

SINGER[®]

SINGER PAKISTAN LIMITED

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

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER

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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 NINE MONTHS ENDED 30 SEPTEMBER 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 nine months ended 30 September 2009.

This period of nine months was affected by unprecedented power outages, high interest costs and disturbed business conditions throughout the country.

Despite this, net sales increased by 7.2% to Rs. 1.55 billion, compared to corresponding period last year. The growth in sales was mainly achieved from sewing machines, refrigerators and earned carrying charges.

Gross profit for the period increased to Rs. 337.8 million from Rs. 322.6 million over the corresponding period last year. The main factors for the increase in gross profit were higher sales, costs control and earned carrying charges. However, there is pressure on gross margin and the tough competition in the market is limiting our ability to increase prices.

Marketing, selling and distribution costs decreased by Rs. 4.3 million over the corresponding period last year mainly due to cost controls, however, administrative expenses increased by only Rs. 3.0 million due to inflation.

Profit from Operations increased by 12.5% to Rs. 152.4 million over the same period last year, due to increased revenue and controlled costs.

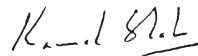
However, financial costs increased to Rs.122.7 million from Rs.87.2 million, mainly due to increase in mark-up rates.

Profit after Taxation was Rs.21.9 million as against Rs.33.9 million in the corresponding period last year mainly due to increase in finance costs.

Net Sales for the quarter ended 30 September 2009 increased to Rs. 459.6 million from Rs. 435.5 million an increase of Rs. 24.0 million. Profit after taxation for the quarter was Rs. 5.6 million as against Rs. 5.8 million against corresponding period last year.

The Company will remain focused on its key strategies of continuing modernization of its product line, innovative advertising and promotions and improved productivity. However, a lot will depend on the business environment prevailing in the Country during rest of the year.

On behalf of the Board



Kamal Shah
Chairman

Karachi: 28 October 2009

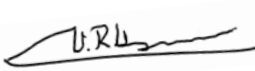
SINGER PAKISTAN LIMITED

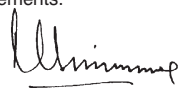
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT 30 SEPTEMBER 2009

	Note	Un-audited 30 September 2009	Audited 31 December 2008
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital 40,000,000 (2008: 30,000,000) ordinary shares of Rs. 10 each	5.1	400,000	300,000
Issued, subscribed and paid-up capital	5.2	310,127	275,668
Capital reserve		5,000	5,000
Revenue reserve		126,337	108,337
Unappropriated profit		22,346	52,892
		<u>463,810</u>	<u>441,897</u>
Non-current liabilities			
Long term loans - secured		124,583	161,354
Liabilities against assets subject to finance lease		48,046	51,854
Long term deposits		22,402	21,450
Employee retirement benefits - obligation		3,658	3,495
Deferred tax liabilities		21,752	18,660
Deferred income		5,335	6,031
		<u>225,776</u>	<u>262,844</u>
Current liabilities			
Current portion of long term loans		121,667	115,104
Current portion of liabilities against assets subject to finance lease		14,966	17,035
Short term running finance - secured		681,782	630,624
Mark-up accrued on short term running finance and long term loans		38,009	39,938
Trade and other payables		391,626	352,501
		<u>1,248,050</u>	<u>1,155,202</u>
		<u>1,937,636</u>	<u>1,859,943</u>
Contingencies and commitments	6		
ASSETS			
Non-current assets			
Property, plant and equipment	7	212,802	212,213
Intangible assets		5,712	7,638
Employee retirement benefits - prepayments		10,167	6,798
Long term deposits		32,156	32,100
		<u>260,837</u>	<u>258,749</u>
Current assets			
Stores, spares and loose tools		4,716	5,319
Stock-in-trade		475,410	501,985
Trade debts		999,686	887,628
Advances, deposits and prepayments	8	30,244	28,400
Other receivables		11,725	10,100
Taxation - net		44,906	38,668
Cash and bank balances		110,112	129,094
		<u>1,676,799</u>	<u>1,601,194</u>
		<u>1,937,636</u>	<u>1,859,943</u>

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


Chief Financial Officer


Chief Operating Officer


Director


Chief Executive

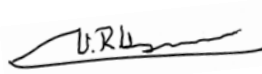
SINGER PAKISTAN LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009

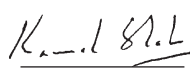
	Note	Three months ended 30 September 2009	Nine months ended 30 September 2009	Three months ended 30 September 2008	Nine months ended 30 September 2008
(Rupees in '000)					
Sales		470,860	1,636,656	477,458	1,596,002
Earned carrying charges		69,104	206,311	54,503	156,397
Sales tax / excise duty, commissions and discounts		(80,405)	(297,305)	(96,435)	(310,187)
Net sales	9	459,559	1,545,662	435,526	1,442,212
Cost of sales	10	(354,500)	(1,207,819)	(334,553)	(1,119,624)
Gross profit		105,059	337,843	100,973	322,588
Marketing, selling and distribution costs		(45,187)	(144,923)	(48,508)	(149,246)
Administrative expenses		(11,178)	(30,290)	(10,345)	(27,300)
Other operating expenses		(2,633)	(10,182)	(1,932)	(10,588)
		(58,998)	(185,395)	(60,785)	(187,134)
Profit from operations		46,061	152,448	40,188	135,454
Finance costs		(38,757)	(122,710)	(32,318)	(87,164)
		7,304	29,738	7,870	48,290
Other income		1,111	2,845	973	3,729
Profit before taxation		8,415	32,583	8,843	52,019
Taxation		(2,836)	(10,670)	(3,017)	(18,130)
Profit after taxation		5,579	21,913	5,826	33,889
(Rupees)					
Earnings per share - basic and diluted	11	0.18	0.71	0.19	1.09

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


Chief Financial Officer


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Chief Executive

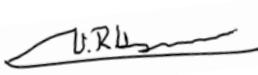
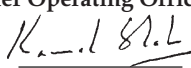
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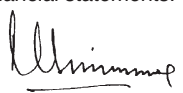
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009

Note	Nine months ended 30 September 2009	Nine months ended 30 September 2008
CASH FLOWS FROM OPERATING ACTIVITIES		
	(Rupees in '000)	
Profit before taxation	32,583	52,019
Adjustment for non-cash charges and other items:		
- Depreciation on property, plant and equipment	16,390	12,871
- Amortisation of intangible assets	1,926	1,046
- Finance costs	122,710	87,164
- Amortisation on investment	-	90
- Amortisation of deferred income	(696)	(696)
- Gain on disposal of property, plant and equipment	(95)	(208)
- Provision for staff retirement benefits	(2,197)	1583
	<u>170,621</u>	<u>153,869</u>
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	603	10
Stock-in-trade	26,575	(163,950)
Trade debts	(112,058)	(94,990)
Advances, deposits and prepayments	(1,844)	(2,747)
Other receivables	(1,625)	2,219
Increase in current liabilities	39,125	19,538
Trade and other payables	(49,224)	(239,920)
Net cash generated from / (used in) operations	<u>121,397</u>	<u>(86,051)</u>
Income tax paid	(13,816)	(20,211)
Finance costs paid	(120,321)	(66,268)
Payment of staff retirement benefits	(1,009)	(50)
Security deposits received	952	3,327
Long term deposits paid	(56)	(4,897)
Net cash used in operating activities	<u>(12,853)</u>	<u>(174,150)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(9,972)	(39,336)
Proceeds from disposal of property, plant and equipment	373	486
Net cash used in investing activities	<u>(9,599)</u>	<u>(38,850)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loans - net	(30,208)	34,124
Lease rentals paid	(17,480)	(13,261)
Net cash flow (used in) / generated from financing activities	<u>(47,688)</u>	<u>20,863</u>
Net decrease in cash and cash equivalents	<u>(70,140)</u>	<u>(192,137)</u>
Cash and cash equivalents at beginning of the period	(501,530)	(347,641)
Cash and cash equivalents at end of the period	12 <u>(571,670)</u>	<u>(539,778)</u>

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


Chief Financial Officer


Chief Operating Officer

Chief Executive



Director

SINGER PAKISTAN LIMITED

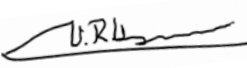
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009

	Issued subscribed and paid up-capital	Capital reserves	Revenue reserves	Unappropriated profit	Total
(Rupees in '000)					
Balance as at 31 December 2007	245,038	5,000	96,337	42,961	389,336
Transfer to revenue reserve	-	-	12,000	(12,000)	-
Distribution to owners					
Issue of bonus shares for the year ended 31 December 2007 @ 12.5 % per share	30,630	-	-	(30,630)	-
Total comprehensive income for the nine months ended 30 September 2008					
Profit for the period	-	-	-	33,889	33,889
Balance as at 30 September 2008	275,668	5,000	108,337	34,220	423,225
Total comprehensive income for the three months ended 31 December 2008					
Profit for the period	-	-	-	18,672	18,672
Balance as at 31 December 2008	275,668	5,000	108,337	52,892	441,897
Transfer to revenue reserve	-	-	18,000	(18,000)	-
Distribution to owners					
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 30 September 2009					
Profit for the period	-	-	-	21,913	21,913
Balance as at 30 September 2009	310,127	5,000	126,337	22,346	463,810

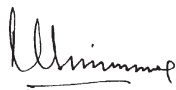
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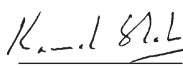
Chief Financial Officer



Chief Operating Officer



Director



Chief Executive

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 PREPARATION

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. These condensed interim financial statements do not include all the information required for annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2008.

These condensed interim financial statements are unaudited and are being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

2.1 Initial application of a Standard, Amendment or an Interpretation to an existing Standard

Revised IAS 1 - Presentation of financial statements became effective from 1 January 2009 which introduced the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. The Company does not have any items of comprehensive income to report for the nine months ended 30 September 2009 and comparative periods.

IFRS 8 - Operating Segments also became effective from 1 January 2009 which requires an entity to determine and present operating segments based on the information that is provided internally to the Company's Chief Operating Decision Maker, that is, the organisation's function which allocates resources to and assesses performance of its operating segments. Management has determined that the Company has a single reportable segment and therefore the adoption of the said IFRS has only resulted in some entity wide disclosures given in note 14 to these condensed interim financial statements.

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009

IFRIC 13 - Customer Loyalty Programmes ("the Interpretation") was issued by the International Financial Reporting Interpretation Committee providing guidance on the accounting by the entity that grants to its customers award credits as a part of sales transactions and subject to meeting and qualifying conditions, the customers can redeem in future for free or discounted goods and services. The Interpretation is effective from annual periods beginning on or after 1 July 2008. Management has evaluated the application of the Interpretation on its loyalty programmes offered to customers and noted that the current promotional loyalty programmes is outside the scope of IFRIC 13.

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 2008.

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 2008.

5. SHARE CAPITAL

5.1 Authorised Share Capital

This represents 40,000,000 (2008: 30,000,000) ordinary shares of Rs. 10 each amounting to Rs. 400,000 thousand (2008: Rs. 300,000 thousand)

5.2 Issued, Subscribed and Paid-up Capital

The increase is due to issue of bonus shares for the year ended 31 December 2008 @ 12.5% per share.

6. CONTINGENCIES AND COMMITMENTS

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 arise in these cases. Guarantees have been extended by various commercial banks amounting to Rs. 0.966 million (31 December 2008: Rs. 0.966 million).

Commitments

	Un-audited 30 September 2009	Audited 31 December 2008
	(Rupees in '000)	
Software development	<u>25,781</u>	<u>24,828</u>
Outstanding letters of credit	<u>47,893</u>	<u>123,007</u>

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009

7. PROPERTY, PLANT AND EQUIPMENT

Following is the cost of property, plant and equipment that have been added during the nine months ended 30 September 2009:

	Additions	
	Nine months ended 30 September 2009	Nine months ended 30 September 2008
	(Rupees in '000)	
Owned		
Building on leasehold land	-	6,175
Leasehold improvements	282	18,415
Furniture and equipment	3,142	5,885
Computers & software	218	829
Vehicles	-	144
Plant and machinery	727	326
	<u>4,369</u>	<u>31,774</u>
Capital work in progress	<u>6,302</u>	<u>25,605</u>
Leased		
Computers	-	758
Vehicles	-	6,173
Plant and machinery	7,285	13,869
	<u>7,285</u>	<u>20,800</u>

During the nine months ended 30 September 2009, fully depreciated owned vehicle was disposed off.

8. TRADE DEBTS

	Un-audited 30 September 2009	Audited 31 December 2008
	(Rupees in '000)	
Considered good		
Hire purchase		
- Retail	718,303	724,111
- Institutional	256,980	220,075
	<u>975,283</u>	944,186
Unearned carrying charges	(60,449)	(117,555)
	<u>914,834</u>	826,631
Dealers	84,852	60,997
	<u>999,686</u>	887,628
Considered doubtful	13,664	17,618
	<u>1,013,350</u>	905,246
Provision for doubtful debts	(13,664)	(17,618)
	<u>999,686</u>	<u>887,628</u>

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009

	<u>Three months ended 30 September 2009</u>	<u>Nine months ended 30 September 2009</u>	<u>Three months ended 30 September 2008</u>	<u>Nine months ended 30 September 2008</u>
9. NET SALES				
	(Rupees in '000)			
Sales				
- Local	463,022	1,617,205	476,201	1,582,564
- Export	<u>7,838</u>	<u>19,451</u>	<u>1,257</u>	<u>13,438</u>
	<u>470,860</u>	<u>1,636,656</u>	<u>477,458</u>	<u>1,596,002</u>
 Earned carrying charges	 69,104	 206,311	 54,503	 156,397
	<u>539,964</u>	<u>1,842,967</u>	<u>531,961</u>	<u>1,752,399</u>
 Sales tax / excise duty	 (42,668)	 (179,765)	 (63,418)	 (200,774)
Commissions / discounts	<u>(37,737)</u>	<u>(117,540)</u>	<u>(33,017)</u>	<u>(109,413)</u>
	<u>(80,405)</u>	<u>(297,305)</u>	<u>(96,435)</u>	<u>(310,187)</u>
	<u>459,559</u>	<u>1,545,662</u>	<u>435,526</u>	<u>1,442,212</u>
 10. COST OF SALES				
	(Rupees in '000)			
Opening stock - finished goods	323,465	304,919	353,015	241,330
Purchases - finished goods	61,813	369,481	120,784	541,077
Cost of goods manufactured	<u>230,375</u>	<u>794,572</u>	<u>233,074</u>	<u>709,537</u>
	615,653	1,468,972	706,873	1,491,944
Closing stock - finished goods	<u>(261,153)</u>	<u>(261,153)</u>	<u>(372,320)</u>	<u>(372,320)</u>
	<u>354,500</u>	<u>1,207,819</u>	<u>334,553</u>	<u>1,119,624</u>
 11. EARNINGS PER SHARE				
- basic and diluted				
Profit after taxation	<u>5,579</u>	<u>21,913</u>	<u>5,826</u>	<u>33,889</u>
	----- (Number in '000) -----			
Weighted average number of ordinary shares	<u>31,013</u>	<u>31,013</u>	<u>31,013</u>	<u>31,013</u>
	----- (Rupees) -----			
Earnings per share - basic and diluted	<u>0.18</u>	<u>0.71</u>	<u>0.19</u>	<u>1.09</u>

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009

11.1 There were no convertible dilutive potential ordinary shares in issue as at 30 September 2009 and 30 September 2008.

11.2 The number of shares during the nine months ended 30 September 2009 have been adjusted for the effect of bonus shares issued subsequent to that date.

12. CASH AND CASH EQUIVALENTS

	Un-audited 30 September 2009	Un-audited 30 September 2008
	(Rupees in '000)	
Cash and bank balances	110,112	94,137
Short term running finances- secured	<u>(681,782)</u>	<u>(633,915)</u>
	<u><u>(571,670)</u></u>	<u><u>(539,778)</u></u>

13. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise 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:

		Nine months ended 30 September 2009	Nine months ended 30 September 2008
		(Rupees in '000)	
Transactions			
Purchase of goods, materials and services	13.1	<u>4,486</u>	<u>157,879</u>
Royalty	13.2	<u>18,782</u>	<u>12,879</u>
Markup income on term deposits		<u>-</u>	<u>665</u>
Accrued interest expense	13.3	<u>5,028</u>	<u>2,746</u>
Employee retirement benefits	13.4	<u>1,073</u>	<u>5,805</u>
Remuneration of key management personnel	13.5	<u>28,666</u>	<u>20,724</u>

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009

		Un-audited 30 September 2009	Audited 31 December 2008
(Rupees in '000)			
Balances			
Payable against purchase of goods, materials and services	13.1	<u>1,675</u>	<u>11,406</u>
Royalty payable	13.2	<u>25,933</u>	<u>32,771</u>
Accrued interest expense	13.3	<u>1,659</u>	<u>2,095</u>
Employee retirement benefits - net receivables	13.4	<u>(6,509)</u>	<u>(3,303)</u>

13.1 Purchase of goods, materials and services are entered into on the basis of commercial terms and at market prices which are approved by the Board of Directors.

13.2 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.

13.3 This represent interest expense accrued on running finance facility availed from an associated financial institution at negotiated rates.

13.4 Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefit funds and actuarial advice.

13.5 There are no transactions with the key management personnel other than under their terms of employments / entitlements.

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 99% (2008: 99.2%) and to customers outside Pakistan are 1% (2008: 0.8%) of the gross sales during the nine months ended 30 September 2009.

14.2 All non-current assets of the Company at 30 September 2009 are located in Pakistan.

14.3 Sale to any single customer did not equal or exceed 10% of the Company's revenue during the nine months ended 30 September 2009 and nine months ended 30 September 2008.

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009

15. DATE OF AUTHORISATION

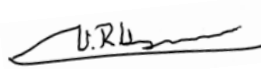
These financial statements were authorised for issue by the Board of Directors in their meeting held on 28 October 2009.

16. GENERAL

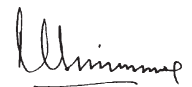
Figures have been rounded off to nearest thousand unless stated otherwise.



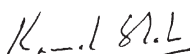
Chief Financial Officer



Chief Operating Officer



Director



Chief Executive

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