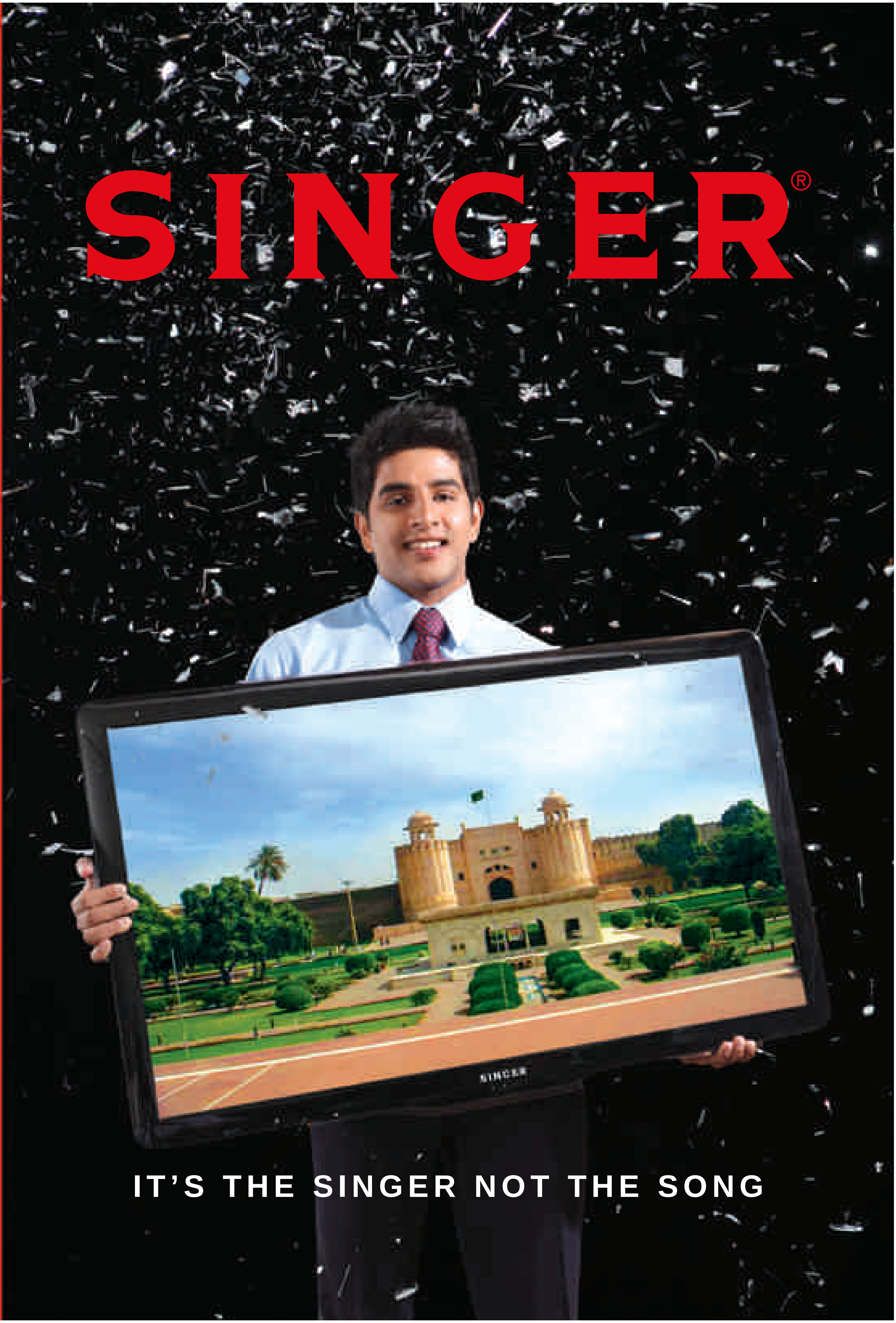
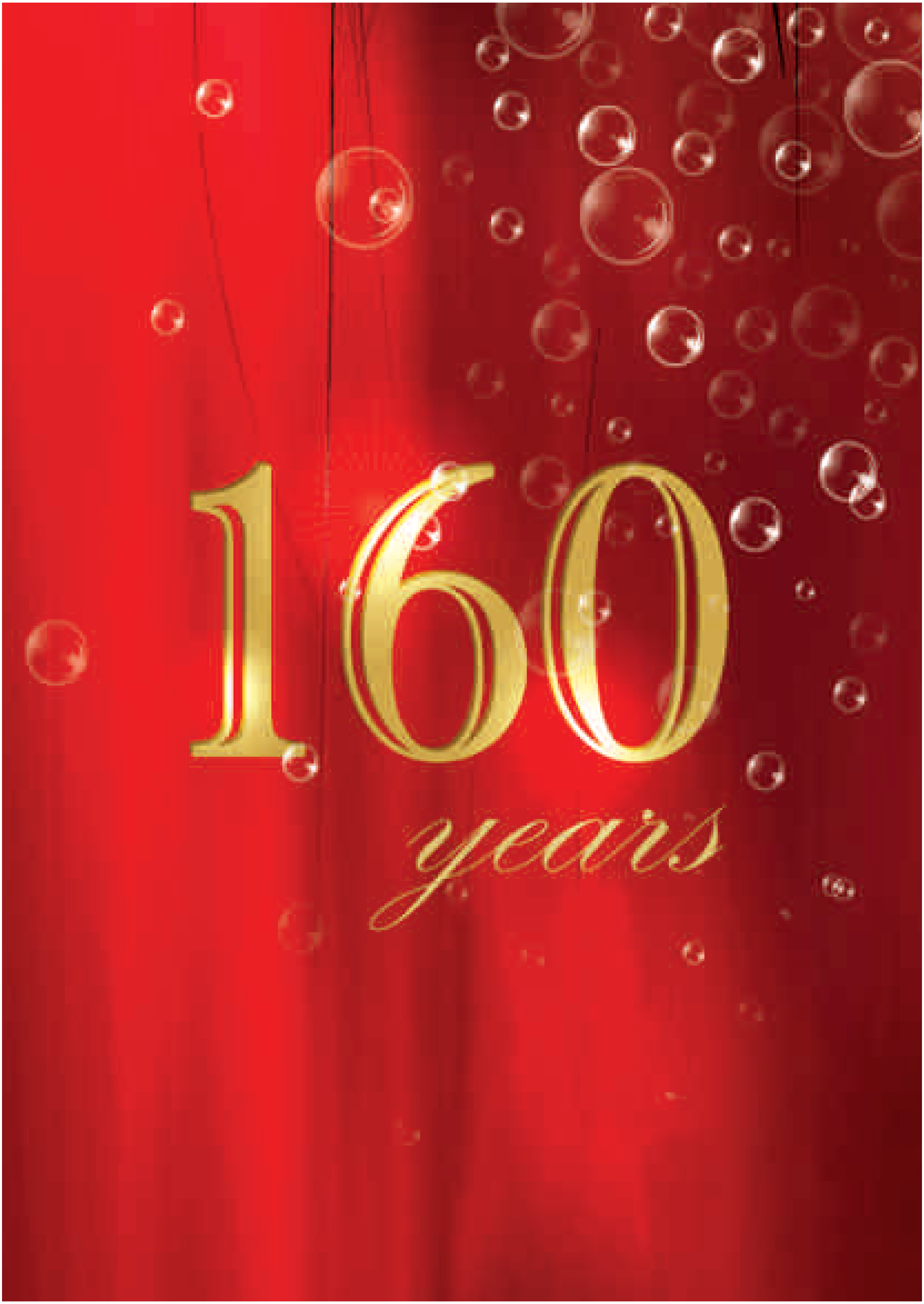
SINGER®

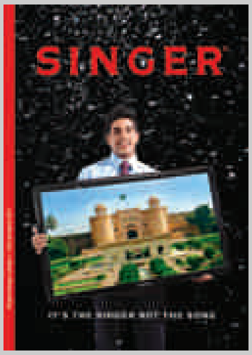


IT'S THE SINGER NOT THE SONG

Singer Pakistan Limited ★ Annual Report 2011

No one could have ‘Orchestrated’ this journey better.
One of the oldest and most successful brands in the world, Singer began life more than a century and a half ago...with a sewing machine.
Today, we are a retailing and trading company, marketing a high-tech range of products...and state-of-the-art sewing machines too!


160
years



It's the Singer not the Song...

A common interpretation of this phrase implies that a song, as beautiful as it may be, is only as good as its rendition. The analogy is apt and finds resonance with the Singer saga. In application of the analogy, the Singer portfolio, or 'songbook' is one of great quality and features their own products as well as those of many of the world's renowned brands. It is the Singer 'business-scape' that delivers a 'stunning performance', doing justice to the excellence of these products and placing them before a discerning public.

Just as a good singer does wonders for a good song...so too does Singer Pakistan, in respect of a blue-chip portfolio.

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Over the years, Singer helped more and more people 'move up the scale', bringing products of quality within the reach of countless thousands through a wide range of easy payment schemes.

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We have solid product line, great loyal customer base, countrywide distribution network and committed people.

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SINGER

Singer Pakistan Limited
Plot No. 39, Sector 19,
Korangi Industrial Area,
Karachi-74900,
Pakistan.

www.singer.com.pk

Toll Free : Hello Singer
0800-23450

Our Vision

To be the leading retailer of home appliances in Pakistan.

Our Mission

To improve the standard of life of our customers by offering high-quality products and services at affordable prices.

Our Values

Customers
We strive our best to live up to the expectations of our customers by providing quality products at affordable prices, efficient services and an enjoyable shopping experience.

Employees
We respect our employees and encourage teamwork while providing opportunities for career development.

Shareholders
We provide a reasonable return while safeguarding their investment.

Competitors
We respect our competitors and recognize their contribution to the market.

Community
We conduct our business by conforming to the highest ethical standards and share the social responsibility of the less fortunate.

Our Objectives

To provide our customers with the best services and shopping experience.

To provide our customers with products of modern technology.

To develop our employees to achieve their potential.

To provide our shareholders with steady asset growth and return on investment in line with the industry norm.

To establish a culture of learning and leadership development and ethical business performance.

To continuously respond to market signals and endeavour to be the market leader.

Company Information

Board of Directors

Kamal Shah
Chairman

Syed Aleem Hussain
Chief Executive Officer

Gavin J. Walker
(alternate : Fareed Khan)

Badaruddin F. Vellani

Yussuff Rasheed Chinoy
(alternate : Rasheed Y. Chinoy)

Abdul Hamid Dagia

Nasir Hussain

Mehmood Ahmed
Chief Operating Officer

Company Secretary

Nasir Hussain

Audit Committee

Badaruddin F. Vellani
Chairman

Rasheed Y. Chinoy
Member

Fareed Khan
Member

A. H. Dawood
Secretary

Bankers

Al Baraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Burj Bank Limited
Bank Islami Pakistan Limited
Citibank, N. A.
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
National Bank of Pakistan
Soneri Bank Limited
The Bank of Punjab
United Bank Limited

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Share Registrar

Gangjees Registrar Services (Pvt.) Limited
513, Clifton Centre, Khayaban-e-Roomi
Clifton, Block-5
Karachi

Registered and Head Office

Plot No. 39, Sector 19
Korangi Industrial Area, Korangi
Karachi

Website

www.singer.com.pk

Notice of Meeting

Notice

is hereby given that the Fifty-first Annual General Meeting of SINGER PAKISTAN LIMITED will be held on Monday, 30 April 2012 at 11:30 a.m. at Beach Luxury Hotel, Karachi, to transact the following businesses:

Ordinary Business

1. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 31 December 2011 together with the Reports of Directors' and Auditors' thereon.

2. To appoint Auditors of the Company for the financial year ending 31 December 2012 and to fix their remuneration.

Special Business

3. To consider and, if thought fit, to approve an increase in the authorised share capital of the Company from Rs. 400 million to Rs. 700 million by the creation of 30 million ordinary shares of Rs. 10/- each.

4. To capitalize a sum of Rs. 37,525,300 out of the unappropriated profits and revenue reserves of the Company for the issuance of 3,752,530 Bonus Shares to the Members of the Company as at the close of business on 19 April 2012 in proportion to their respective shareholding at that date (the effective rate being 10%, that is, 1 share for every 10 shares).

Statement under Section 160(1)(b) of the Companies Ordinance, 1984:

A statement under Section 160(1)(b) of the Companies Ordinance, 1984 setting forth the material facts concerning the Special Business to be considered at the Meeting is being sent to the Members, along with the copy of this notice.

By order of the Board

Nasir Hussain
Company Secretary

Karachi : 9 April 2012

Notes

1) The Share Transfer Books of the Company will be closed and no transfer will be accepted for registration from 20 April 2012 to 30 April 2012 (both days inclusive).

2) A Member of the Company, entitled to attend, speak and vote at the General Meeting is entitled to appoint another person as his / her proxy to attend, speak and vote instead of him / her and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the General Meeting as are available to the Member. Proxy Forms, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the Meeting. The proxy need not be a Member of the Company. The proxy shall produce his / her original Computerized National Identity Card (CNIC) or passport to prove his / her identity.

3) In case of corporate entity, the Board of Directors' / Trustees' resolution / power of attorney with specimen signature of the nominee shall be submitted with the proxy form to the Company, and the same shall be produced in original at the time of the meeting to authenticate the identity.

4) Members are requested to notify any change in their addresses immediately to our Registrar.

5) The Registered Office of the Company is located at Plot No. 39, Sector 19, Korangi Industrial Area, Karachi.

6) Members who have not yet submitted photocopy of their Computerized National Identity Cards (CNIC) are requested to send the same to our Registrar at the earliest.

7) CDC Account Holders will further have to follow the undermentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan:

A. For Attending the Meeting:

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC), or original passport at the time of attending the meeting. CDC account holders are also requested to bring their CDC participant ID numbers and account number.

ii) In case of corporate entity, the Board of Directors' / Trustees' resolution / Power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For Appointing Proxies:

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement (note 2 above).

ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his / her original CNIC or original passport at the time of the meeting.

v) In the case of corporate entity, the Board of Directors' / Trustees' resolution / Power of attorney with specimen signature of the proxy holder shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

Statement Under Section 160 (1) (b) of the Companies Ordinance, 1984

This statement sets out the material facts concerning the Special Business to be transacted at the Fifty-first Annual General Meeting of Singer Pakistan Limited to be held on Monday, 30 April 2012 at 11:30 a.m.

Item No. 3 of the Agenda - Special Business

Increase in Authorised Share Capital

In order to meet its working and other capital requirements the Company may from time to time, need to raise its share capital through the issuance of further shares. In order to facilitate this process it would be desirable to increase the authorised share capital of the Company from Rs. 400 million to Rs. 700 million by the creation of 30 million ordinary shares of Rs. 10/- each. Accordingly, the Board of Directors of the Company have recommended that the following resolution be passed at the Fifty-first Annual General Meeting as an ordinary resolution:

“Resolved that the authorised share capital of the Company be and is hereby increased from Rs. 400 million to Rs. 700 million by the creation of 30 million ordinary shares of Rs. 10/- each, such new shares shall rank pari passu in all respects with the existing ordinary shares in the Capital of the Company and that clause 5 of the Memorandum of Association of the Company be and is hereby amended to read as follows:

The Capital of the Company is Rs. 700,000,000/- divided into 70,000,000 ordinary shares of Rs. 10/- each”.

Item No. 4 of the Agenda - Special Business

Issue of Bonus Shares:

In the opinion of the Board of Directors, the financial results of the Company justify the capitalization of a sum of Rs. 37,525,300 from the unappropriated profits and revenue reserves of the Company for the issuance of Bonus Shares in the ratio of 1 ordinary share for every 10 ordinary shares, i.e. at the rate of 10%. Those persons whose names appear on the Register of Members of the Company as at the close of business on 19 April 2012 will be entitled to the proposed issuance of Bonus Shares in the proportion mentioned above.

Accordingly, it is proposed to consider and pass the following resolution as an ordinary resolution:

Resolved that:

1. A sum of Rs. 37,525,300 out of the unappropriated profit and revenue reserves of the Company be capitalized and applied for making payment in full of 3,752,530 Ordinary Shares of Rs. 10 each and that the said shares be allotted as fully paid Ordinary Shares to the Members of the Company whose names appear on the Register of Members as at the close of the business on 19 April 2012 in the proportion of one Bonus Share for every ten Shares then held and that such Bonus Shares shall rank pari passu as regards dividends and in all other respects with the existing Ordinary Shares of the Company.

2. In the event of any Member becoming entitled to a fraction of a share, the Directors be and are hereby authorized to consolidate all such fractions and sell the shares so constituted on the Stock Market and to pay the proceeds thereof to the Members entitled to the fraction in proportion to their respective entitlements.

3. For the purpose of giving effect to the foregoing, the Directors be and they are hereby authorized to do and cause to be done all acts, deeds and things that may be necessary and to settle any question or difficulties that may arise in regard to the allotment and the distribution of the said Bonus Shares as they think fit.

The Directors of the Company are not directly or indirectly interested in these businesses except to the extent of their shareholding in the Company.

Ten Years at a Glance

(Rupees in '000)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
ASSETS EMPLOYED			(Restated)	(Restated)						
Current Assets	2,067,261	1,831,867	1,609,991	1,593,872	1,361,138	1,094,432	914,053	739,318	662,286	583,480
Current Liabilities	1,524,999	1,339,354	1,160,329	1,156,781	918,298	804,710	654,973	510,860	381,974	363,785
NET CURRENT ASSETS	542,262	492,513	449,662	437,091	442,840	289,722	259,080	228,458	280,312	219,695
Property , Plant & Equipment	656,101	661,989	210,499	212,213	156,915	110,312	99,248	77,278	69,999	66,067
Intangible Assets	1,759	3,607	5,083	7,638	4,666	822	560	986	1,369	1,177
Investment	-	-	-	-	6,894	7,026	7,148	7,292	7,412	-
Employee retirement benefits - Prepayments	13,728	18,795	15,863	30,139	5,617	3,578	3,632	-	-	-
Long Term Deposits	32,109	32,104	31,844	32,100	27,396	20,475	17,344	16,302	13,844	9,596
Deferred Cost	-	-	-	-	-	-	-	-	-	-
Deferred Tax	-	-	-	-	-	-	-	-	692	-
TOTAL ASSETS EMPLOYED	1,245,959	1,209,008	712,951	719,181	644,328	431,935	387,012	330,316	373,628	296,535
FINANCED BY: Share Capital	375,253	341,140	310,127	275,668	245,038	133,173	113,339	113,339	113,339	113,339
Reserves & unappropriated profit	160,508	159,757	162,849	181,805	144,298	122,323	109,866	98,980	90,514	77,502
Surplus on revaluation of fixed assets	301,371	305,615	-	-	-	-	-	-	-	-
Deferred Income	3,247	4,175	5,103	6,031	6,959	7,887	8,815	9,743	10,671	11,141
Employee retirement benefits - Obligation	8,006	3,929	5,173	2,360	1,962	2,193	1,956	-	-	-
Long term loans, Debenture Lease Facilities, Deposit and Deferred liabilities	397,574	394,392	229,699	253,317	246,071	166,359	153,036	108,254	159,104	94,553
TOTAL CAPITAL EMPLOYED	1,245,959	1,209,008	712,951	719,181	644,328	431,935	387,012	330,316	373,628	296,535
FINANCIAL PERFORMANCE										
Sales	2,403,853	2,263,122	2,116,878	2,131,378	1,744,173	1,427,112	1,197,188	979,541	835,781	720,415
Profit from operations	234,739	207,491	181,992	188,854	139,006	109,372	82,498	62,105	56,167	67,109
Profit after taxation	30,620	27,921	15,503	52,561	41,951	32,291	25,053	19,799	13,012	8,420
Earnings per share	0.82	0.74	0.45	1.69	1.52	1.43	1.88	1.75	1.15	0.74
Bonus shares Amount	*37,525	34,114	31,013	34,459	30,630	19,976	19,834	-	-	-
%	10.0%	10.0%	10.0%	12.5%	12.5%	15.0%	17.5%	-	-	-
Cash dividend Amount	-	-	-	-	-	-	-	14,167	11,333	8,500
%	-	-	-	-	-	-	-	12.5%	10%	7.5%

* Proposed

Sales

233.68%

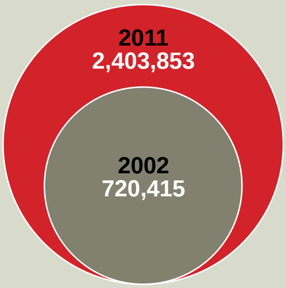
Profit from Operations

249.79%

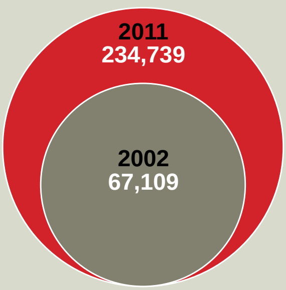
Shareholders' Equity

338.65%

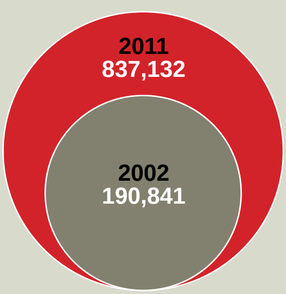
Sales



Profit from Operations



Shareholders' Equity



HITTING THE HIGH NOTES...

Over the years, Singer helped more and more people 'move up the scale', bringing products of quality within the reach of countless thousands through a wide range of easy payment schemes.

➤

Singer Staff
1,295

Sales Stores
160

Customer Base
150,000

Board of Directors


06


07


08


09


10

01 Kamal Shah

Chairman

Mr. Kamal Shah is the Chairman of the Board of Singer Pakistan Limited.

He is a Fellow of the Institute of Chartered Accountants of Pakistan and an Associate of the Chartered Institute of Management Accountants - UK.

Mr. Shah serves on the boards of a number of Singer subsidiaries outside Pakistan.

Mr. Kamal Shah served as a member of the Prime Minister's Tax Reforms Commission which brought about major tax reforms in the country. Mr. Kamal Shah has also served as a member of National Engineering Manufacturers and Export Council (NEMEC) under the Chairmanship of the Commerce Minister for a number of years.

He has served as Vice President of American Business Council of Pakistan and Chairman of the Finance Committee of the Council for several years. Mr. Shah has also served as a member of the Managing Committee of Overseas Investors Chamber of Commerce and Chairman of the Finance Sub-Committee of the Chamber.

02. Rasheed Y. Chinoy

Alternate Director

Mr. Rasheed Y. Chinoy graduated from the University of Birmingham, United Kingdom, with a degree in Business Administration and has been in the corporate sector for the last 50 years. Currently, he is Chairman and Managing Director of Continental Furnishing Co. (Pvt.) Limited. He is a founder Director of Singer Industries Pakistan Limited, which was the forerunner of Singer Pakistan Limited. However, currently he is serving as an Alternate Director on the board of Singer Pakistan Limited.

Mr. Chinoy has served on various boards of National and Multinational Companies in Pakistan, prominent amongst these companies were the Soneri Bank, Reckitt & Colman of Pakistan Group of Companies, The Johnson & Phillips Group Company, KESC and Haroon Oils Pakistan Ltd. Presently, Mr. Rasheed Y. Chinoy is also on the Board of the following companies:

- State Life Insurance Corp. of Pakistan
- Pakistan Agencies (Pvt.) Ltd.
- First Dawood Investment Bank Ltd.
- Fibercane (Private) Limited
- Alpha Insurance Co. Ltd.

03. Gavin J. Walker

Director

Mr. Walker is the President and Chief Executive Officer of Singer Asia Ltd. and was appointed to this position in August 2005.

Prior to joining the Company, Mr. Walker held offices as Managing Director and Chief Executive Officer of public quoted and private companies in the United Kingdom and South Africa.

Mr. Walker served as Chief Executive Officer of a multi-brand retailer of electrical appliances and furniture with operations in 16 African countries and Australia (including SINGER® brand electrical appliances under licence).

Mr. Walker serves on the Board of a number of Singer Asia subsidiaries.

04. Badaruddin F. Vellani

Director & Chairman
Audit Committee

Mr. Badaruddin F. Vellani is an Honours graduate in Chemical Engineering from the Loughborough University of Technology and is also a Barrister-at-Law from the Middle Temple (London). Mr. Vellani commenced legal practice at Karachi in 1982. He is enrolled as an Advocate of the Supreme Court of Pakistan and is entitled to appear before all courts and tribunals in Pakistan.

Mr. Vellani is a partner in the law firm Vellani & Vellani.

He is presently a member of the Board of Directors of Esso Pakistan (Private) Limited, Novartis Pharma (Pakistan) Limited, Roche Pakistan Limited, Shell Pakistan Limited, Unilever Pakistan Foods Limited and Wyeth Pakistan Limited.

Mr. Vellani is also a member of the Board of Directors of Hisaar Foundation and Pakistan Centre for Philanthropy, both not-for-profit Organisations.

05. Fareed Khan

Alternate Director

Mr. Fareed Khan is a Chartered Accountant from England and Wales and also from Pakistan.

He joined A. F. Ferguson & Co., Chartered Accountants, in 1965. He worked as a partner till 1982 and was involved in various assignments.

Mr. Khan worked as an external financial consultant on the Board of Industrial Management, an organization managing nationalized industries and was also appointed an external financial consultant to a housing finance company for a few years.

Presently, he has set up an Engineering Manufacturing Company, manufacturing different consumer appliances. He has also served on the Board of NBFI.

06. Abdul Hamid Dagia
Director

Mr. Abdul Hamid Dagia is a Fellow of the Institute of Chartered Accountants of Pakistan.

He worked at senior management level in Smith Kline & French of Pak Ltd., KESC, Jahangir Siddiqui & Co.Ltd. and Jahangir Siddiqui Investment Bank Limited.

He was member of Karachi Stock Exchange (Guarantee) Ltd. and member of its Finance & Taxation Sub-committee.

He has served on the Boards of several prominent listed and unlisted companies, including First SECP nominee director of Central Depository Co. of Pakistan Ltd. and minority elected director of Pakistan Reinsurance Co. Ltd. (Pakre) and also Chairman Audit Committee (Pakre).

He is presently Director of Al-Abbas Sugar Mills Limited, Hum Network Limited, Jahangir Siddiqui & Sons Limited, The Eastern Express Company (Pvt.) Limited and also founder of DATA recall that owns and operates the largest record storage and management facility in Pakistan.

07. Nasir Hussain
Director

Mr. Nasir Hussain is a Fellow of the Institute of Chartered Accountants of Pakistan.

In his professional career that spans over 16 years, he has gained extensive experience in the areas of Finance, General Management, Corporate & Legal matters.

During his association with Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants (formerly Ford Rhodes Robson Morrow), he performed various full-scale audits and special review assignments of leading local and international organizations of large size with diversified business portfolios.

Prior to joining Singer, he was associated with James Finlay Limited, a Swire Group Company.

While working with Singer Pakistan for the last 7 years, he has held different executive positions in the finance department. He has been working as Chief Financial Officer and Company Secretary since 2007.

08. Yussuff Rasheed Chinoy
Director

Mr. Yussuff is the son of Mr. Rasheed Y. Chinoy who is the founder Director of Singer Industries Pakistan Limited, which was the forerunner of Singer Pakistan Limited. Yussuff comes from a very well known and respected business family and has very sound educational background.

He has done MBA in Marketing and Finance from the Melbourne Business School in Australia

Currently he is doing internship with a very large National Australian Company.

Yussuff has travelled extensively to U.S.A., U.K, Malaysia and Australia.

He is an active sportsman having represented Middlesex County Colts in England where he played cricket during his university term.

09. Syed Aleem Hussain
CEO

Mr. S. Aleem Hussain has been appointed effective 1st January 2011 as the Chief Executive Officer of Singer Pakistan Limited by the Board of Directors in their meeting held on 31st December 2010.
He is an MBA from the University of the East Philippines and has worked with the Company in executive positions since 1993. The last position held by him was that of the Deputy Managing Director.

10. Mehmood Ahmed
Director & COO

Mr. Mehmood Ahmed is a graduate from the University of Peshawar and has worked in the Company for the last 38 years. He started his career in the Field as Shop Manager and successfully held various positions both in the field and Head Office and has risen to the position of Director Sales

Mr. Mehmood Ahmed has been appointed as Chief Operating Officer effective 1st September 2010.

He has attended General Management Programmes from various institutions including National University of Singapore.

He is also serving the Company in the capacity of Director Marketing.

Chairman's Report For The Year Ended 31 December 2011

WE HAVE SOLID PRODUCT LINE, GREAT LOYAL CUSTOMER BASE, COUNTRYWIDE DISTRIBUTION NETWORK AND COMMITTED PEOPLE.

Dear Shareholders,

Throughout 2011 we experienced difficult business conditions. During this period we remained focused on our strategies of maintaining or increasing market share through introduction of new models and new products along with cost reduction programmes in all areas of our business. This enabled us to improve profitability.

During 2011,

- **Net Sales grew by 6.2%**
- **Marketing and Selling cost reduced by 2.3%**
- **Profit from Operations grew by 13.1%**
- **Profit before Tax grew by 12.7%**
- **Profit after Tax grew by 9.7%**

The Finance Cost during the year increased by 12.2% and adversely affected profitability of the Company. However, I am confident that Finance Cost will reduce as Interest rates have reduced in the final quarter of 2011. We have incredible people who are committed to customers, devoted to the Company and take pride in serving our customers. I take this opportunity to thank all our employees for their hard work and commitment.

I would like to thank members of our Board of Directors and Audit Committee for their hard work and guidance throughout the year. I am also thankful to our shareholders for their support.

I am confident and optimistic about Singer Pakistan potential growth as Market conditions improve as we have solid product line, great loyal customer base, countrywide distribution network and committed people.

Kamal Shah
Chairman

Karachi : 29 March 2012

YOUR COMPANY WILL CONTINUE TO FOCUS ON INTRODUCTION OF INNOVATIVE MODELS THROUGH EFFECTIVE SALES PROMOTIONS AND ADVERTISING.

The Directors of your Company are pleased to present the Annual Report together with the Audited Financial Statements of the Company for the year ended 31 December 2011.

RESULTS OVERVIEW

The business environment in the country remained challenging throughout the year with tough competition from local as well as Chinese origin products, severe energy crisis, law and order disturbances and high finance cost. Severe energy crisis not only affected the sale of durables but also increased the cost of production. Further, Pakistan Rupee also continues to devalue against major currencies, which has also affected the cost of raw materials.

Net sales for the year increased to Rs 2,291 million from Rs. 2,158 million or 6.2% compared to last year. The growth in sales is mainly attributed to high sale-value appliances and earned carrying charges.

Gross profit increased by Rs. 26.9 million to Rs. 528.7 million. The product gross margin remained under pressure and fierce price war by the competition in the market restricted our ability to increase products' prices.

Marketing, selling and distribution costs decreased by Rs. 5.35 million over last year, due to cost efficiency in advertising and sales promotions. Administrative expenses increased slightly by Rs. 0.9 million over previous year. Other operating expenses increased by Rs. 4.1 million due to professional charges and exchange loss. Profit from operations increased by 13.1% to Rs.234.7 million. Finance cost increased to Rs.198.1 million from Rs.176.5 million, due to increase in borrowings to sustain the business growth. Profit before taxation increased by 12.7% to Rs. 45.03 million from Rs. 39.94 million last year.

SALES OVERVIEW

The growth in sales was achieved primarily through higher sales value of Refrigerators, Air-Conditioners and Panel Televisions. Rupee devaluation and cost escalations affected our growth rate in terms of unit sales of most of the appliances. Marketing expenses were reduced by Rs. 5.35 million compared to last year, which contributed in the increase of profit from operations by 13.1%.

Different variations were introduced in refrigerators during the year, which kept our product portfolio equally competitive in the market. Besides, locally-assembled LED television was also launched during the year, which was well received by the market.

Your Company will continue to supplement its sales growth with improved after sales service through its own service centres covering most parts of the country.

PROFITABILITY AND APPROPRIATIONS

The profit for the year 2011 and proposed appropriations for the year 2012 are as follows:

	2011 (Rupees in '000)
Profit after Tax	30,620
Unappropriated profit carried forward	4,551
Profit available for appropriations	35,171
	======

	2012 (Rupees in '000)
Unappropriated profit brought forward	35,171
Transfer from Revenue Reserve	2,500
Appropriations:	
Proposed Bonus Issue*	(37,525)
Unappropriated profit	146
	======

* The Board of Directors has proposed to issue 10% bonus shares.

EARNINGS PER SHARE

Earnings per share for the year ended 31 December 2011 is Re. 0.82 as against Re. 0.74 for the previous year.

FUTURE OUTLOOK

The reduction in discount rate and improvement in GDP growth is expected to improve the economic activity in the country; however, the energy crisis, rising inflation and continued pressure on the Rupee will keep the business environment challenging in 2012.

Your Company will continue to focus on introduction of innovative models through effective sales promotions and advertising. The Company will also consider expanding our distribution network in order to explore new markets. However, a lot will depend on the business environment in the country.

BOARD OF DIRECTORS

During the year, elections of directors were held on 04 August 2011 and the following persons were elected as directors of the Company for a term of three years w.e.f. 09 August 2011:

Mr. Kamal Shah
Mr. Gavin J. Walker (alternate: Mr. Fareed Khan)
Mr. Badaruddin F. Vellani
Mr. Yussuff R. Chinoy (alternate: Mr. Rasheed Y. Chinoy)
Mr. Abdul Hamid Dagia
Mr. U. R. Usmani
Mr. Ahmed S. Farrukh

Mr. Ahmed S. Farrukh and Mr. U. R. Usmani subsequently resigned as the directors of the Company on 29 December 2011 and 29 March 2012 respectively. The Board of Directors appointed Mr. Mahmood Ahmed and Mr. Nasir Hussain as the directors of the Company in their places on 29 December 2011 and 29 March 2012 respectively for the remaining term.

The Board acknowledges and wishes to place on record the appreciation for the services rendered by Mr. Ahmed S. Farrukh and Mr. U. R. Usmani during their association with the Company.

Mr. Kamal Shah and Syed Aleem Hussain continue to be the Chairman and Chief Executive of the Company respectively.

HUMAN RESOURCES

Our employees are our greatest asset and with this perspective in mind, we continued with the professional counselling and coaching for the employees. As such, short training programmes were conducted, which are on a continuous basis, in personal grooming for the employees of field force, head office and factory. This is in addition to the training programmes that are regularly being offered to the field force, which include product knowledge, selling skills, merchandising, credit control, documentation process, account opening procedures, risk management and an overview of Singer Information System (SIS).

The Board of Directors would like to take this opportunity to express their appreciation for the hard work and dedication of the employees of the Company.

CORPORATE SOCIAL RESPONSIBILITY

Singer Pakistan has been actively involved in both offering classes to ladies belonging to low-income group in sewing and stitching which is not only making them find work in industrial concerns but also giving them a sense of independence to overcome their financial needs. Another dimension of our CSR programmes involves visiting schools and colleges to educate students on the ill effects of drugs including tobacco, heroine and beetle nuts (Gutka). In 2011 alone we were able to access over 250 schools and colleges with the permission of Education Directorate, Sindh, as a result of which over 5,000 students benefited. In total we have covered over 25,000 students so far. We intend to continue this programme in 2012 also.

AUDITORS

The present Auditors, M/s KPMG Taseer Hadi & Co., Chartered Accountants, retire and offer themselves for re-appointment for the audit of the accounts of the Company for the year ending 31 December 2012.

PATTERN OF SHAREHOLDING

A statement of the general pattern of shareholding along with pattern of shareholding of certain classes of Shareholders whose disclosure is required under the Code of Corporate Governance is shown on page 75 of this report.

HOLDING COMPANY

Singer (Pakistan) B.V. holds 70.28% of the issued share capital of Singer Pakistan Limited.

GENERAL

During the period from end of the financial year of the Company to which the Balance Sheet relates and the date of this report, there have been no material commitments made and no changes have occurred which materially affect the financial position of the Company.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Board of Directors has taken adequate measures for the implementation of the Regulations of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

We give below our statement on Corporate and financial reporting framework:

The financial statements, prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;

Proper books of accounts of the Company have been maintained;

Appropriate Accounting Policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;

International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of Company's financial statements;

The system of internal control is sound in design and has been effectively implemented and monitored;

There are no doubts on the Company's ability to continue as a going concern;

There has been no material departure from the best practices of Corporate Governance, as detailed in the Listing Regulations;

Key operating and financial data for last ten years has been provided as an annexure in a summarized form;

Value of investments of Provident Fund (unaudited) and Gratuity & Pension Funds (audited) as based on their latest accounts for the year ended 31 December 2010 respectively, is as follows:

- Provident Fund Rs. 92.2 million
- Gratuity Fund Rs. 71.4 million
- Pension Fund Rs. 63.7 million

During the year, seven meetings of the Board of Directors were held. Attendance by the Directors was as follows:

Name of Directors	Attendance
Mr. Kamal Shah	7
Mr. Badaruddin F. Vellani	7
Mr. Fareed Khan (alternate of Mr. Gavin J. Walker)	7
Mr. Rasheed Y. Chinoy (alternate of Mr. Yussuff R. Chinoy)	6
Mr. Jahangir Siddiqui (retired on Aug. 08, 2011)	-
Mr. Abdul Hamid Dagia (elected w.e.f. Aug. 09, 2011)	4
Mr. U. R. Usmani	7
Mr. Ahmed S. Farrukh (resigned on Dec. 29, 2011)	7
Syed Aleem Hussain	7

There have been no trades during the year in the shares of the Company, carried out by its Directors, CEO, COO, CFO & Company Secretary and their spouses and minor children except as disclosed in the pattern of shareholding.

On behalf of the Board

Syed Aleem Hussain
Chief Executive Officer

Karachi : 29 March 2012

The Management

Syed Aleem Hussain *(Chief Executive Officer)*

Nasir Hussain *(CFO & Company Secretary)*

Wahid-ul- Hussan *(Factory Manager)*

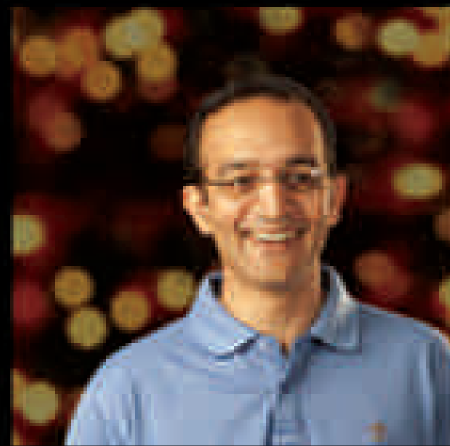
Mehmood Ahmed *(Director Marketing & COO)*

Muhammad Azam Khan *(Director Credit)*

Senior Management

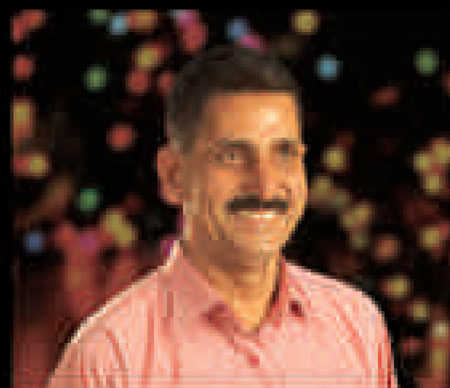
Abid Pervez *(Sales Manager - North)*

Saadia Mateen *(Business Development Manager)*



Faisal Ghayas *(Marketing Services Manager)*

Lt. Col. (R) Nasir Mirza *(Sr. Industrial Relations Manager)*



Asif Ali Khan *(Production Manager - Sewing Machine & Appliances)*

Sardar Waqar Azam *(Sr. Human Resource Manager)*

S. M. Jamshed *(Finance Manager)*

Muhammad Zubair *(Credit Controller - North)*

Ali Akhter *(Production Manager - Cooling Products)*

Hafiz Ashfaq Ahmed *(National Service Manager)*

M. Jawaid Shaikh *(Sales Manager - South)*

Tauseef Ahmed Zakai *(Chief Accountant)*

Ashfaq-ul-Haq *(Group Sales Manager)*

Abdul Hakeem Dawood *(Chief Internal Auditor)*

Farhana Fahad *(Training Manager)*

S. M. Akhtar *(Senior I.T. Manager)*

Ghulam Abbas *(Sales Manager - Central)*

Muhammad Rafiq *(Maintenance & Production Manager - Air Conditioners)*

Salman Ahmed *(Controller)*

Asim Ahmed Shah *(Factory Chief Accountant)*

Zafar Iqbal Mehmood *(Credit Controller - South)*

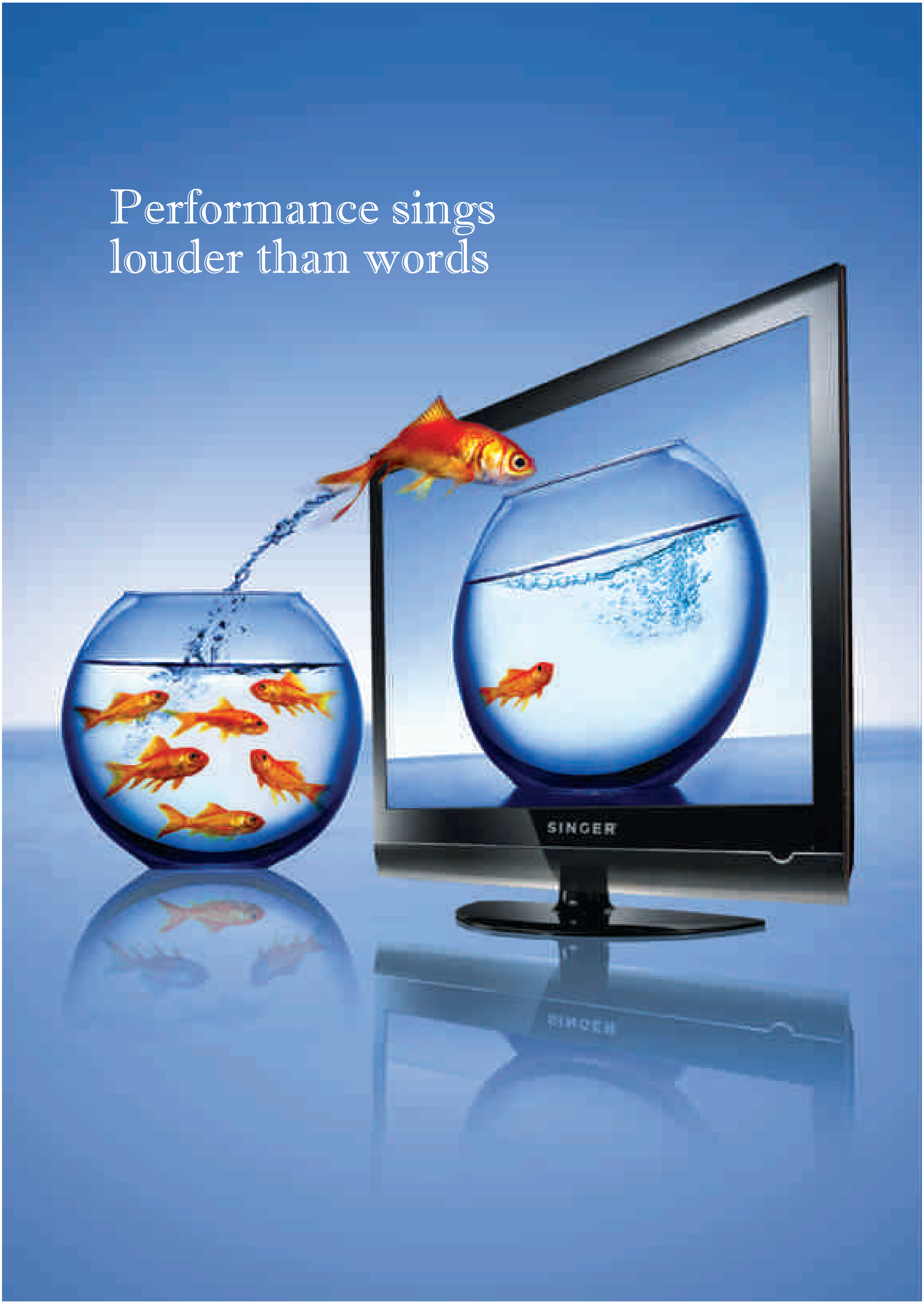
Muhammad Rashid *(Production Manager - Televisions)*

WE'RE 'VOCAL' ABOUT OUR RANGE

In fact we'll sing it from the rooftops every chance we get....our product diversity and range span the scale, serving a wide cross section of customers across the length and breadth of the country.

■ Air-Conditioners ■ Deep Freezers ■ DVD Players ■ Gas Ovens ■ Hobs ■ Industrial Sewing Machines ■ Irons ■ Kettles ■ Kitchen Appliances

■ LCDs and LEDs ■ Microwave Ovens ■ Motor Cycles ■ Refrigerators ■ Sewing Machines ■ Slim TVs ■ Spinners ■ Washing Machines


Performance sings
louder than words
SINGER

SINGER®

LCDs / LEDs / Slim TVs

Watching something on TV is one thing, but being a part of the action is entirely a different thing. Our exclusive range of flat panel TVs is known for transporting the viewer into a real virtual world.


SINGER
Orchestrating
the environment

Beat the Heat

SINGER®

Split Air-Conditioners

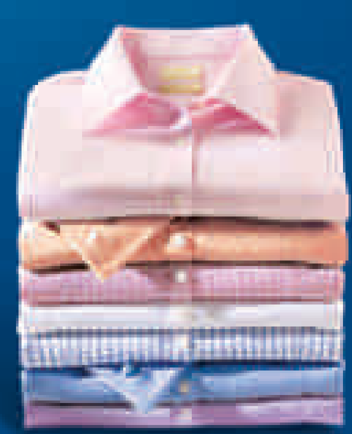
Our consumers love summer because it provides them the opportunity to experience the next level of cool with our latest range of Split Air-Conditioners.

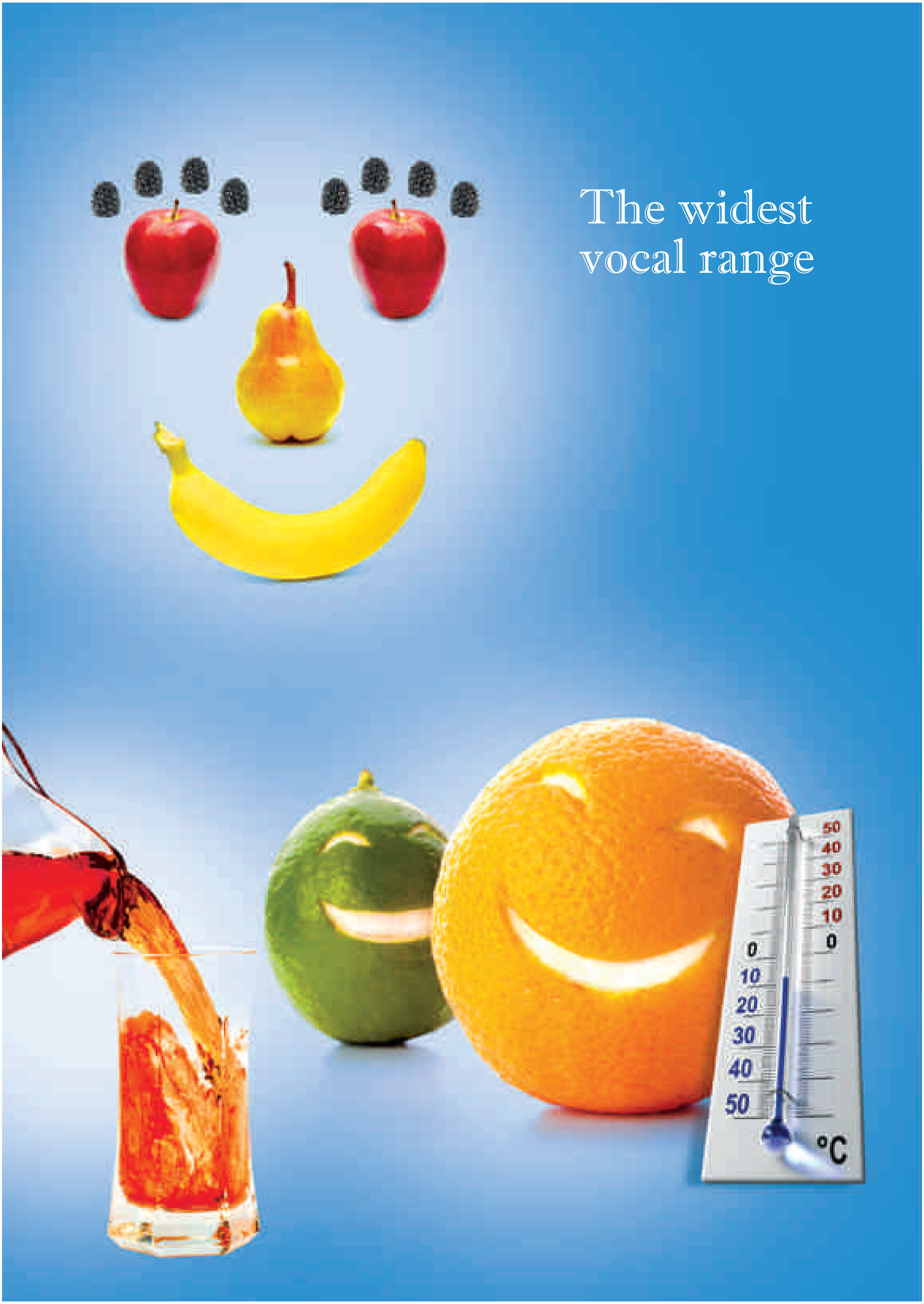
The cleanest set of notes

SINGER

Washing Machines

If clothes could squeak they would after taking a ride in our range of fully and semi automatic Washing Machines. Equipped with the latest features and functions, our Washing Machines are built to be tough on stains and soft on clothes.




The widest
vocal range
50
40
30
20
10
0
0
10
20
30
40
50
°C

SINGER

Refrigerators & Deep Freezers

Our range of Refrigerators is as big as the hearts of our consumers. Armed with "Nano Silver Technology" (an antibacterial/antifungal agent), our refrigerators care for our consumers by keeping food fresh and healthy.

Singer Factory

SINGER PAKISTAN'S HEAD OFFICE

Singer Pakistan's Head Office was shifted to our factory at Korangi Industrial Area, Karachi, which has brought synergy in the working and also substantial cost savings.

A beautiful front view of Singer factory located at Korangi Industrial Area, Karachi.

LCD/LED TV ASSEMBLY

Singer has fulfilled its commitment of providing products of latest technology to its customers. Singer has successfully started the assembly of LED Televisions.

SPLIT AIR-CONDITIONER

The Company has successfully achieved the milestone of in-house assembly of Split Air-Conditioners. The plant is equipped with latest gas charging, vacuuming, leak detecting machines, etc. State-of-the-art testing equipments are also available to ensure quality, safety and performance of Singer Air-conditioners.

ANTI-NARCOTICS DRIVE

Singer Pakistan has significantly contributed in the fight against narcotics. As part of our initiative, we regularly visit schools and colleges to educate students on the ill effects of drugs such as tobacco, heroine and beetle nuts (Gutka). In 2011 alone we were able to access over 250 schools and colleges with the permission of Education Directorate, Sindh and as a result of which over 5,000 students benefited. In total we have covered over 25,000 students so far. We intend to continue this programme in 2012 also.

SEWING / STITCHING CLASSES

Singer is giving ladies belonging to low income group a sense of independence to overcome their financial needs by offering them sewing and stitching classes. Thousands of ladies have benefited from this programmes so far and have been able to find jobs in industrial concerns successfully.

HUMAN RESOURCES

Our employees are our greatest asset and with this perspective in mind, we continued with the professional counselling and coaching for the employees. As such, short training programmes were conducted on a continuous basis in personal grooming for the employees of field force, head office and factory.

SINGER RETAIL ACADEMY

Singer Retail Academy sets the highest standards in Human Resources Development and Training of field staff through SRA activities, which has improved our customer's satisfaction.
Training Programmes offered to the field force include product knowledge, selling skills, merchandising, credit control, documentation process, account opening procedures, risk management and an overview of Singer Information System (SIS).

BEST PERFORMERS

Mr. Naveed Shah, Area Manager, Abbottabad (first image), and Mr. Mohammad Rashid, Production Manager - Televisions (second image), have been awarded for their outstanding achievements in their respective fields.
Mr. Raheel Khan, Shop Manager, Peshawar (image on the left), has won the distinction of being the Top Branch Manager in 2011.

SINGER MARKETING CONFERENCE 2012

Singer Pakistan's Marketing Conference 2012 sets new goals for the year 2012. The Group Photo on the right side shows our field force and management staff displaying their zeal and enthusiasm in unison.

Customer Relationship Management

SYNERGIES

In 2011 Singer Pakistan Limited developed synergies with major banks in Pakistan like Askari Bank, Bank Alfalah, MCB, UBL, First Women Bank Ltd., Meezan Bank Ltd., and facilitated banks' customers with instalment plan promotions. These synergies helped Singer Pakistan Limited to get more business, hence contributing in the overall profitability of the company. More banks are planned to be streamlined in the year 2012.

NEW SINGER SHOP AT GULSHAN-E-IQBAL, KARACHI

Singer Pakistan Limited has opened a new shop at Gulshan-e-Iqbal, Karachi near Disco Bakery fully equipped with the latest high-tech home appliances along with the standard features of our shops. This shop has been very artistically designed with modern concept.

TELENOR EASYPAISA

Thousands of transactions have been performed in 2011 through Telenor's EasyPaisa programme, benefiting customers to pay their bills and money transfer through our SingerPlus outlets. 2012 is expected to see a much increased trend in terms of growing transactions through EasyPaisa from our countrywide outlets.

www.facebook.com/singerpakistanlimited

www.twitter.com/singerpakistanlimited

SINGER SERVICE PLUS

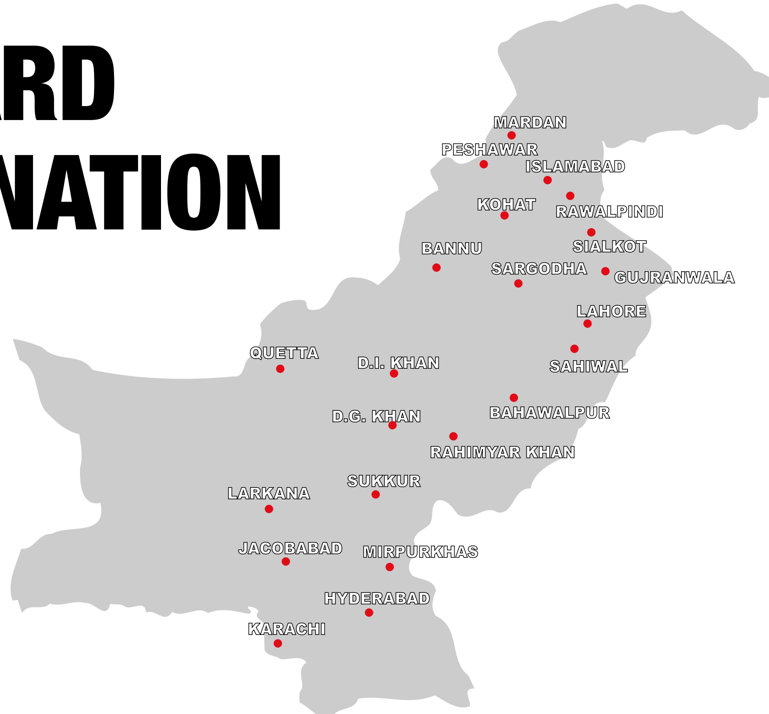
Singer Pakistan Limited has embarked on the mission to provide after-sales service to out-of-warranty multi-brand products. Through our efficient and professional service, we want to retain and increase our loyal customer base.

SINGER CALL CENTRE

Singer Call Centre is playing a vital role in building the image of the Company through welcome calls to customers, timely response relating to complaints, following up with customers and sales force for sales leads, hence, generating revenue for the Company.

A VOICE - HEARD ACROSS THE NATION

Every 'note' we sound in enterprise is carried far and wide across the country via one of the widest distribution network in Pakistan. There's bound to be a Singer somewhere close.



Financial Reports

Financial Calendar - 2011

Annual Report 2011 - Published
8th April 2011

Fiftieth Annual General Meeting
29th April 2011

Bonus Shares 2010
30th April 2011

Interim Financial Statements

For three months ended
31st March 2011(unaudited)
30th April 2011

For six months ended
30th June 2011(reviewed)
25th August 2011

For nine months ended
31st September 2011(unaudited)
28th October 2011

Annual Report & Annual General Meeting

Annual Report 2011 - Approved
29th March 2012

Fifty-first Annual General Meeting
30th April 2012

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Form of Proxy	Enclosed

Statement of Compliance with Best Practices of the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in the Listing Regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Board comprises Eight Directors including the CEO. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present, the Board includes five independent non-executive directors including two directors representing minority shareholders.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Casual vacancy occurred in the Board during the year was duly filled within thirty days of its occurrence.

5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the executive directors, key executives and managerial staff of the Company.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions including appointment, remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and other executive directors have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with the agenda, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranges orientation courses as and when needed to apprise the Directors of their duties and responsibilities.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit including the remuneration and terms and conditions of employment, as determined by the CEO. However no new appointment of Chief Financial Officer, Company Secretary or Head of Internal Audit has been made during the year.

11. The Directors' report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an audit committee. It comprises three members, all of them are non-executive directors.

16. The meetings of the audit committee were held at least once in every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has set up an effective internal audit function on a full-time basis.

18. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors to comply with the requirements of listing regulations of Karachi and Lahore Stock Exchanges. All transactions with related parties were made on an arm's length basis.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The management of the Company is committed to good corporate governance, and appropriate steps are being taken to comply with the best practices.

Syed Aleem Hussain
Chief Executive Officer

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No.2
Beaumont Road
Karachi 75530 Pakistan

Telephone +92 (21) 568 5847
Fax +92 (21) 568 5095
Internet www.kpmg.com.pk

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Singer Pakistan Limited ("the Company") to comply with Listing Regulations of the Karachi and Lahore Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulations of the Karachi and Lahore Stock Exchanges where the Company is listed, require the Company to place before the Board of Directors for their consideration and approval related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 31 December 2011.

KPMG Taseer Hadi & Co.

Date: March 29 2012
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No.2
Beaumont Road
Karachi 75530 Pakistan

Telephone +92 (21) 568 5847
Fax +92 (21) 568 5095
Internet www.kpmg.com.pk

Auditors' Report to the Members

We have audited the annexed balance sheet of Singer Pakistan Limited ("the Company") as at 31 December 2011 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of the profit, cash flows and changes in equity for the year then ended; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

KPMG Taseer Hadi & Co.

Date: March 29 2012
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

Balance Sheet

As at 31 December 2011

	Note	2011	2010
		(Rupees in '000)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
40,000,000 (2010: 40,000,000) ordinary shares of Rs. 10 each		**400,000**	400,000
Issued, subscribed and paid-up capital	4	**375,253**	341,140
Capital reserve		**5,000**	5,000
Revenue reserve		**120,337**	122,337
Unappropriated profit		**35,171**	32,420
		535,761	500,897
Surplus on revaluation of property, plant and equipment	5	**301,371**	305,615
Non-current liabilities			
Long term loans - secured	6	**198,334**	180,000
Liabilities against assets subject to finance lease	7	**19,214**	32,192
Long term deposits	8	**32,239**	28,913
Employee retirement benefits - obligation	9	**8,006**	3,929
Deferred tax	10	**147,787**	153,287
Deferred income	11	**3,247**	4,175
		408,827	402,496
Current liabilities			
Trade and other payables	13	**354,919**	370,829
Mark-up accrued on short term running finance and long term loans		**49,864**	47,134
Short term running finance - secured	12	**1,029,702**	817,857
Current portion of long term loans	6	**71,666**	83,958
Current portion of liabilities against assets subject to finance lease	7	**18,848**	19,576
		1,524,999	1,339,354
		2,770,958	2,548,362
Contingencies and commitments	14		

Balance Sheet

	Note	2011	2010
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	15	**656,101**	661,989
Intangible assets	16	**1,759**	3,607
Employee retirement benefits - prepayments	9	**13,728**	18,795
Long term deposits	17	**32,109**	32,104
		703,697	716,495
Current assets			
Stores, spares and loose tools		**7,566**	5,851
Stock-in-trade	18	**570,600**	510,200
Trade debts	19	**1,150,541**	1,053,140
Advances, deposits and prepayments	20	**34,623**	36,731
Other receivables	21	**16,791**	18,916
Taxation - net		**61,586**	47,973
Cash and bank balances	22	**225,554**	159,056
		2,067,261	1,831,867
		2,770,958	2,548,362

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive	**Chief Financial Officer**	**Director**

Profit and Loss Account

For the year ended 31 December 2011

	Note	2011	2010
		(Rupees in '000)	
Sales		**2,403,853**	2,263,122
Earned carrying charges		**342,971**	292,203
Sales tax / excise duty, commissions and discounts		**(455,427)**	(397,157)
Net sales	23	**2,291,397**	2,158,168
Cost of sales	24	**(1,762,747)**	(1,656,501)
Gross profit		**528,650**	501,667
Marketing, selling and distribution cost	25	**(232,579)**	(237,933)
Administrative expenses	26	**(45,003)**	(44,047)
Other operating expenses	27	**(16,329)**	(12,196)
		(293,911)	(294,176)
Profit from operations before finance cost		**234,739**	207,491
Finance cost	28	**(198,074)**	(176,516)
		36,665	30,975
Other income	29	**8,361**	8,965
Profit before taxation		**45,026**	39,940
Taxation	30	**(14,406)**	(12,019)
Profit after taxation		**30,620**	27,921
Other comprehensive income		**-**	-
Total comprehensive income		**30,620**	27,921
		(Rupee)	
Earnings per share - basic and diluted	31	**0.82**	0.74

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

Cash Flow Statement

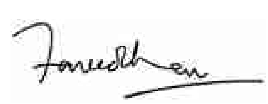
For the year ended 31 December 2011

	Note	2011	2010
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**45,026**	39,940
Adjustment for:			
- Depreciation on property, plant and equipment		**28,797**	22,547
- Amortisation of intangible assets		**2,076**	2,084
- Finance cost		**198,074**	176,516
- Gain on sale of property, plant and equipment		**(1,337)**	(4,007)
- Amortisation of deferred income		**(928)**	(928)
- Provision for doubtful debts		**7,420**	2,107
- Provision for slow moving stock		**825**	214
- Provision for / (reversal) of employee retirement and other service benefits		**10,365**	(3,404)
		290,318	235,069
Working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		**(1,715)**	(865)
Stock-in-trade		**(61,225)**	(53,831)
Trade debts		**(104,821)**	(131,660)
Advances, deposits and prepayments		**2,108**	(13,763)
Other receivables		**2,125**	(8,061)
		(163,528)	(208,180)
Increase / (decrease) in current liabilities			
Trade and other payables		**(15,349)**	57,507
Net cash from operations		**111,441**	84,396
Income tax paid		**(34,315)**	(28,266)
Finance cost paid		**(188,762)**	(162,821)
Employee retirement and other service benefits paid		**(1,221)**	(772)
Security deposits received		**3,326**	4,531
Long term deposits - net		**(5)**	(260)
Net cash flow used in operating activities		**(109,536)**	(103,192)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(19,967)**	(11,875)
Proceeds from disposal of property, plant and equipment		**6,133**	7,592
Net cash flow used in investing activities		**(13,834)**	(4,283)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid		**(28,019)**	(26,186)
Net additions in long term loans		**6,042**	5,104
Net cash flow used in financing activities		**(21,977)**	(21,082)
Net decrease in cash and cash equivalents		**(145,347)**	(128,557)
Cash and cash equivalents at beginning of the year		**(658,801)**	(530,244)
Cash and cash equivalents at end of the year	32	**(804,148)**	(658,801)

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer



Director

Statement of Changes in Equity

For the year ended 31 December 2011

	Issued subscribed and paid-up capital	Capital reserve	Revenue reserve	Unappropriated profit	Total
	--------------------(Rupees in '000)				------------------------
Balance as at 1 January 2010	310,127	5,000	126,337	31,512	**472,976**
Transfer from revenue reserve	-	-	(4,000)	4,000	-
Transactions with owners, recorded directly in equity					
Issue of bonus shares for the year ended 31 December 2009 @ 10 % per share	31,013	-	-	(31,013)	-
Total comprehensive income for the year ended 31 December 2010	-	-	-	27,921	**27,921**
Balance as at 31 December 2010	341,140	5,000	122,337	32,420	**500,897**
Transfer from revenue reserve	-	-	(2,000)	2,000	**-**
Transactions with owners, recorded directly in equity					
Issue of bonus shares for the year ended 31 December 2010 @ 10 % per share	34,113	-	-	(34,113)	**-**
Total comprehensive income for the year ended 31 December 2011	-	-	-	30,620	**30,620**
Transfer from surplus on revaluation of property, plant and equipment-net of tax	-	-	-	4,244	**4,244**
Balance as at 31 December 2011	**375,253**	**5,000**	**120,337**	**35,171**	**535,761**

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive	Chief Financial Officer	Director

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 retailing and trading of domestic consumer appliances and other light engineering products, besides manufacturing and assembling of the same. 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 financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for recognition of certain employee retirement benefits at present value and leasehold land which is stated at revalued amount less any subsequent depreciation and impairment loss.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee which is also the Company's functional currency and rounded to the nearest thousand rupee except stated otherwise.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Company's financial statements or where the judgments were exercised in application of accounting policies are discussed in respective policy notes.

2.5 Standards, amendments or interpretations which became effective during the year

During the year certain amendments to Standards and new Interpretations became effective. However, they did not have any material effect on the financial statements of the Company.

2.6 New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning on or after 1 January 2012 and are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increased disclosures in certain cases:

Amendments to IAS 12 - deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset.

IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008).Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.

IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture.

IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation.

Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard.

Disclosures - Transfers of Financial Assets (Amendments to IFRS 7) - (effective for annual periods beginning on or after 1 July 2011). The amendments introduce new disclosure requirements about transfers of financial assets, including disclosures for financial assets that are not derecognised in their entirety; and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) - (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) - (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

3.1 Property, plant and equipment

Owned

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any, except for leasehold land which is stated at the revalued amount less subsequent depreciation and impairment losses. Cost includes expenditure directly attributable to the acquisition of an asset.

Depreciation is charged to the profit and loss account applying the straight-line method whereby the depreciable amount of an asset is depreciated over its estimated useful life. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month of disposal. Amount equivalent to incremental depreciation charged for the year on revalued assets is transferred from surplus on revaluation of property, plant and equipment to retained earnings.

The assets' residual values and useful lives are reviewed, at each financial year-end and if expectations differ from previous estimates, the change is accounted for as a change in an accounting estimate in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. Normal repairs and maintenance are charged to profit and loss account as and when incurred. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. Gains and losses on disposal of assets are taken to profit and loss account currently. When revalued assets are sold, the amount included in surplus on revaluation of property, plant and equipment is transferred to retained earnings.

Leased

Leased assets in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance lease are stated at amounts equal to the lower of their fair value and present value of minimum lease payments at inception of the lease. Financial charges are allocated to accounting periods in a manner so as to achieve a constant rate on the outstanding balance. Depreciation is charged to profit and loss account applying the same basis as for owned assets. Outstanding obligations under the lease less finance costs allocated to future periods are shown as liability.

Capital work in progress

Capital work-in-progress is stated at cost. It includes expenditure incurred and advances made in respect of operating fixed assets under construction. These cost are transferred to fixed assets as and when assets are available for use.

3.2 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised on a straight-line basis over their estimated useful lives unless such lives are indefinite.

Costs that are directly associated with identifiable software products and have probable economic benefit beyond one year are recognised as intangible assets.

Costs associated with maintaining computer software are recognised as an expense as and when incurred.

3.3 Employee retirement and other service benefits

Defined benefit plans

a) The Company operates a funded defined benefit pension scheme for executives and managers and a funded gratuity scheme for all of its permanent employees other than field staff. Provisions / contributions are made in the financial statements to cover obligations on the basis of actuarial valuation carried out annually under the projected unit credit method. Actuarial gains or losses are recognised in the profit or loss in the year in which they arise. Benefits under the pension and gratuity schemes are payable to employees on completion of prescribed qualifying period of service.

b) The Company operates an unapproved unfunded gratuity scheme for its field staff. Benefits under the scheme are payable to staff on completion of prescribed qualifying period of service. Provisions are made in the financial statements to cover obligations on the basis of actuarial valuation carried out annually under the Projected Unit Credit Method.

Calculation of gratuity and pension requires assumptions to be made of future outcomes which mainly includes increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

Defined contribution plan

The Company operates a recognised provident fund scheme covering all permanent employees. The Company and employees make equal monthly contributions to the fund.

Compensated absences

The Company accounts for its liability towards accumulated compensated absences for unionised staff in accordance with Collective Bargain Agent (CBA) agreement and for other permanent employees as per the service rules of the Company.

3.4 Stores, spares and loose tools

These are valued at cost determined on first-in-first-out basis. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the balance sheet date.

Provision for obsolete and slow moving stores, spares and loose tools is determined based on management's best estimate regarding their future usability.

3.5 Stock-in-trade

Stock-in-trade is valued at the lower of cost determined on first-in-first-out basis and net realisable value except for stock in transit which is stated at invoice value plus other charges paid thereon. Cost in relation to work in process and manufactured finished goods represents direct cost of materials, direct wages and appropriate allocation of manufacturing overheads. Cost of goods purchased for resale comprises purchase price, import duties, taxes (other than those subsequently recoverable by the entity from the taxing authorities) and other directly attributable cost wherever applicable.

Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and selling expenses.

The management continuously reviews its inventory for existence of any items which may have become obsolete. Provision is made for slow moving inventory based on management's estimation.

These are based on historical experience and are continuously reviewed.

3.6 Trade debts and other receivables

These are initially recognised at fair value plus directly attributable transaction costs and are subsequently measured at amortised cost.

Provision for doubtful debts and other receivables is based on management's assessment of anticipated uncollectible amounts based on Company's past experience, historical bad debts statistics and ageing analysis. Debts considered irrecoverable are written off.

3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, in transit and deposits held with banks. Short term running finance facilities availed by the Company are also included as part of cash and cash equivalents for the purpose of statement of cash flows.

3.8 Government grants

Government grants are included in non-current liabilities as deferred income and are recognised in profit and loss account on a systematic basis over the useful life of the asset.

3.9 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

3.10 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

3.11 Warranty obligations

The Company accounts for its warranty obligations based on historical trends when the underlying products or services are sold.

3.12 Revenue recognition

Revenue from sales of goods are recognised on delivery of goods to the buyers when the significant risks and rewards of ownership are transferred to the buyers.

Revenue from services rendered is recognised in profit and loss account when the related services are performed.

Carrying charges representing the difference between the cash sale price and hire purchase price are recognised in the profit and loss account using the effective interest rate method.

Income on deposits and other financial assets is recognised on accrual basis.

3.13 Expenses

All expenses are recognised in the profit and loss account on an accrual basis.

3.14 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account.

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any, and taxes paid under the Final Tax Regime. The charge for current tax includes adjustments to charge for prior years, if any.

Deferred

Deferred tax is recognised using balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation. A deferred tax asset is recognised to the extent that it is probable that the future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.15 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of the relevant asset.

3.16 Financial instruments

Financial assets and liabilities are initially measured at fair value plus directly attributable transaction costs when the Company becomes a party to the contractual provisions of the instrument, and subsequently measured at fair value or amortised cost as the case may be. All the financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to profit and loss account.

3.17 Derivative financial instruments

Derivatives that do not qualify for hedge accounting are recognised in the balance sheet at their estimated fair value with corresponding effect to profit and loss. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

3.18 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the financial statements only when the Company has a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.19 Impairment

The carrying amount of the Company's assets is reviewed at each balance sheet date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset or group of assets' recoverable amount is estimated. Animpairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Impairment losses are recognised in profit and loss account. Reversal of impairment loss is restricted to the lower of recoverable amount or carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

3.20 Foreign currency transactions

Foreign currency transactions are translated into Pakistan Rupee at exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pakistan Rupee at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are included in profit and loss account currently.

3.21 Proposed distribution and transfer between reserves

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which dividends are approved. Transfer between reserves made subsequent to the balance sheet date is considered as non-adjusting event and is recognised in the financial statements in the period in which such transfers are made.

4 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2011	2010		**2011**	2010
(Number of shares)			**(Rupees in '000)**	
		Fully paid-up ordinary shares of Rs. 10 each		
11,461,568	11,461,568	Issued for cash	**114,616**	114,616
703,733	703,733	Issued for consideration other than cash	**7,037**	7,037
25,360,007	21,948,616	Issued as bonus shares	**253,600**	219,487
37,525,308	34,113,917		**375,253**	341,140

At 31 December 2011 Singer (Pakistan) B.V., Netherlands, which is wholly owned subsidiary of Retail Holdings N.V., Netherlands, held 26,371,095 (2010: 23,973,723) ordinary shares of Rs. 10 each.

5 Surplus on revaluation of property, plant and equipment

	2011	2010
	(Rupees in '000)	
Surplus on revaluation of leasehold land	**453,099**	453,099
Transferred to retained earnings	**(6,293)**	-
Deferred tax liability	**(145,435)**	(147,484)
Balance as at 31 December	**301,371**	305,615

6 LONG TERM LOANS - secured

This represents long term loans from financial institutions under mark-up arrangements:

	Security	Instalments payable	Repayment period	Mark-up rate	2011	2010
Term loan 1	6.1	quarterly	2007-2011	6 Months KIBOR Plus 1.50%	**-**	3,125
Term loan 2	6.1	half-yearly	2007-2011	6 Months KIBOR Plus 1.25%	**-**	16,667
Term loan 3	6.3	half-yearly	2008-2013	6 Months KIBOR Plus 1.50%	**20,000**	33,333
Term loan 4	6.4	half-yearly	2009-2011	6 Months KIBOR Plus 1.25%	**-**	10,000
Term loan 5	6.1	quarterly	2010-2012	6 Months KIBOR Plus 1.75%	**-**	30,000
Term loan 6	6.2	quarterly	2011-2014	3 Months KIBOR Plus 1.50%	**37,500**	50,000
Term loan 7	6.4	quarterly	2010-2013	6 Months KIBOR Plus 1.50%	**12,500**	20,833
Term loan 8	6.4	quarterly	2012-2015	3 Months KIBOR Plus 1.50%	**100,000**	100,000
Term loan 9	6.4	quarterly	2012-2016	6 Months KIBOR Plus 1.50%	**100,000**	-
					270,000	263,958

Current portion of long term loans

	Security	Instalments payable	Repayment period	Mark-up rate	2011	2010
Term loan 1	6.1	quarterly	2007-2011	6 Months KIBOR Plus 1.50%	**-**	(3,125)
Term loan 2	6.1	half-yearly	2007-2011	6 Months KIBOR Plus 1.25%	**-**	(16,667)
Term loan 3	6.3	half-yearly	2008-2013	6 Months KIBOR Plus 1.50%	**(13,333)**	(13,333)
Term loan 4	6.4	half-yearly	2009-2011	6 Months KIBOR Plus 1.25%	**-**	(10,000)
Term loan 5	6.1	quarterly	2010-2012	6 Months KIBOR Plus 1.75%	**-**	(20,000)
Term loan 6	6.2	quarterly	2011-2014	3 Months KIBOR Plus 1.50%	**(12,500)**	(12,500)
Term loan 7	6.4	quarterly	2010-2013	6 Months KIBOR Plus 1.50%	**(8,333)**	(8,333)
Term loan 8	6.4	quarterly	2012-2015	3 Months KIBOR Plus 1.50%	**(25,000)**	-
Term loan 9	6.4	quarterly	2012-2016	6 Months KIBOR Plus 1.50%	**(12,500)**	-
					(71,666)	(83,958)
					198,334	180,000

6.1 First pari passu charge on fixed assets of the Company, located at its factory.

6.2 Equitable charge on owned shops of the Company, including building, structure, plant, machinery and equipments related to the said shops.

6.3 Charge over present and future fixed assets of the Company located at its factory.

6.4 First pari passu charge on land, building, machinery and equipment located at its factory.

7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The future minimum lease payments and their present values, to which the Company is committed under various lease arrangements, are as follows:

	2011			2010		
	Minimum lease payments	Finance charge	Present value of minimum lease payments	Minimum lease payments	Finance charge	Present value of minimum lease payments
	(Rupees in '000)					
Not later than one year	22,767	3,919	18,848	24,593	5,017	19,576
Later than one year and not later than five years	22,709	3,495	19,214	37,174	4,982	32,192
	45,476	7,414	38,062	61,767	9,999	51,768

The above represents finance leases entered into with leasing companies and modarabas for plant and machinery, computers and vehicles. Monthly payments of leases bearing pre-determined mark-up rates include finance charge ranging from 14.6% to 16.3% (2010: 14.6% to 16.4%) per annum which are used as discounting factor.

Monthly payments of leases bearing variable mark-up rates include finance charge at KIBOR plus 1% to 2.75% (2010: KIBOR plus 1% to 2.75%) determined on quarterly / semi-annual basis for future rentals.

The Company has entered into Ijarah arrangements with a financial institution in respect of vehicles. Islamic Financial Accounting Standard (IFAS) No. 2 "Ijarah" was notified by SECP vide S.R.O. 431 (I) / 2007 on 22 May 2007. The said IFAS requires the Ujrah payments under such arrangements to be recognised as an expense over the ijarah term. The Company intends to acquire such assets at the end of the lease term and has consequently recorded such arrangements under IAS-17 "Leases".

8 LONG TERM DEPOSITS

This represents security deposits from field staff repayable on retirement, resignation or termination from service and carries interest at 5% (2010: 5%) per annum.

9 EMPLOYEE RETIREMENT BENEFITS

	2011	2010
	(Rupees in '000)	
Employee retirement benefits - prepayments		
- Pension fund	13,728	16,168
- Gratuity fund - permanent employees	-	2,627
	13,728	18,795
Employee retirement benefits - obligation		
- Gratuity fund - permanent employees	3,191	-
- Gratuity - field staff	4,815	3,929
	8,006	3,929

The actuarial valuation of both pension and gratuity schemes was carried out as at 31 December 2011. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

	2011	2010
Discount rate per annum compound	13.25%	14.5%
Expected rate of increase in salaries	8%-10.25%	8%-11.5%
Expected rate of return on plan assets	13.5%	15%
Expected rate of increase in pension	0%	0%

	Pension fund		Gratuity					
			Permanent employees		Field staff		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	(Rupees in '000)							
Amounts recognised in balance sheet are as follows:								
Present value of defined benefit obligation	53,621	48,298	41,580	68,654	4,815	3,929	46,395	72,583
Fair value of plan assets	(67,349)	(64,466)	(38,389)	(71,281)	-	-	(38,389)	(71,281)
(Asset) / liability in balance sheet	(13,728)	(16,168)	3,191	(2,627)	4,815	3,929	8,006	1,302
Movement in net (assets) / liability recognised in balance sheet is as follows:								
Opening balance	(16,168)	(15,863)	(2,627)	2,025	3,929	3,148	1,302	5,173
Net charge / (surplus) for the year	2,440	(7,305)	5,818	2,348	2,107	1,553	7,925	3,901
Contribution / payments during the year	-	7,000	-	(7,000)	(1,221)	(772)	(1,221)	(7,772)
Closing balance	(13,728)	(16,168)	3,191	(2,627)	4,815	3,929	8,006	1,302
Movement in present value of defined benefit obligations								
Liability for defined benefit obligation at 1 January	48,298	48,812	68,654	62,193	3,929	3,148	72,583	65,341
Benefits paid	(4,895)	(1,390)	(38,256)	(3,617)	(1,221)	(772)	(39,477)	(4,389)
Current service cost	755	1,379	2,128	2,710	2,107	1,553	4,235	4,263
Interest cost	6,630	6,600	3,779	7,561	-	-	3,779	7,561
Actuarial losses / (gains)	2,833	(7,103)	5,275	(193)	-	-	5,275	(193)
Liability for defined benefit obligation at 31 December	53,621	48,298	41,580	68,654	4,815	3,929	46,395	72,583
Movement in plan assets								
Fair value of plan assets - beginning of the year	64,466	64,675	71,281	60,168	-	-	71,281	60,168
Contribution / (refund) during the year	-	(7,000)	-	7,000	-	-	-	7,000
Benefits paid	(4,895)	(1,390)	(38,256)	(3,617)	-	-	(38,256)	(3,617)
Expected return on plan assets	9,227	9,571	4,267	7,961	-	-	4,267	7,961
Actuarial (losses) / gains	(1,449)	(1,390)	1,097	(231)	-	-	1,097	(231)
Fair value of plan assets - end of the year	67,349	64,466	38,389	71,281	-	-	38,389	71,281
Expense recognised in profit or loss account								
Current service cost	755	1,379	2,128	2,710	2,107	1,553	4,235	4,263
Interest cost	6,630	6,600	3,779	7,561	-	-	3,779	7,561
Expected return on plan assets	(9,227)	(9,571)	(4,267)	(7,961)	-	-	(4,267)	(7,961)
Actuarial losses / (gains)	4,282	(5,713)	4,178	38	-	-	4,178	38
	2,440	(7,305)	5,818	2,348	2,107	1,553	7,925	3,901
Return on plan assets is as follows:								
Expected return on plan assets	9,227	9,571	4,267	7,961	-	-	4,267	7,961
Actuarial (losses) / gains on plan assets	(1,535)	(1,390)	1,097	(528)	-	-	1,097	(528)
Return on plan assets	7,692	8,181	5,364	7,433	-	-	5,364	7,433

The expense is recognised in the following line items in the profit and loss account:

	Pension fund 2011	Pension fund 2010	Permanent employees 2011	Permanent employees 2010	Field staff 2011	Field staff 2010	Total 2011	Total 2010
Cost of sales	814	(2,436)	1,630	658	-	-	1,630	658
Marketing, selling and distribution cost	936	(2,802)	2,210	892	2,107	1,553	4,317	2,445
Administrative expenses	690	(2,067)	1,978	798	-	-	1,978	798
	2,440	(7,305)	5,818	2,348	2,107	1,553	7,925	3,901

	Pension fund		Gratuity			
			Permanent employees		Field staff	
	2011	2010	**2011**	2010	**2011**	2010
	(Percent %)					
Composition of plan assets						
Debt instruments	**98.05**	99.70	**95.94**	99.80	**-**	-
Others	**1.95**	0.30	**4.06**	0.20	**-**	-
Expected return on plan assets						
Expected return on debt instruments	**13.50**	15.00	**13.50**	15.00	**-**	-
Expected return on others	**6.00**	6.00	**6.00**	6.00	**-**	-

	2011	2010	2009	2008	2007
	(Rupees in '000)				
Historical information					
Present value of the defined benefit obligation	**(100,016)**	(120,881)	(114,153)	(90,036)	(92,063)
Fair value of plan assets	**105,738**	135,747	124,843	117,815	104,749
Surplus in the plan	**5,722**	14,866	10,690	27,779	12,686
Experience adjustments arising on plan liabilities	**(3,865)**	(733)	(10,534)	(12,364)	(8,813)
Experience adjustments arising on plan assets	**(352)**	(1,621)	(1,584)	3,585	3,709

10 DEFERRED TAX

	Note	**2011**	2010
		(Rupees in '000)	
Taxable temporary differences arising on:			
Revaluation of leasehold land		**145,435**	147,484
Accelerated tax depreciation and leased assets		**37,599**	35,340
		183,034	182,824
Deductible temporary differences arising on:			
Provision for slow moving stock-in-trade		**(1,446)**	(1,226)
Provision for doubtful debts and other receivables		**(5,338)**	(5,731)
Provision for warranty obligations		**(2,346)**	(2,035)
Provision for employee retirement and other service benefits		**(1,517)**	(1,279)
Recoupable minimum tax		**(24,600)**	(19,266)
		(35,247)	(29,537)
		147,787	153,287

11 DEFERRED INCOME

	Note	**2011**	2010
Grant amount		**11,141**	11,141
Accumulated amortisation - opening		**(6,966)**	(6,038)
Amortisation during the year	29	**(928)**	(928)
		(7,894)	(6,966)
Balance as at 31 December		**3,247**	4,175

This represents grant received from World Bank disbursed through Government of Pakistan under Montreal Protocol for phasing out Ozone Depleting Substance (ODS). The grant was utilised by the Company in acquiring Green Gas Plant for converting traditional gas used for refrigeration into green gas in compliance with Regulations of Environmental Protection Agency. Under these Regulations refrigerator manufacturers are required to convert their manufacturing facilities from ODS to green gas, which is ozone friendly.

12 SHORT TERM RUNNING FINANCE - secured

This represents short term running finance facilities from various banks aggregating to Rs. 1,395.1 million (2010 :Rs. 1,215.1 million), carrying mark-up rates ranging from 12.95 percent to 15.20 percent (2010: 14.1 percent to 15.6 percent) per annum. These arrangements are secured by hypothecation of stock-in-trade, trade debts and charge on property, plant and equipment of the Company.

13 TRADE AND OTHER PAYABLES

	Note	2011	2010
		(Rupees in '000)	
Creditors		**69,376**	93,524
Bills payable		**106,548**	136,608
Accrued liabilities		**17,252**	31,275
Due to associated companies	13.1		
- for royalty		**66,229**	44,338
- for goods		**10,686**	8,503
- others		**517**	517
		77,432	53,358
Advances from dealers		**2,193**	2,243
Retention from employees		**10,286**	8,496
Provision in respect of compensated absences	13.2	**1,275**	1,255
Provisions in respect of warranty obligations	13.3	**7,449**	6,252
Sales tax and excise duty - net		**52,726**	24,423
Workers' profits participation fund	13.4	**4,319**	3,725
Workers' welfare fund		**901**	795
Unclaimed dividends		**808**	808
Others		**4,354**	8,067
		354,919	370,829

13.1 The maximum aggregate amount due to associated companies at the end of any month during the year was Rs. 77.432 million (2010: Rs. 53.358 million).

13.2 The Company has recognised a provision of Rs. 1.645 million (2010: Rs. 1.333 million) for compensated absences while compensated absences amounting to Rs. 1.625 million (2010: Rs. 1.198 million) were utilised during the year against provision.

13.3 Warranty obligations

	Note	2011	2010
		(Rupees in '000)	
Balance at beginning of the year		**6,252**	7,076
Additional provision	25	**5,611**	4,144
Provision utilised during the year		**(4,414)**	(4,968)
Balance at end of the year		**7,449**	6,252

13.4 Workers' profits participation fund

	Note	2011	2010
		(Rupees in '000)	
Balance at beginning of the year		**3,725**	3,653
Allocation for the year	27	**2,417**	2,146
Interest on funds utilised in the Company's business	28	**586**	235
		6,728	6,034
Payments made during the year		**(2,409)**	(2,309)
Balance at end of the year		**4,319**	3,725

14 CONTINGENCIES AND COMMITMENTS

14.1 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. 0.181 million (2010: Rs. 0.966 million).

14.2 Commitments

	2011	2010
	(Rupees in '000)	
Outstanding letters of credit	**109,013**	222,715
Software development	**24,760**	26,530

15 PROPERTY, PLANT AND EQUIPMENT

	Note	2011	2010
Operating fixed assets	15.1	**620,683**	629,062
Capital work-in-progress	15.2	**35,418**	32,927
		656,101	661,989

15.1 Operating fixed assets

2011

	Leasehold land	Buildings on leasehold land	Leasehold improvements	Plant and machinery Owned	Plant and machinery Leased	Furniture & Equipment Owned	Furniture & Equipment Leased	Vehicles Owned	Vehicles Leased	Computers Owned	Computers Leased	Total
	(Rupees in '000)											
At 1 January 2011												
Cost / revaluation	453,333	31,507	101,940	122,598	31,937	32,632	-	9,646	21,761	11,060	6,260	**822,674**
Accumulated depreciation	-	(10,965)	(46,214)	(88,172)	(4,880)	(18,944)	-	(4,960)	(6,170)	(8,903)	(4,404)	**(193,612)**
Net book value	453,333	20,542	55,726	34,426	27,057	13,688	-	4,686	15,591	2,157	1,856	**629,062**
During the year 2011												
Additions / transfer from CWIP	-	9,627	1,286	3,000	2,198	2,454	1,360	76	4,173	1,040	-	**25,214**
Transfer												
Cost	-	-	-	-	-	-	-	4,682	(4,682)	-	-	**-**
Depreciation	-	-	-	-	-	-	-	(2,341)	2,341	-	-	**-**
	-	-	-	-	-	-	-	2,341	(2,341)	-	-	**-**
Disposals												
Cost	-	-	(2,014)	(19,058)	-	(61)	-	(1,086)	(1,426)	-	-	**(23,645)**
Depreciation	-	-	1,052	17,098	-	57	-	523	119	-	-	**18,849**
	-	-	(962)	(1,960)	-	(4)	-	(563)	(1,307)	-	-	**(4,796)**
Depreciation charge for the year	(6,296)	(1,088)	(9,577)	(3,220)	(2,257)	(2,282)	(113)	(39)	(1,991)	(811)	(1,123)	**(28,797)**
Closing net book value	**447,037**	**29,081**	**46,473**	**32,246**	**26,998**	**13,856**	**1,247**	**6,501**	**14,125**	**2,386**	**733**	**620,683**
As at 31 December 2011												
Cost / revaluation	453,333	41,134	101,212	106,540	34,135	35,025	1,360	13,318	19,826	12,100	6,260	**824,243**
Accumulated depreciation	(6,296)	(12,053)	(54,739)	(74,294)	(7,137)	(21,169)	(113)	(6,817)	(5,701)	(9,714)	(5,527)	**(203,560)**
Net book value	**447,037**	**29,081**	**46,473**	**32,246**	**26,998**	**13,856**	**1,247**	**6,501**	**14,125**	**2,386**	**733**	**620,683**
Depreciation rate % per annum	1.40	2.5	10	8.33	8.33	10	10	20	20	20	20	

2010

	Leasehold land	Buildings on leasehold land	Leasehold improvements	Plant and machinery Owned	Plant and machinery Leased	Furniture & Equipment Owned	Furniture & Equipment Leased	Vehicles Owned	Vehicles Leased	Computers Owned	Computers Leased	Total
At 1 January 2010												
Cost	350	31,166	100,729	121,717	39,209	32,528	-	10,375	18,122	9,668	6,260	370,124
Accumulated depreciation	(112)	(10,099)	(36,021)	(93,011)	(7,410)	(16,702)	-	(5,289)	(5,727)	(8,291)	(3,152)	(185,814)
Net book value	238	21,067	64,708	28,706	31,799	15,826	-	5,086	12,395	1,377	3,108	184,310
During the year 2010												
Additions / transfer from CWIP	-	341	2,183	698	6,673	150	-	-	6,348	1,392	-	17,785
Revaluation surplus	453,333	-	-	-	-	-	-	-	-	-	-	453,333
Transfer/Adjustment												
Cost	(350)	-	-	13,945	(13,945)	-	-	2,709	(2,709)	-	-	(350)
Depreciation	116	-	-	(4,320)	4,320	-	-	(1,355)	1,355	-	-	116
	(234)	-	-	9,625	(9,625)	-	-	1,354	(1,354)	-	-	(234)
Disposals												
Cost	-	-	(972)	(13,762)	-	(46)	-	(3,438)	-	-	-	(18,218)
Depreciation	-	-	551	12,328	-	36	-	1,718	-	-	-	14,633
	-	-	(421)	(1,434)	-	(10)	-	(1,720)	-	-	-	(3,585)
Depreciation charge for the year	(4)	(866)	(10,744)	(3,169)	(1,790)	(2,278)	-	(34)	(1,798)	(612)	(1,252)	(22,547)
Closing net book value	453,333	20,542	55,726	34,426	27,057	13,688	-	4,686	15,591	2,157	1,856	629,062
As at 31 December 2010												
Cost / revaluation	453,333	31,507	101,940	122,598	31,937	32,632	-	9,646	21,761	11,060	6,260	822,674
Accumulated depreciation	-	(10,965)	(46,214)	(88,172)	(4,880)	(18,944)	-	(4,960)	(6,170)	(8,903)	(4,404)	(193,612)
Net book value	453,333	20,542	55,726	34,426	27,057	13,688	-	4,686	15,591	2,157	1,856	629,062
Depreciation rate % per annum	1.40	2.5	10	8.33	8.33	10	10	20	20	20	20	

15.1.1 The company has carried out valuation of leasehold land during the year ended 31 December 2010. The resulting revaluation surplus has been disclosed in note 5 to the financial statements and has been credited to revaluation surplus account net of related tax effect.

Had leasehold land been stated on historical cost basis, the net book value of revalued leasehold land on 31 December 2011 would amount to:

	Cost	Accumulated depreciation	Net book value
	--------- (Rupees in '000) --------		
Leasehold Land	350	120	230

15.1.2 Depreciation for the year has been allocated as follows:

	Note	2011	2010
		(Rupees in '000)	
Cost of sales	24.1	**12,168**	5,336
Marketing, selling and distribution costs	25	**14,687**	15,428
Administrative expenses	26	**1,942**	1,783
		28,797	22,547

15.1.3 Detail of property, plant and equipment disposed off during the year:

	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/ (loss)	Mode of disposal	Particulars of purchaser
	---------------(Rupees in '000) --------------						
Vehicle							
- Suzuki Alto	492	246	246	351	105	Tender	Mohammad Azam Khan, Karachi
- Suzuki Alto	512	256	256	360	104	Tender	Mohammad Umer Awan, Karachi
- Toyota Corolla	1,469	120	1,349	1,350	1	Claim	New Jubilee Insurance, Karachi
- Motor cycle	39	19	20	10	(10)	Tender	Abdul Rehman, Karachi
Plant and machinery							
Arm and bed machinery and equipments	18,776	16,881	1,895	2,659	764	Tender	Aziz & Sons, Karachi
Air compressor & Air dryer	180	116	64	56	(8)	Tender	Nishat Sewing, Karachi
Leasehold Improvements							
Various shops	2,014	1,052	962	962	-	Claim	New Jubilee Insurance, Karachi
Written down value not exceeding Rs. 50,000 each	163	159	4	385	381	Tender	Various
2011	**23,645**	**18,849**	**4,796**	**6,133**	**1,337**		
2010	18,218	14,633	3,585	7,592	4,007		

15.2 Capital work in progress

	2011	2010
	(Rupees in '000)	
Balance as at 1 January	**32,927**	26,189
Additions during the year	**13,824**	14,292
Transfers to operating assets	**(11,333)**	(7,554)
Balance as at 31 December	**35,418**	32,927
Break-up of capital work in progress is as follows:		
- Building	**-**	2,250
- IT projects / ERP system	**35,418**	30,677
	35,418	32,927

16 INTANGIBLE ASSETS

	Note	2011	2010
		Rupees in '000)	
Software			
At 1 January			
Cost		**13,844**	13,236
Accumulated amortisation		**(10,237)**	(8,153)
Net book value		**3,607**	5,083
During the year			
Additions		**228**	608
Amortisation for the year		**(2,076)**	(2,084)
Closing net book value		**1,759**	3,607
At 31 December			
Cost		**14,072**	13,844
Accumulated amortisation		**(12,313)**	(10,237)
Net book value		**1,759**	3,607

16.1 Software is being amortised @ 20% per annum (2010: 20% per annum).

16.2 Amortisation for the year has been allocated as follows:

	Note	2011	2010
Cost of sales	24.1	**1,038**	1,042
Administrative expenses	26	**1,038**	1,042
		2,076	2,084

17 LONG TERM DEPOSITS

		2011	2010
Deposits			
- shops and others		**27,152**	27,057
- leases		**4,957**	5,047
		32,109	32,104

18 STOCK-IN-TRADE

	Note	2011	2010
Raw materials			
- in stores		**26,588**	34,151
- in third party premises	18.1	**9,402**	12,659
- in bonded warehouse		**49,560**	64,816
- in transit		**41,206**	44,450
		126,756	156,076
Work in process		**149,857**	98,920
Finished goods			
- own manufactured		**219,481**	192,865
- purchased for resale		**79,096**	66,104
		298,577	258,969
Provision for slow moving items	18.2	**(4,590)**	(3,765)
		570,600	510,200

18.1 This includes raw materials lying at premises of certain vendors where these are processed to be used in the next stage of production.

18.2 The Company has recognised a provision of Rs. 0.825 million (2010: Rs. 0.214 million) for slow moving items during the year.

19 TRADE DEBTS

	Note	2011	2010
		(Rupees in '000)	
Considered good			
Hire purchase	19.1		
- Retail		**695,927**	718,954
- Institutional		**419,935**	333,006
		1,115,862	1,051,960
Unearned carrying charges		**(72,005)**	(83,405)
		1,043,857	968,555
Dealers		**106,684**	84,585
		1,150,541	1,053,140
Considered doubtful		**11,407**	12,068
		1,161,948	1,065,208
Provision for doubtful debts	19.2	**(11,407)**	(12,068)
		1,150,541	1,053,140

19.1 The hire purchase contracts are generally for a period ranging from 6 months to 12 months carrying interest rates prevalent in the market.

19.2 The Company has recognised a provision of Rs. 7.420 million (2010: Rs. 2.107 million) for doubtful debts while an amount of Rs. 8.081 million (2010: Rs. 5.798 million) was written off during the year against provision.

20 ADVANCES, DEPOSITS AND PREPAYMENTS

	Note	2011	2010
		(Rupees in '000)	
Advances - considered good			
- Employees and executives	20.1	**849**	1,565
- Suppliers		**4,060**	6,199
- Software development		**11,490**	7,886
		16,399	15,650
Deposits			
- Trade		**2,691**	2,478
- Customs and others		**4,576**	8,043
		7,267	10,521
Prepayments		**10,957**	10,560
		34,623	36,731

20.1 The advances due from executives amount to Rs. 0.13 million (2010: Rs. 0.16 million).

20.2 The maximum aggregate amount of advances due from executives at the end of any month during the year was Rs. 0.13 million (2010: Rs. 0.16 million).

21 OTHER RECEIVABLES

	Note	2011	2010
		(Rupees in '000)	
Claims		19,851	21,299
Others		2,479	3,156
		22,330	24,455
Provision for doubtful claims		(5,539)	(5,539)
		16,791	18,916

22 CASH AND BANK BALANCES

Balances with banks			
- current accounts		31,550	10,740
- deposit accounts		42,732	37,406
		74,282	48,146
Cash in transit		149,797	109,917
Cash in hand		1,475	993
		225,554	159,056

23 NET SALES

Sales			
- Local		2,353,403	2,210,612
- Export		50,450	52,510
		2,403,853	2,263,122
Earned carrying charges		342,971	292,203
		2,746,824	2,555,325
Sales tax / excise duty		(274,307)	(230,385)
Commissions / discounts		(181,120)	(166,772)
		(455,427)	(397,157)
		2,291,397	2,158,168

24 COST OF SALES

Opening stock - finished goods			
- own manufactured		192,865	190,608
- purchased for resale		66,104	74,203
		258,969	264,811
Purchases		419,959	544,339
Cost of goods manufactured	24.1	1,382,396	1,106,320
		2,061,324	1,915,470
Closing stock - finished goods			
- own manufactured		(219,481)	(192,865)
- purchased for resale		(79,096)	(66,104)
		(298,577)	(258,969)
		1,762,747	1,656,501

24.1 Cost of goods manufactured

	Note	2011	2010
		(Rupees in '000)	
Opening stock of raw materials		**156,076**	122,413
Purchases		**1,213,364**	1,005,192
		1,369,440	1,127,605
Closing stock of raw materials		**(126,756)**	(156,076)
Raw material consumed		**1,242,684**	971,529
Salaries, wages and other benefits	24.2	**92,868**	82,971
Stores and spares consumed		**24,468**	20,164
Depreciation on property, plant and equipment	15.1.2	**12,168**	5,336
Amortisation of intangible assets	16.2	**1,038**	1,042
Royalty		**29,369**	24,572
Fuel and power		**15,859**	14,706
Insurance		**8,180**	6,230
Rent, rates and taxes		**712**	435
Repairs and maintenance		**3,111**	2,699
Travelling and conveyance		**1,343**	1,486
Communication		**262**	334
Printing and stationery		**422**	577
Cartage and others		**24**	35
Provision for slow moving stock - net	18.2	**825**	214
		1,433,333	1,132,330
Work-in-process			
Opening stock		**98,920**	72,910
Closing stock		**(149,857)**	(98,920)
		(50,937)	(26,010)
Cost of goods manufactured		**1,382,396**	1,106,320

24.2 Salaries, wages and other benefits include provision of Rs. 3.534 million (2010: Rs. 0.404 million) in respect of employee retirement benefits and Rs. 1.930 million (2010: Rs. 1.898 million) in respect of bonus to workers.

25 MARKETING, SELLING AND DISTRIBUTION COST

	Note	2011	2010
		(Rupees in '000)	
Publicity and sales promotion		**72,990**	100,548
Salaries and benefits	25.1	**52,002**	43,666
Rent, rates and taxes		**39,162**	38,118
Provision for doubtful debts	19.2	**7,420**	2,107
Utilities		**10,685**	11,339
Warranty obligations	13.3	**5,611**	4,144
Depreciation on property, plant and equipment	15.1.2	**14,687**	15,428
Travelling and conveyance		**10,308**	8,921
Communication		**6,670**	5,421
Printing and stationery		**4,469**	3,518
Repairs and renovations		**310**	260
Training and sundries		**8,265**	4,463
		232,579	237,933

25.1 Salaries and benefits include provision of Rs. 7.595 million (2010: Rs. 0.573 million) in respect of employee retirement benefits.

26 ADMINISTRATIVE EXPENSES

	Note	2011	2010
		(Rupees in '000)	
Salaries and benefits	26.1	**31,511**	28,129
Rent, rates and taxes		**1,255**	3,304
Utilities		**2,445**	3,499
Communication		**3,607**	3,404
Travelling and conveyance		**1,910**	1,721
Depreciation on property, plant and equipment	15.1.2	**1,942**	1,783
Amortisation of intangible assets	16.2	**1,038**	1,042
Printing and stationery		**1,295**	1,165
		45,003	44,047

26.1 Salaries and benefits include provision of Rs. 3.858 million (2010: Rs. 0.357 million) in respect of employee retirement benefits.

27 OTHER OPERATING EXPENSES

	Note	2011	2010
		(Rupees in '000)	
Legal and professional charges		**8,863**	6,444
Auditors' remuneration	27.1	**755**	755
Donation	27.2	**107**	380
Exchange loss		**3,286**	1,672
Workers' profits participation fund	13.4	**2,417**	2,146
Workers' welfare fund		**901**	799
		16,329	12,196

27.1 Auditors' remuneration

	2011	2010
Audit fee	**500**	500
Certification and limited review	**195**	195
Out of pocket expenses	**60**	60
	755	755

27.2 No director or his spouse has any interest in the donees' fund.

28 FINANCE COST

	Note	2011	2010
Mark-up on long term loans		**37,318**	40,817
Mark-up on short term running finance under mark-up arrangements		**147,414**	126,746
Interest on workers' profits participation fund	13.4	**586**	235
Finance lease charges		**6,582**	3,174
Interest on employee security deposits		**2,025**	1,781
Bank charges		**4,149**	3,763
		198,074	176,516

29 OTHER INCOME

	Note	2011	2010
		(Rupees in '000)	
Income from financial assets			
Interest on deposit accounts		**3,714**	2,484
Income from non-financial assets			
Gain on disposal of property, plant and equipment	15.1.3	**1,337**	4,007
Amortisation of deferred income	11	**928**	928
Service income and others		**2,382**	1,546
		8,361	8,965

30 TAXATION

	2011	2010
Current	**19,271**	20,690
Prior	**635**	7,176
Deferred	**(5,500)**	(15,847)
	14,406	12,019

30.1 Current year charge represents minimum tax at the rate of 1% of the turnover, in accordance with section 113 of the Income Tax Ordinance, 2001.

30.2 The income tax assessments of the Company have been finalised up to and including the assessment year 2003-2004. Tax returns of subsequent tax years are deemed to be assessed under provisions of the Income Tax Ordinance, 2001 unless selected for an audit by the taxation authorities. Audit of tax year 2008 of Singer Pakistan Limited under section 177 of the Income Tax Ordinance, 2001 was completed last year. However, no final order in this regard has been passed as yet. Management does not expect any revision in its self-assessment of tax for the aforesaid tax year.

In respect of certain assessment years, the Company has filed appeals with appellate authorities for various disallowances and short credits of the taxes paid. However, no adverse liability is expected to occur.

30.3 Numerical reconciliation between average effective tax rate and applicable tax rate:	2011	2010
	(Percent)	
Applicable tax rate	**35.0**	35.0
Prior year	**1.4**	(2.5)
Permanent differences, tax effect of income assessed under Final Tax Regime	**(4.4)**	(2.4)
Total tax expense	**32.0**	30.1

31 EARNINGS PER SHARE - basic and diluted

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	2011	2010
	(Rupees in '000)	
Profit for the year	**30,620**	27,921
	Number of shares (in '000)	
Weighted average number of ordinary shares	**37,525**	37,525
	(Rupee)	
Earnings per share - basic and diluted	**0.82**	0.74

31.1 The number of shares for the prior period has also been adjusted for the effect of bonus shares issued during the current year.

32 CASH AND CASH EQUIVALENTS	Note	**2011**	2010
		(Rupees in '000)	
Cash and bank balances	22	**225,554**	159,056
Short term running finance - secured		**(1,029,702)**	(817,857)
		(804,148)	(658,801)

33 FINANCIAL INSTRUMENTS

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. Risk management is carried out by the Management under policies approved by the Board of Directors. The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

33.1 Credit risk

Credit risk represents the financial loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted and arises primarily from the Company's receivables from customers.

The Company's customers mainly comprise individuals. The Company's exposure to credit risk is dependent on the individual characteristics of each customer. However, Management also considers the demographics of the Company's customer base.

The Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's evaluation includes consideration of financial position of customer and obtaining references. Customers that fail to meet the Company's credit evaluation criterion may transact with the Company on cash basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, geographic location, aging profile, and existence of previous financial difficulties. In case of hire purchase sales, the title of the goods is transferred to the customer after the payment of final instalment by the customer.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk before any credit enhancements at the reporting date was:

	Carrying amount	
	2011	2010
	(Rupees in '000)	
- Long term deposits	**32,109**	32,104
- Trade debts	**1,150,541**	1,053,140
- Deposits and other receivables	**24,058**	29,437
- Bank balances	**74,282**	48,146
	1,280,990	1,162,827

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company's credit risk is distributed over several individual customers buying for domestic household needs and several dealers. No single customer accounts for 10% or more of the Company's total revenue.

Trade debts of Rs. 38.85 million (2010: Rs. 65.53 million) are past due over 180 days of which Rs. 11.407 million (2010: Rs. 12.068 million) have been provided. Past due from 1 to 180 days but not provided balance amounts to Rs. 95.317 million (2010: Rs. 114.758 million). At 31 December 2011, provision relates to several individual customers which has been determined by the Management based on the ageing of the customer balances and historical bad debt statistics. Based on the past experience, consideration of financial position, past track records and subsequent recoveries, Management believes that the unprovided amounts are recoverable.

33.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's liquidity management involves forecasting future cash flow requirements, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The Company maintains committed lines of credit as disclosed in note 12 to ensure flexibility in funding. In addition, the Company has unavailed facilities of running finances to meet the deficit, if required to meet the short term liquidity commitment.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	2011				
	Carrying amount	**Contractual cash flows**	**One year or less**	**One to two years**	**Two to five years**
	(Rupees in '000)				
Financial liabilities					
Long term loans - secured	**270,000**	**(375,294)**	**(97,590)**	**(108,041)**	**(169,663)**
Liabilities against assets subject to finance lease	**38,062**	**(45,476)**	**(22,767)**	**(11,240)**	**(11,469)**
Long term deposits	**32,239**	**(41,146)**	**-**	**-**	**(41,146)**
Trade and other payables	**285,248**	**(285,248)**	**(285,248)**	**-**	**-**
Mark-up accrued on short term running finance and long term loans	**49,864**	**(49,864)**	**(49,864)**	**-**	**-**
Short term running finance - secured	**1,029,702**	**1,101,781**	**1,101,781**	**-**	**-**
	1,705,115	**304,753**	**646,312**	**(119,281)**	**(222,278)**

	2010				
	Carrying amount	Contractual cash flows	One year or less	One to two years	Two to five years
	(Rupees in '000)				
Financial liabilities					
Long term loans - secured	263,958	(374,100)	(97,098)	(121,033)	(155,969)
Liabilities against assets subject to finance lease	51,768	(61,767)	(19,576)	(16,876)	(25,315)
Long term deposits	28,913	(36,901)	-	-	(36,901)
Trade and other payables	331,328	(331,328)	(331,328)	-	-
Mark-up accrued on short term running finance and long term loans	47,134	(47,134)	(47,134)	-	-
Short term running finance - secured	817,857	875,107	875,107	-	-
	1,540,958	23,877	379,971	(137,909)	(218,185)

33.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

33.3.1 Currency risk

The Company is mainly exposed to currency risk on import of raw materials and merchandise denominated in US dollar. The Company's exposure to foreign currency risk at the reporting date is as follows:

	2011	2010
	USD	USD
	(Rupees in '000)	
Trade payables	**58,723**	58,495

The following significant exchange rates have been applied:

	Average rate		Reporting date Spot rate	
	2011	2010	**2011**	2010
USD to PKR	**87.80**	84.99	**89.92**	85.67

Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the US Dollar with all other variables held constant, post-tax profit for the year would have been higher by the amount shown below, as a result of net foreign exchange gain on translation of foreign currency trade payables.

	2011	2010
Effect on profit	(Rupees in '000)	
USD	**3,817**	3,802

The weakening of the PKR by 10% against above currency would have had an equal but opposite impact on the post-tax profits.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the Company.

33.3.2 Interest rate risk

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is as follows:

		2011	2010
Financial assets		Carrying amount (Rupees in '000)	
Fixed rate instruments			
Trade debts	19	**1,043,857**	968,555
Deposit account with banks	22	**42,732**	37,406
Financial liabilities			
Fixed rate instruments			
Long term deposits	8	**32,239**	28,913
Variable rate instruments			
Long term loans - secured	6	**270,000**	263,958
Liabilities against assets subject to finance lease	7	**38,062**	51,768
Short term running finance - secured	12	**1,029,702**	817,857

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2010.

	Profit and loss	
	100 bp increase	100 bp decrease
	(Rupees in '000)	
As at 31 December 2011		
Cash flow sensitivity - Variable rate instruments	**(2,284)**	2,284
As at 31 December 2010		
Cash flow sensitivity - Variable rate instruments	**(1,906)**	1,906

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the Company.

33.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). At reporting date the Company does not have financial instruments exposed to other price risk.

33.4 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

34 CAPITAL RISK MANAGEMENT

The Management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Management closely monitors the return on capital along with the level of distributions to ordinary shareholders. There were no major changes in the Company’s approach to capital management during the year.

35 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements in respect of remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES		TOTAL	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	(Rupees in '000)							
Managerial remuneration	**2,091**	9,130	**4,112**	3,699	**13,210**	9,680	**19,413**	22,509
Retirement benefits	**174**	857	**343**	308	**1,100**	806	**1,617**	1,971
Reimbursable expenditures	**210**	286	**420**	384	**3,785**	2,418	**4,415**	3,088
Housing	**784**	-	**1,149**	946	**5,613**	3,627	**7,546**	4,573
Leave passage and others	**1,116**	2,765	**836**	1,023	**1,902**	2,065	**3,854**	5,853
	4,375	13,038	**6,860**	6,360	**25,610**	18,596	**36,845**	37,994
Number of persons	**1**	1	**2**	2	**15**	9	**18**	12

35.1 In addition to the above, the Chief Executive, Directors and Executives are provided with free use of the Company-maintained cars and certain items of furniture and fixtures in accordance with their entitlements. The Company also makes contributions based on actuarial calculations to gratuity and pension funds.

35.2 Aggregate amount charged in the financial statements for fee to five (2010: four) non-executive directors was Rs. 2.703 million (2010: Rs. 0.465 million).

35.3 The Chief Executive, Directors and Executives as above represent key management personnel of the entity, i.e. the personnel having authority and responsibility for planning, directing and controlling the activities of the Company.

36 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise 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 directorship, key management personnel and employee retirement benefit funds. The aggregate value of transactions and outstanding balances as at 31 December with related parties other than those which have been disclosed elsewhere are as follows:

		Transaction value		Balance payable/ (receivable)	
		2011	2010	**2011**	2010
	Note	(Rupees in '000)			
Royalty	36.1	**29,369**	24,572	**66,229**	44,338
Purchase of goods, materials and services	36.2	**14,867**	14,344	**10,686**	8,503
Dividend on non-remittable shares		**-**	-	**517**	517
Interest expense	36.3	**800**	6,498	**-**	1,675
Short term running finance - secured		**-**	-	**-**	29,931
Employee retirement benefits	36.4	**14,986**	1,334	**(5,722)**	(14,866)

36.1 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 duly registered with the State Bank of Pakistan.

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

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

36.4 Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefit schemes and actuarial advice. Particulars of transactions with workers' profit participation fund and employee retirement benefit plans are disclosed in notes 13.4 and 9 to these financial statements.

37 PLANT CAPACITY AND ACTUAL PRODUCTION

		2011	2010
	Capacity	**Actual production**	
	(Units)	**(Units)**	(Units)
Sewing machines	50,000	**37,080**	39,243
Gas appliances	25,000	**13,214**	14,974
Refrigerators / deep freezers	25,000	**35,549**	37,449
Washing machines	15,000	**115**	45
Colour televisions	20,000	**17,463**	19,869
Microwave oven	10,000	**3,688**	3,349
Split Air conditioners	10,000	**2,639**	50

Capacity reflects units expected to be produced on the basis of normal production hours. The under-utilisation of capacity is mainly attributed to market conditions.

38 NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors in its meeting held on 29 March 2012 has proposed a bonus issue of 10% (2010: 10%). This appropriation will be approved in the forthcoming Annual General Meeting.

39 DATE OF AUTHORISATION

These financial statements were authorised for issue in the meeting of the Board of Directors held on 29 March 2012.

Chief Executive | **Chief Financial Officer** | **Director**

Pattern of Shareholding As At December 31, 2011

As per requirement of Code of Corporate Governance

Description	No. of Shares
Associated Companies, Undertakings and Related Parties	
Singer (Pakistan) B.V. Holding Company	26,371,095
Continental Furnishing Co., (Pvt.) Limited	264
Pakistan Agencies Limited	264
Industrial Engineers Limited	264
Chairman	
Mr. Kamal Shah	69,019
Directors	
Mr. Gavin J. Walker (Nominee of Singer (Pakistan) B.V.)	202
Mr. U. R. Usmani	2,209
Mr. Badaruddin F. Vellani	1,927
Mr. Abdul Hameed Daigia*	500
Mr. Yussuff Rasheed Chinoy**	19,896
Mr. Fareed Khan (Alternate of Mr. Gavin Walker)	151
Mr. Rasheed Y. Chinoy (Alternate of Mr. Yussuff Rasheed Chinoy)**	1,159,392
Director's Spouse	
Mrs. Kamal Shah	89,555
Executives	1106
Public Sector Companies and Corporations, Banks / Financial Institutions, Insurance Companies, Mutual Funds etc.	7,236,317
Shareholder holding ten percent or more voting interest	
Singer (Pakistan) B.V. Holding Company	26,371,095
Jahangir Siddiqui & Co. Limited	6,527,158

* Shares purchased by Mr. Abdul Hameed Dagia during the year.
** Shares transfered by Mr. Rasheed Y. Chinoy to Mr. Yussuff Rasheed Chinoy during the year.

Pattern of Shareholding As At December 31, 2011

Pattern of Holding of Shares held by the Shareholders

Number of Shareholders	Shareholding From		Shareholding To	Total Number of Shares Held
259	1	-	100	7,522
235	101	-	500	57,337
145	501	-	1000	111,239
214	1001	-	5000	427,198
17	5001	-	10000	110,361
8	10001	-	15000	105,733
3	15001	-	20000	53,987
3	20001	-	25000	65,194
2	25001	-	30000	54,186
2	30001	-	35000	63,618
1	40001	-	45000	44,031
1	65001	-	70000	67,092
1	85001	-	90000	89,555
1	90001	-	95000	92,738
1	245001	-	250000	247,700
1	500001	-	505000	504,994
1	580001	-	585000	585,000
1	640001	-	645000	641,261
1	1295001	-	1300000	1,298,309
1	6500001	-	6530000	6,527,158
1	26350001	-	26375000	26,371,095
899				**37,525,308**

Categories of Shareholders

S. No.	Categories of Shareholders	Number of Shareholders	Number of Shares Held	Percentage %
1	Associated Companies, Undertakings and Related Parties	4	26,371,887	70.28
2	Joint Stock Companies	13	7,235,741	19.28
3	Individuals	879	3,917,104	10.44
4	Banks, Development Finance Institutions, NBFIs, Mutual Funds & Modarabas	3	576	0.00
	TOTAL	**899**	**37,525,308**	**100.00**

FORM OF PROXY

The Company Secretary
Singer Pakistan Limited
Plot No. 39, Sector 19
Korangi Industrial Area
Karachi

I/We ______________________________
of ______________________________
being a member of **Singer Pakistan Limited** hereby appoint ______________________________
____
of ______________________________
or failing him ______________________________
of ______________________________
as my proxy in my absence to attend, speak and vote for me and on my behalf at the Fifty-first Annual General Meeting of the Company to be held on Monday, 30 April 2012 and at any adjournment thereof.
As witness my / our hand this ______________ day of ______________ 2012.

Rs. 5/- Revenue Stamp

Witness No. 1
Name : ______________________
Address : ______________________
____
____
CNIC No. : ______________________

____
Signature of Member(s)

Witness No. 2
Name : ______________________
Address : ______________________
____
____
CNIC No. : ______________________

____
(Name in Block Letters)

Folio No.______________________
Participant ID No. ______________________
Account No. in CDC ______________________

Important:

1. CDC Account Holders are requested to strictly follow the guidelines mentioned in the Notice of Meeting.

2. A member entitled to attend a General Meeting is entitled to appoint a proxy to attend and vote instead of him/her.

3. Members are requested:
   a) To affix Revenue stamp of Rs. 5/- at the place indicated above.
   b) To sign across the revenue stamp in the same style of signature as is registered with the Company.
   c) To write down their Folio Numbers.

4. This form of proxy, duly completed and signed across a Rs. 5/- revenue stamp, must be deposited at the Company's Registered office not less than 48 hours before the time for holding the meeting.

AFFIX
CORRECT
POSTAGE

The Company Secretary
Singer Pakistan Limited
Plot No. 39, Sector 19
Korangi Industrial Area
Karachi

Fold here

Fold here

Fold here

Fold here

A Pioneer Retail and Consumer Durables Company

The World's Renowned Brands Find a Home with us

Singer has found a way to "encapsulate the world" – marketing the products of Waves; Ravi; Samsung; Haier; Nobel; Super Power; Kentax; Sony; Metro; LG; Dawlance; Orient; Skyworth; Singer...among others, through their outlets

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