

SINGER[®]

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.singer.com.pk

SINGER PAKISTAN LIMITED

DIRECTORS' REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010

The Directors of the Company are pleased to present their report with un-audited condensed interim financial statements of the Company for the first quarter ended 31 March 2010.

Net sales for the first quarter increased to Rs. 474.7 million or an increase of 9.2% compared to corresponding period last year. The growth in sales was achieved mainly in appliances. Gross margin was affected due to lower ECC and increase in costs, which costs could not be passed on in full due to highly competitive appliances market.

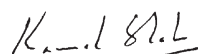
Marketing, selling and distribution costs decreased by 8.5% or Rs. 4.3 million over same period last year, mainly due to costs control, however, administrative expenses increased by Rs. 0.3 million, due to inflation.

Finance costs decreased to Rs.41.0 million from Rs.43.6 million or a decrease of 6% over same period last year, due to decrease in mark-up rates.

Profit after taxation increased by 7.1% over the same period of last year, mainly due to increase in net sales and decrease in finance cost. Earning per share for the first quarter is Re. 0.11 against Re. 0.10 in the same period of last year.

The Company will continue to focus on introduction of new models, new products, innovative advertising and sales promotion and increase in the productivity in a highly competitive market however a lot will depend on the business environment in the country during 2010. The Company is also focusing on the implementation of its ERP project.

On behalf of the Board



KAMAL SHAH

Chairman

Karachi: 26 April 2010

SINGER PAKISTAN LIMITED

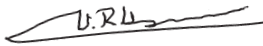
CONDENSED INTERIM BALANCE SHEET AS AT 31 MARCH 2010

	Note	Un-audited 31 March 2010	Audited 31 December 2009
(Rupees in '000)			
NON-CURRENT ASSETS			
Property, plant and equipment	5	208,032	210,499
Intangible assets	6	4,676	5,083
Employee retirement benefits - prepayment		8,765	11,290
Long term deposits		31,984	31,844
		253,457	258,716
CURRENT ASSETS			
Stores, spares and loose tools		5,185	4,986
Stock-in-trade		446,881	456,583
Trade debts	7	925,198	923,587
Advances, deposits and prepayments		28,802	22,968
Other receivables		17,087	10,855
Taxation - net		53,032	49,471
Cash and bank balances		142,693	142,665
		1,618,878	1,611,115
CURRENT LIABILITIES			
Trade and other payables		278,517	313,603
Mark-up accrued on short term running finances and long term loans		45,175	40,759
Short term running finance - secured		734,865	672,909
Current portion of long term loans		107,917	115,728
Current portion of liabilities against assets subject to finance leases		13,597	17,072
		1,180,071	1,160,071
NET CURRENT ASSETS		438,807	451,044
TOTAL ASSETS LESS CURRENT LIABILITIES		692,264	709,760
NON-CURRENT LIABILITIES			
Long term loans - secured		126,875	143,126
Liabilities against assets subject to finance leases		38,517	40,541
Long term deposits		25,803	24,382
Employee retirement benefits - obligation		2,931	5,846
Deferred tax liabilities		20,834	21,650
Deferred income		4,871	5,103
		219,831	240,648
NET ASSETS		472,433	469,112
REPRESENTED BY			
SHARE CAPITAL AND RESERVES			
Authorised capital 40,000,000 (2009:40,000,000) ordinary shares of Rs. 10 each		400,000	400,000
Issued, subscribed and paid-up capital		310,127	310,127
Capital reserve		5,000	5,000
Revenue reserve		126,337	126,337
Unappropriated profit		30,969	27,648
		472,433	469,112
CONTINGENCIES AND COMMITMENTS			
	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

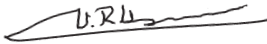
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2010

	Note	Three months ended 31 March 2010	Three months ended 31 March 2009
		(Rupees in '000)	
Sales		497,539	462,168
Earned carrying charges		61,584	68,727
Sales tax / excise duty, commissions and discounts		(84,423)	(96,283)
Net sales	9	474,700	434,612
Cost of sales	10	(370,834)	(324,070)
Gross profit		103,866	110,542
Marketing, selling and distribution costs		(46,248)	(50,531)
Administrative expenses		(10,252)	(9,995)
Other operating expenses		(2,498)	(3,287)
		(58,998)	(63,813)
Profit from operations before finance costs		44,868	46,729
Finance costs		(41,002)	(43,625)
		3,866	3,104
Other income		1,018	1,202
Profit before taxation		4,884	4,306
Taxation		(1,563)	(1,204)
Profit after taxation		3,321	3,102
Other comprehensive income		-	-
Total comprehensive income		3,321	3,102
		(Rupee)	
Earning per share - basic and diluted	11	0.11	0.10


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Chief Financial Officer



Chief Operating Officer



Director




Chief Executive

SINGER PAKISTAN LIMITED

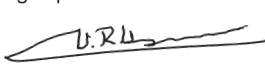
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2010

	Note	Three months ended 31 March 2010	Three months ended 31 March 2009
CASH FLOWS FROM OPERATING ACTIVITIES			
(Rupees in '000)			
Profit before taxation		4,884	4,306
Adjustment for:			
- Depreciation & Amortisation		5,264	4,545
- Finance costs		41,002	43,625
- Amortisation of deferred income		(232)	(232)
- Reversal for employee retirement and other service benefits		-	(639)
		50,918	51,605
Working Capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		(199)	2,178
Stock-in-trade		9,702	(34,908)
Trade debts		(1,611)	10,142
Advances, deposits and prepayments		(5,834)	(3,578)
Other receivables		(6,232)	(2,878)
		(4,174)	(29,044)
Increase / (decrease) in current liabilities			
Trade and other payables		(35,086)	(7,204)
Net cash from operations		11,658	15,357
Income tax paid		(5,940)	(3,999)
Finance costs paid		(35,168)	(35,299)
Employee retirement and other service benefits paid		(390)	(240)
Security deposits received		1,421	221
Long term deposits paid		(140)	(256)
Net cash used in operating activities		(28,559)	(24,216)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(2,390)	(54)
Net cash used in investing activities		(2,390)	(54)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid		(6,917)	(6,903)
Net (repayments) / additions in long term loans		(24,062)	34,376
Net cash (used in) / from financing activities		(30,979)	27,473
Net (decrease) / increase in cash and cash equivalents		(61,928)	3,203
Cash and cash equivalents at beginning of the period		(530,244)	(501,530)
Cash and cash equivalents at end of the period	12	(592,172)	(498,327)

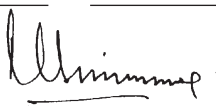
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Chief Financial Officer



Chief Operating Officer



Director



Chief Executive

SINGER PAKISTAN LIMITED

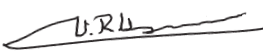
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2010

	Issued subscribed and paid-up capital	Capital reserve	Revenue reserve	Unappropriated profit	Total
	(Rupees in '000')				
Balance as at 1 January 2009	275,668	5,000	108,337	52,892	441,897
Total comprehensive income for the year ended 31 March 2009	-	-	-	3,102	3,102
Balance as at 31 March 2009	275,668	5,000	108,337	55,994	444,999
Transfer to revenue reserve	-	-	18,000	(18,000)	-
Transactions with owners, recorded directly in equity					
Issue of bonus shares for the year ended 31 December 2008 @ 12.5% per share	34,459	-	-	(34,459)	-
Total comprehensive income for the nine months ended 31 December 2009	-	-	-	24,113	24,113
Balance as at 31 December 2009	310,127	5,000	126,337	27,648	469,112
Total comprehensive income for the three months ended 31 March 2010	-	-	-	3,321	3,321
Balance as at 31 March 2010	310,127	5,000	126,337	30,969	472,433

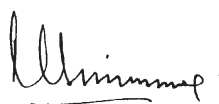
The annexed notes 1 to 16 form an integral part of these financial statements.



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 2010

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 PREPARATION

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, provisions 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 condensed interim financial statements have been prepared under the historical cost convention except for recognition of certain employee retirement benefits at present value.

3. SIGNIFICANT 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 2009.

4. 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 2009.

5. Following is the cost of property, plant and equipment that have been added during the first quarter ended 31 March 2010. No asset having significant written down value has been disposed off during the quarter.

	Additions	
	Three months ended 31 March 2010	Three months ended 31 March 2009
	(Rupees in '000)	
Owned		
Leasehold improvements	673	-
Furniture and equipment	36	25
Computers	156	-
Plant and machinery	-	727
Leased		
Plant and machinery	-	7,286
Capital work in progress-net	1,282	-
	2,147	8,038

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2010

6. INTANGIBLE ASSETS

During the three months ended 31 March 2010, additions of Rs. 243 (2009: NIL) were made to intangible assets.

	Un-audited 31 March 2010	Audited 31 December 2009
(Rupees in '000)		
7. TRADE DEBTS		
Considered good		
Hire purchase		
- Retail	643,551	648,617
- Institutional	262,178	248,386
	905,729	897,003
Unearned carrying charges	(72,377)	(67,085)
	833,352	829,918
Dealers	91,846	93,669
	925,198	923,587
Considered doubtful	12,828	15,759
	938,026	939,346
Provision for doubtful debts	(12,828)	(15,759)
	925,198	923,587

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 (2009: Rs. 0.966 million).

	Un-audited 31 March 2010	Audited 31 December 2009
(Rupees in '000)		

8.2 Commitments

Outstanding letters of credit	270,496	246,261
Software development	25,967	26,091

	Three months ended 31 March 2010	Three months ended 31 March 2009
(Rupees in '000)		
9. NET SALES		
Sales		
- Local	486,264	460,103
- Export	11,275	2,065
	497,539	462,168
Earned carrying charges	61,584	68,727
	559,123	530,895
- Sales tax / excise duty	(48,057)	(60,934)
- Commissions / discounts	(36,366)	(35,349)
	(84,423)	(96,283)
	474,700	434,612

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2010

	Three months ended 31 March 2010	Three months ended 31 March 2009
	(Rupees in '000)	
10. COST OF SALES		
Opening stock - finished goods	264,811	304,919
Purchases - finished goods	70,977	88,330
Cost of goods manufactured	<u>212,217</u>	<u>220,363</u>
	548,005	613,612
Closing stock - finished goods	<u>(177,171)</u>	<u>(289,542)</u>
	<u>370,834</u>	<u>324,070</u>
11. EARNINGS PER SHARE - basic and diluted		
Profit after taxation	<u>3,321</u>	<u>3,102</u>
	----- (Number in '000) -----	
Weighted average number of ordinary shares	<u>31,013</u>	<u>31,013</u>
	----- (Rupee) -----	
Earnings per share - basic and diluted	<u>0.11</u>	<u>0.10</u>
	31 March 2010	31 March 2009
	(Rupees in '000)	
12. CASH AND CASH EQUIVALENTS		
Cash and bank balances	142,693	98,194
Short term running finance - secured	<u>(734,865)</u>	<u>(596,521)</u>
	<u>(592,172)</u>	<u>(498,327)</u>
13. TRANSACTIONS WITH RELATED PARTIES		
<p>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:</p>		

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2010

		Transactions value		Balances payable / (receivable)	
		Three months ended 31 March 2010	Three months ended 31 March 2009	Un-audited 31 March 2010	Audited 31 December 2009
		(Rupees in '000)			
Royalty	13.1	<u>5,337</u>	<u>5,020</u>	<u>36,048</u>	<u>31,246</u>
Purchase of goods, materials and services	13.2	<u>1,810</u>	<u>1,738</u>	<u>5,166</u>	<u>5,989</u>
Dividend on non-remittable shares		<u>-</u>	<u>-</u>	<u>517</u>	<u>517</u>
Accrued interest expense		<u>1,488</u>	<u>1,694</u>	<u>1,488</u>	<u>1,675</u>
Short term running finance - secured		<u>-</u>	<u>-</u>	<u>44,523</u>	<u>45,519</u>
Employee retirement benefits	13.3	<u>1,106</u>	<u>363</u>	<u>(5,834)</u>	<u>(5,444)</u>
Remuneration of key management personnel		<u>9,932</u>	<u>9,379</u>	<u>-</u>	<u>-</u>

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. OPERATING SEGMENTS

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

14.1 Sales to domestic customers in Pakistan are 97.7% and to customers outside Pakistan is 2.3% of Revenue during the quarter ended 31 March 2010.

14.2 All non-current assets of the company as 31 March 2010 are located in Pakistan.

14.3 Sales to any single customer is not 10% or more of revenue during the quarter ended 31 March 2010.

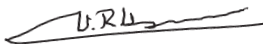
15. DATE OF AUTHORISATION


These financial statements were authorised for issue in the meeting of Board of Directors held on 26 April 2010.

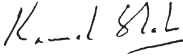
16. GENERAL

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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