash and cash equivalents at beginning of the period	(501,530)	(347,641)
Cash and cash equivalents at end of the period	12 (498,327)	(543,317)

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

  
Chief Financial Officer

  
Chief Operating Officer

  
Director

  
Chief Executive

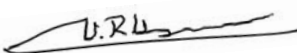
## SINGER PAKISTAN LIMITED

### CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2009

	Issued subscribed and paid-up capital	Capital reserve	Revenue reserve	Unappropriated profit	Total
	(Rupees in '000')				
Balance as at 1 January 2008	245,038	5,000	96,337	42,961	<b>389,336</b>
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	<b>4,507</b>
Balance as at 31 March 2008	275,668	5,000	108,337	4,838	<b>393,843</b>
Total recognised income and expense - profit for the nine months ended 31 December 2008	-	-	-	48,054	<b>48,054</b>
Balance as at 31 December 2008	275,668	5,000	108,337	52,892	<b>441,897</b>
Total recognised income and expense - profit for the three months ended 31 March 2009	-	-	-	3,102	<b>3,102</b>
<b>Balance as at 31 March 2009</b>	<b>275,668</b>	<b>5,000</b>	<b>108,337</b>	<b>55,994</b>	<b>444,999</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 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 PRESENTATION

#### 2.1. Statement of compliance

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provision of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives issued under Companies Ordinance 1984 shall prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, Interim Financial Reporting. These condensed interim financial statements are unaudited.

#### 2.2. Basis of measurement

These financial statements have been prepared under the historical cost convention except for the measurement of derivative financial instruments at fair value.

### 3. 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.

### 4. 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.

### 5. Following is the cost of property, plant and equipment that have been added during the first quarter ended 31 March 2009. No asset having significant written down value has been disposed off during the quarter.

	<b>Additions</b>	
	<b>Three months ended 31 March 2009</b>	Three months ended 31 March 2008
	(Rupees in '000)	
<b>Owned</b>		
Leasehold improvements	-	9,232
Furniture and equipment	<b>25</b>	1,368
Computers	-	76
Vehicles	-	30
Plant and machinery	<b>727</b>	-
<b>Leased</b>		
Vehicles	-	2,776
Plant and machinery	<b>7,286</b>	-
<b>Capital work in progress-net</b>	-	13,921
	<b><u>8,038</u></b>	<b><u>27,403</u></b>

# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2009

### 6 INTANGIBLE ASSETS

During the three months ended 31 March 2009, additions of Rs. Nil (2008 Rs. 4.808 million) were made to intangible assets

7. TRADE DEBTS	31 March 2009 (Rupees in '000)	31 December 2008
Considered good		
Hire purchase		
- Retail	691,647	724,111
- Institutional	<u>218,485</u>	<u>220,075</u>
	910,132	944,186
Unearned carrying charges	<u>(88,415)</u>	<u>(117,555)</u>
	821,717	826,631
Dealers	55,769	60,997
	<u>877,486</u>	<u>887,628</u>
Considered doubtful	17,429	17,618
	<u>894,915</u>	<u>905,246</u>
Provision for doubtful debts	<u>(17,429)</u>	<u>(17,618)</u>
	<u>877,486</u>	<u>887,628</u>

### 8. CONTINGENCIES & COMMITMENTS

#### 8.1 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 on behalf of the Company amounting to Rs. 0.966 million (2008: Rs. 0.966 million).

#### 8.2 Commitments

	31 March 2009 (Rupees in '000)	31 December 2008
Outstanding letters of credit	<u>140,092</u>	<u>123,007</u>
Software development	<u>25,317</u>	<u>24,828</u>

### 9. NET SALES

	Three months ended 31 March 2009 (Rupees in '000)	Three months ended 31 March 2008
Sales		
- Local	460,103	421,742
- Export	<u>2,065</u>	<u>4,117</u>
	462,168	425,859
Earned carrying charges	<u>68,727</u>	<u>42,712</u>
	530,895	468,571
- Sales tax / excise duty	<u>(60,934)</u>	<u>(51,887)</u>
- Commissions / discounts	<u>(35,349)</u>	<u>(29,850)</u>
	<u>96,283</u>	<u>(81,737)</u>
	<u>434,612</u>	<u>386,834</u>

# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2009

	Three months ended 31 March 2009	Three months ended 31 March 2008
	(Rupees in '000)	
<b>10. COST OF SALES</b>		
Opening stock - finished goods	304,919	241,330
Purchases - finished goods	88,330	197,189
Cost of goods manufactured	<u>220,363</u>	<u>225,472</u>
	613,612	663,991
Closing stock - finished goods	<u>(289,542)</u>	<u>(367,004)</u>
	<u><u>324,070</u></u>	<u><u>296,987</u></u>

	Three months ended 31 March 2009	Three months ended 31 March 2008
	(Rupees in '000)	
<b>11. EARNINGS PER SHARE - basic and diluted</b>		
Profit after taxation	<u>3,102</u>	<u>4,507</u>
	----- (Number in '000) -----	
Weighted average number of ordinary shares	<u>27,567</u>	<u>27,567</u>
	----- (Rupee) -----	
Earnings per share - basic and diluted	<u>0.11</u>	<u>0.16</u>

	31 March 2009	31 March 2008
	(Rupees in '000)	
<b>12. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	98,194	81,649
Short term running finance - secured	<u>(596,521)</u>	<u>(624,966)</u>
	<u><u>(498,327)</u></u>	<u><u>(543,317)</u></u>

### 13. TRANSACTIONS WITH RELATED PARTIES

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 transactions and outstanding balances with related parties are as follows:

# SINGER PAKISTAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2009

		Transactions value		Balances payable / (receivable)	
		Three months ended 31 March 2009	Three months ended 31 March 2008	31 March 2009	31 December 2008
(Rupees in '000)					
Royalty	13.1	5,020	3,656	29,830	32,771
Purchase of goods, materials and services	13.2	1,738	119,261	5,248	11,406
Dividend on non-remittable shares		-	-	517	517
Markup income on term deposits		-	351	-	-
Accrued interest expense		1,694	-	1,694	2,095
Short term running finance - secured		-	-	45,479	45,475
Employee retirement benefits	13.3	363	1,846	(4,182)	(3,303)
Remuneration of key management personnel		9,379	8,028	-	-

**13.1** 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.

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

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

#### 14. SEGMENT REPORTING

These financial statements have been prepared on the basis of Single Reportable Segment.

**14.1** Sales to domestic customers in Pakistan are 99.6% and to customers outside Pakistan is 0.4% of Revenue during the quarter ended March 31, 2009.

**14.2** Sales to any single customer is not 10% or more of revenue during the quarter ended March 31, 2009.

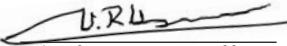
#### 15. DATE OF AUTHORISATION


These financial statements were authorised for issue in the meeting of Board of Directors held on April 28, 2009.

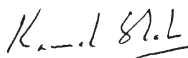
#### 16. GENERAL

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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