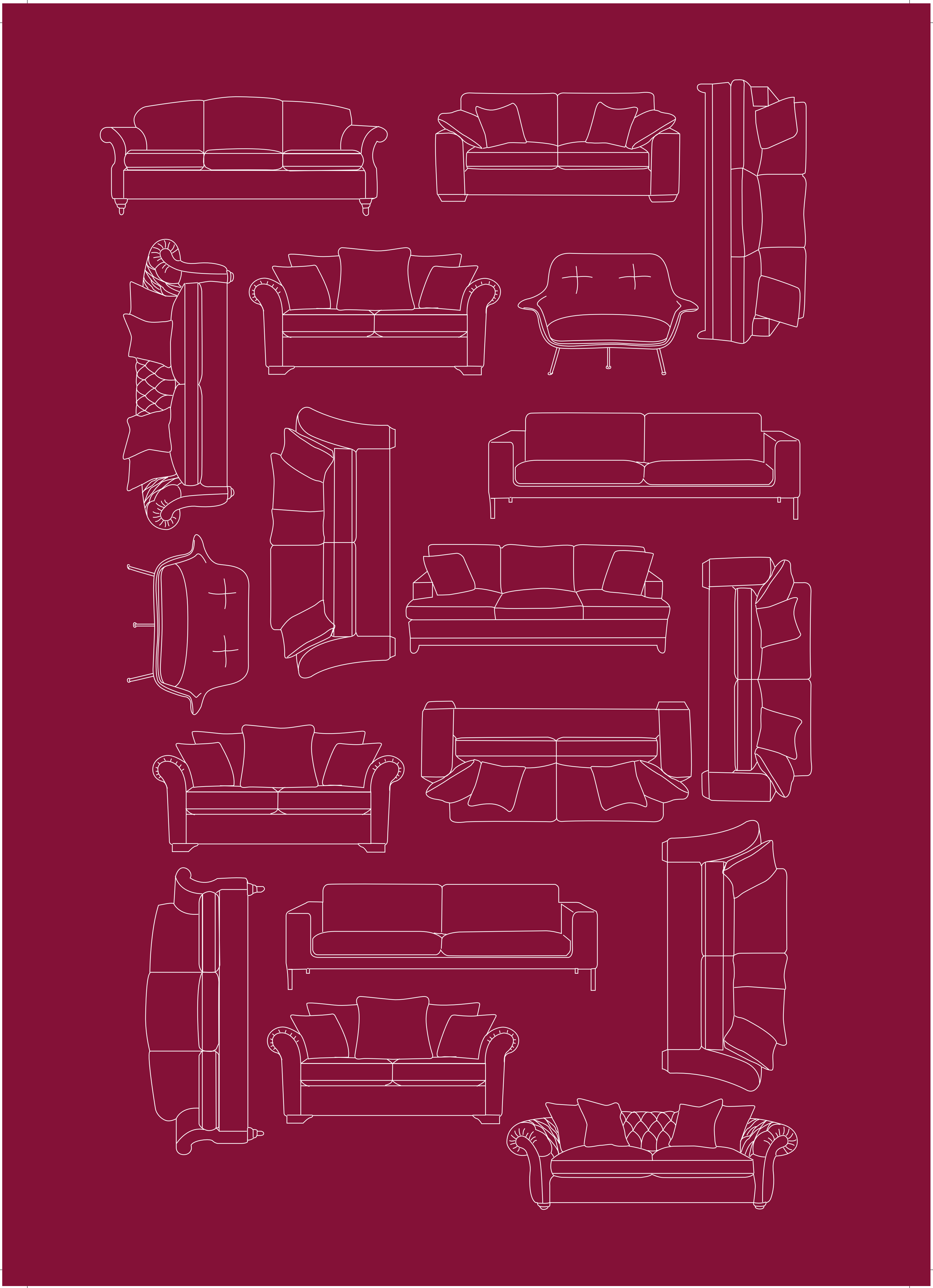
SINGER®

Furnishing Results

Singer Pakistan Limited ★ Annual Report 2013



SINGER is one of Pakistan's largest and diversified retailer of consumer durables. Our multi-brand, multi-channel business model, under the aegis of the world renowned SINGER name has been a success story throughout and our portfolio reads like a 'Who's Who' of the world's leading brands and lines of business.

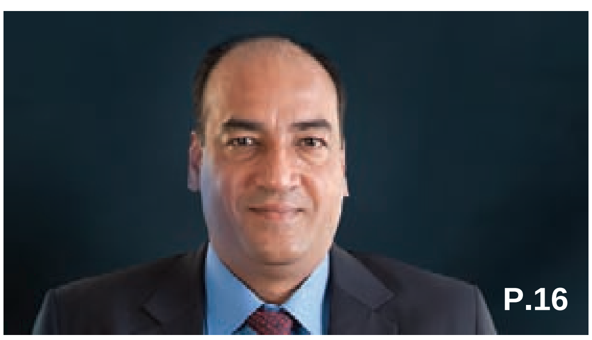
An emergent and dynamic 'addition' this year is our competitive line of modern sofas, promising quality and impeccable service to the upcoming category of Singer Furniture.

Functional, durable and high-tech are the terms we use to describe our range of appliances coinciding with the value of our entire Singer portfolio that adds convenience to the lives of customers everywhere.

We're confident that business will flourish in the years ahead as the dimensions of Singer expands even further.

CHAIRMAN'S REPORT

The Management has added new products such as Furniture and Room Coolers to fully utilize our unparalleled retail distribution network throughout Pakistan.



DIRECTORS' REPORT

The Management is focused and will make efforts to increase sales, decrease costs and ultimately increase the return for its shareholders by increasing productivity and efficiency.

CONTENTS

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.

Shareholders

We provide a reasonable return while safeguarding their investment.

Employees

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

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

Mahmood Ahmed
Chief Operating Officer

COMPANY SECRETARY

Nasir Hussain

AUDIT COMMITTEE

Badaruddin F. Vellani
Chairman

Rasheed Y. Chinoy
Member

Fareed Khan
Member

Abdul Hamid Dagia
Member

Mahmood Ahmed
Member

A. H. Dawood
Secretary

HR AND REMUNERATION COMMITTEE

Kamal Shah
Chairman

Syed Aleem Hussain
Member

Rasheed Y. Chinoy
Member

Fareed Khan
Member

Nasir Hussain
Secretary

BANKERS

Al Baraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Burj Bank Limited
Bank Islami Pakistan Limited
Deutsche Bank AG
Dubai Islamic Bank Pakistan Limited
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

Central Depository Company
of Pakistan Limited

CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahra-e-Faisal
Karachi-74400, Pakistan

REGISTERED AND HEAD OFFICE

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

WEBSITE

www.singer.com.pk

NOTICE OF MEETING

Notice

Notice is hereby given that the Fifty Third Annual General Meeting of SINGER PAKISTAN LIMITED will be held on Saturday, 26 April 2014 at 10:00 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 2013 together with the Reports of Directors' and Auditors' thereon.

2. To appoint Auditors of the Company for the financial year ending 31 December 2014 and to fix their remuneration.

By order of the Board

Nasir Hussain
Company Secretary

Karachi : 5 April 2014

NOTES

MEMBERS' REGISTER CLOSURE

1) The Share Transfer Books of the Company will be closed and no transfer will be accepted for registration from 16 April 2014 to 26 April 2014 (both days inclusive).

APPOINTMENT OF PROXY (IES)

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 Cards (CNIC) or passport to prove his / her identity. The Registered Office of the Company is located at Plot No. 39, Sector 19, Korangi Industrial Area, Karachi.

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) 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.

6) CDC Account Holders will further have to follow the under-mentioned 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 / her identity by showing his / her 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 APPOINTMENT OF 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.

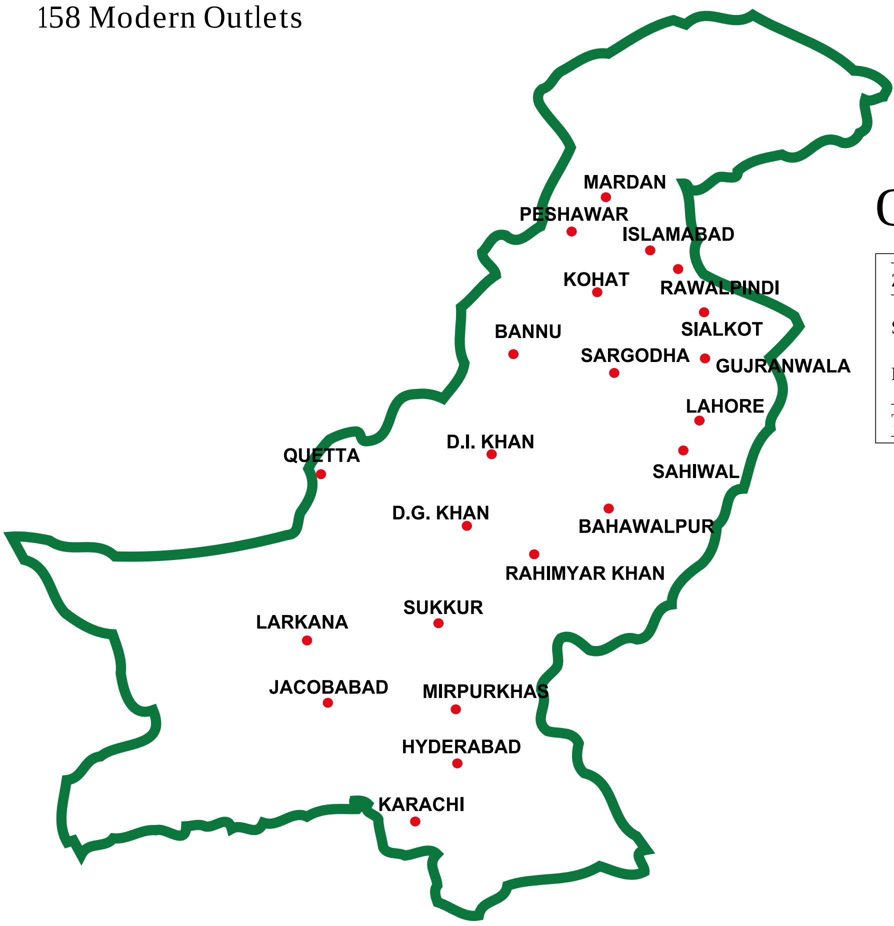
TEN YEARS AT A GLANCE

(Rupees in '000)

	2013	2012 (Restated)	2011	2010	2009 (Restated)	2008	2007	2006	2005	2004
ASSETS EMPLOYED										
Current Assets	2,383,136	2,216,944	2,067,261	1,831,867	1,609,991	1,593,872	1,361,138	1,094,432	914,053	739,318
Current Liabilities	1,865,348	1,673,872	1,524,999	1,339,354	1,160,329	1,156,781	918,298	804,710	654,973	510,860
NET CURRENT ASSETS	517,788	543,072	542,262	492,513	449,662	437,091	442,840	289,722	259,080	228,458
Property , Plant & Equipment	642,318	652,417	656,101	661,989	210,499	212,213	156,915	110,312	99,248	77,278
Intangible Assets	33,596	1,753	1,759	3,607	5,083	7,638	4,666	822	560	986
Investments	-	-	-	-	-	-	6,894	7,026	7,148	7,292
Employee retirement benefits - Prepayments	3,548	9,001	13,728	18,795	15,863	30,139	5,617	3,578	3,632	-
Long Term Deposits	31,962	30,565	32,109	32,104	31,844	32,100	27,396	20,475	17,344	16,302
TOTAL ASSETS EMPLOYED	1,229,212	1,236,808	1,245,959	1,209,008	712,951	719,181	644,328	431,935	387,012	330,316
FINANCED BY:										
Share Capital	454,056	412,778	375,253	341,140	310,127	275,668	245,038	133,173	113,339	113,339
Reserves & unappropriated profit	161,667	164,511	160,508	159,757	162,849	181,805	144,298	122,323	109,866	98,980
Surplus on revaluation of fixed assets	296,594	291,337	301,371	305,615	-	-	-	-	-	-
Deferred Income	464	1,392	3,247	4,175	5,103	6,031	6,959	7,887	8,815	9,743
Employee retirement benefits - Obligation	19,380	16,483	8,006	3,929	5,173	2,360	1,962	2,193	1,956	-
Long term loans, Debenture Lease Facilities, Deposit and Deferred liabilities	297,051	350,307	397,574	394,392	229,699	253,317	246,071	166,359	153,036	108,254
TOTAL CAPITAL EMPLOYED	1,229,212	1,236,808	1,245,959	1,209,008	712,951	719,181	644,328	431,935	387,012	330,316
FINANCIAL PERFORMANCE										
Sales	2,293,396	2,390,532	2,403,853	2,263,122	2,116,878	2,131,378	1,744,173	1,427,112	1,197,188	979,541
Profit from operations	226,182	263,636	234,739	207,491	181,992	188,854	139,006	109,372	82,498	62,105
Profit after taxation	36,259	42,079	30,620	27,921	15,503	52,561	41,951	32,291	25,053	19,799
Earnings per share	0.80	0.93	0.74	0.74	0.45	1.69	1.52	1.43	1.88	1.75
Bonus shares										
Amount	-	41,278	37,525	34,114	31,013	34,459	30,630	19,976	19,834	-
%	-	10.0%	10.0%	10.0%	10.0%	12.5%	12.5%	15.0%	17.5%	-
Cash dividend										
Amount	-	-	-	-	-	-	-	-	-	14,167
%	-	-	-	-	-	-	-	-	-	12.5%

SINGER AT A GLANCE

14 Extensions and
158 Modern Outlets



Our Retail Presence

Zone	Singer Plus	Warehouse	Service Centre	Total
South	86	5	3	94
North	72	3	3	78
Total	158	8	6	172

Total Call Traffic and Clicks

Over 170,000

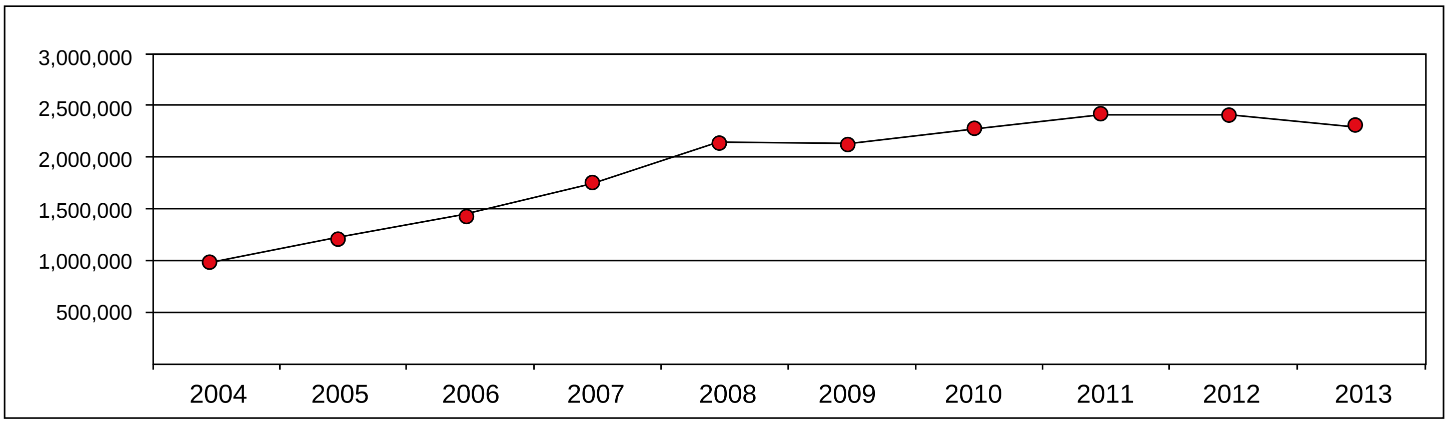
Household Users

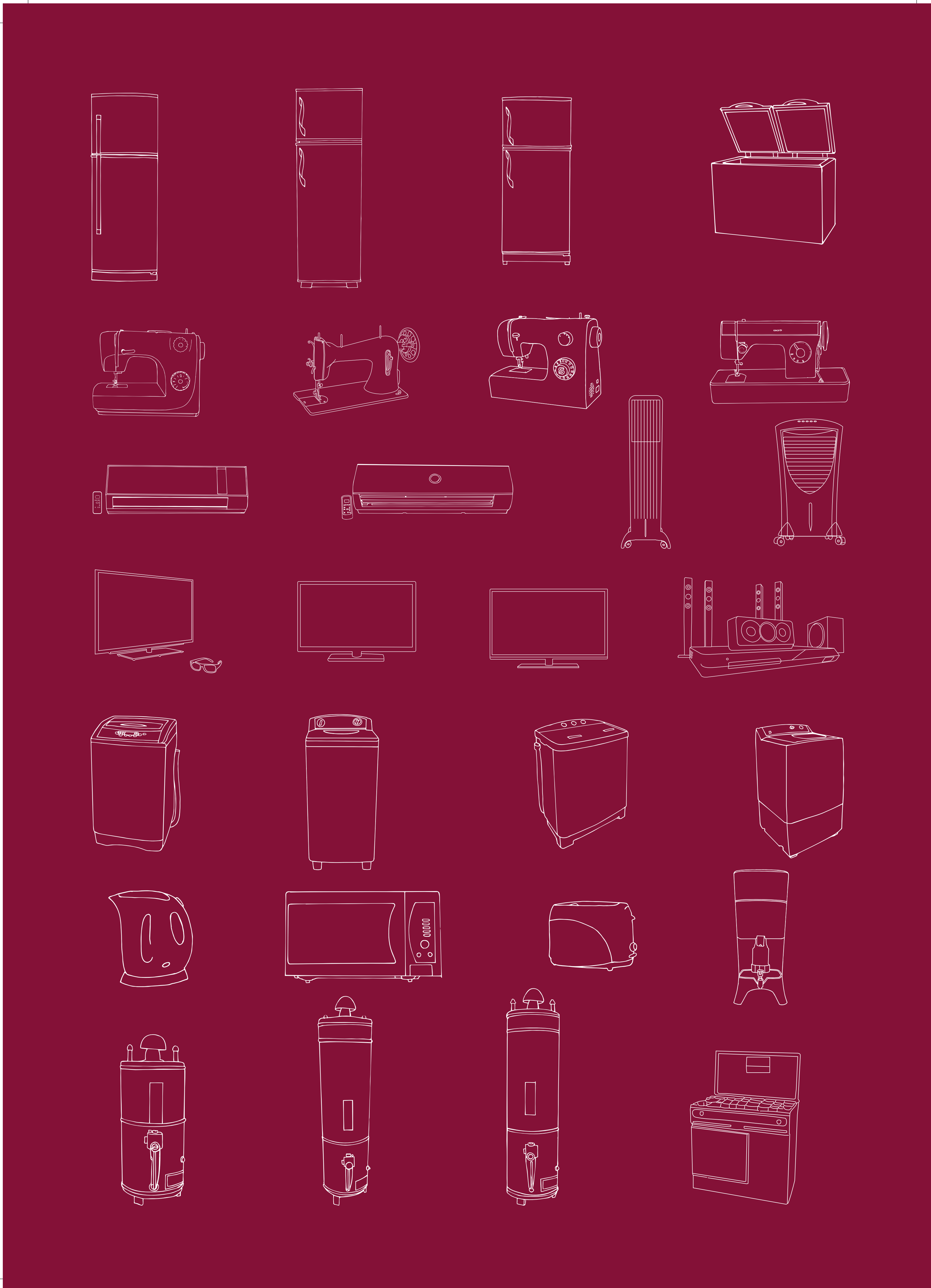
Over 150,000

Singer Staff

Strength 1,380

Revenue (Rupees in '000)





BOARD OF DIRECTORS


Mr. Kamal Shah


Mr. S. Aleem Hussain

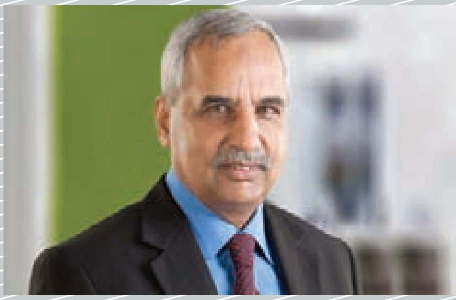

Mr. Rasheed Y. Chinoy


Mr. Badaruddin F. Vellani


Mr. Abdul Hamid Dagia


Mr. Gavin J. Walker


Mr. Fareed Khan


Mr. Mahmood Ahmed


Mr. Nasir Hussain


Mr. Yussuff Rasheed Chinoy

BOARD OF DIRECTORS

Mr. 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 Fellow 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.

Mr. 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 51 years. Currently, he is Chairman and Managing Director of Continental Furnishing Co. (Private) Limited. He is a founder Director of Singer Industries Pakistan Limited which was the forerunner of Singer Pakistan Limited. However, he is currently 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 & Benckiser of Pakistan Group of Companies, The Johnson & Phillips Group Company, K-Electric, First Dawood Investment Bank Limited and Haroon Oils Pakistan Limited

Presently, Mr. Rasheed Y. Chinoy is also on the Board of the following companies:

- Pakistan Agencies (Private) Limited
- Fibercane (Private) Limited
- Alpha Insurance Co. Limited

Mr. 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.

Mr. ABDUL HAMID DAGIA
Director

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 Limited, K-Electric, Jahangir Siddiqui & Co. Limited and Jahangir Siddiqui Investment Bank Limited.

He was member of Karachi Stock Exchange Limited & member of its Finance & Taxation Sub-committee.

He had 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) & also Chairman Audit Committee (Pakre).

He is presently Director of 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.

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 traveled 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.

GAVIN J. WALKER
Director

Mr. Walker is the President and Chief Executive Officer of Singer Asia Limited 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 license).

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

Mr. S. ALEEM HUSSAIN
CEO

Mr. S. Aleem Hussain has been re-appointed effective 1st January 2014 as the Chief Executive Officer of Singer Pakistan Limited by the Board of Directors in their meeting held on 30th October 2013.

He is an MBA from the University of the East Philippines and has worked with the Company in executive positions since 1993. He is holding the position of Chief Executive Officer of the Company since 1st January 2011.

Mr. 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.

Mr. MAHMOOD AHMED
Director & COO

Mr. Mahmood Ahmed is a graduate from the University of Peshawar and has worked in the Company for the last 40 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. Mahmood 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 has also completed Directors' Training Programme from the Institute of Chartered Accountants of Pakistan and is now a Certified Director.

Mr. NASIR HUSSAIN
Director

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

In his professional career that spans over 18 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 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 9 years, he has held different executive positions in the finance department. He has been working as the Chief Financial Officer and Company Secretary since 2007.

CHAIRMAN'S REPORT
For The Year Ended 31 December 2013

Dear Shareholders,

The economy improved slightly during the year with the reduction in inflation, substantial growth in home remittances from Pakistanis working abroad and reduction in discount rate. However, rapid devaluation of Pakistan Rupee against U.S. dollar, adverse law and order situation, increasing utility and other costs, increase in sales tax on consumer durables and continued energy crisis adversely affected the consumers' purchasing power. This adversely affected the Consumer Durables' business.

Net Revenue declined by 4.7% and Profit after Taxation declined by 13.8%. Management made efforts to control Marketing, Selling and Distribution costs to minimize adverse effects of loss of revenue. Due to highly competitive business it was not possible to pass on entire cost increases to consumers. Earnings per share declined to Rs. 0.80 per share in 2013 as against Rs. 0.93 last year.

The Management has added new products such as Furniture and Room Coolers to fully utilize our unparalleled retail distribution network throughout Pakistan. We have well trained sales force which allows us to reach customers and provide them our products and services on their door steps on easy payment terms both in urban and rural areas of Pakistan. The growth will be accelerated with the availability of funding.

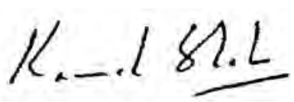
The most modern and integrated retail Information Technology System is running in all shops and ware houses of the Company throughout Pakistan. Full benefits of this project will be realized both in terms of cost and controls in future.

The Company continues to run its popular CSR programs which include sewing classes for women and education of young people against evils of smoking and narcotics.

The Board of Directors has re-appointed Mr. S. Aleem Hussain as the CEO of the Company for three years effective January 1, 2014.

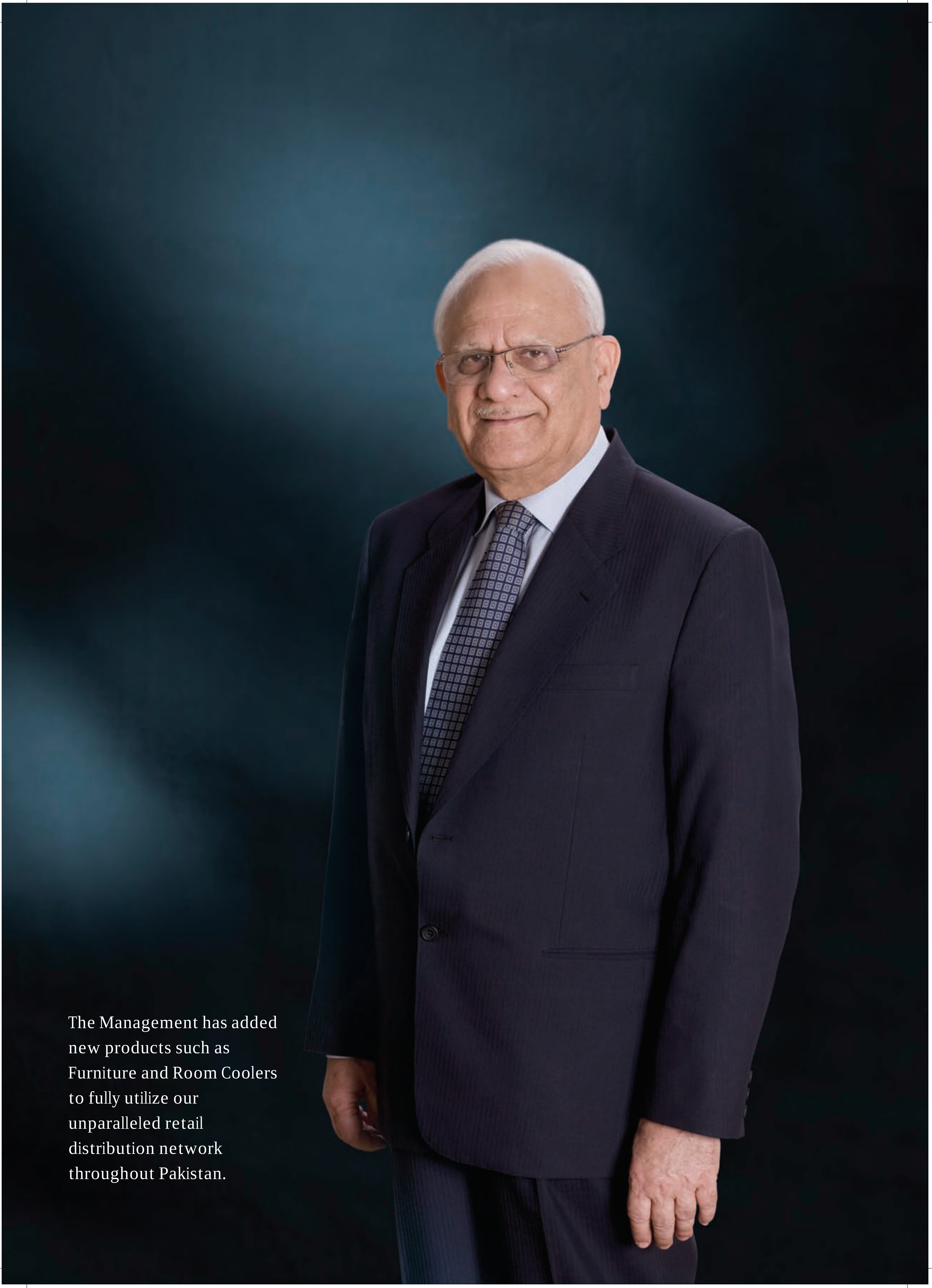
I take this opportunity to thank all employees of the Company for their hard work and dedication.

I would also like to thank all members of the Board of Directors, Audit Committee and HR&R Committee for their guidance and support throughout the year. I am also thankful to our valued shareholders for their support and cooperation.



Kamal Shah
Chairman

Karachi : 26 March 2014



The Management has added new products such as Furniture and Room Coolers to fully utilize our unparalleled retail distribution network throughout Pakistan.

The Management is focused and will make efforts to increase sales, decrease costs and ultimately increase the return for its shareholders by increasing productivity and efficiency.

REPORT OF THE DIRECTORS

For the year ended 31 December 2013

The Directors of your Company have the pleasure in presenting the Annual Report together with the Audited Financial Statements of the Company for the year ended 31 December 2013.

OVERVIEW OF RESULTS

The business environment in the year 2013 remained highly challenging. The dollar crossed Rs. 100 barrier for the first time with significant increase in utilities and energy prices. The law and order situation remained fragile and severe energy crisis contributed in keeping the consumer appliances' market under pressure. These factors together with the competition with unorganized sector in consumer durables business further intensified the situation. Your Company has taken several measures to control costs and remain competitive in a market with an uneven playing field.

During the year, net revenue of the Company declined to Rs 2,223 million from Rs. 2,332 million compared to the previous year. This decrease is due to overall challenging business environment as mentioned above.

Gross margin decreased by 5.7%. Decline in revenue, increasing cost of production on account of declining value of Pakistan Rupee and rising cost of fuel and utilities, kept the product margins under pressures.

Marketing, selling and distribution cost decreased by Rs. 7.8 million as compared to the previous year. The Company endeavoured to control the marketing, selling and distribution costs and to keep it in line with sales. Administrative expenses increased by Rs. 7.0 million mainly due to increase in staff salaries on account of inflation, increase in the cost of utilities and travelling and conveyance charges. Other operating expenses increased by Rs. 4.1 million mainly due to legal and professional charges and exchange loss. Other income increased mainly due to increase in extended warranty purchased by customers. The Company was able to reap the benefits of the reduction in the discount rate, and as such finance cost decreased by Rs. 27.9 million as compared to the previous year. The Management restricted the decrease in profit before tax to 8.5% by taking various cost saving initiatives, a brief overview of which is given below.

The results for the year 2012 have been restated due to the change in accounting policy as disclosed in note 2.6.1 to the accounts.

SALES OVERVIEW

During the year, the value of sales declined due to various factors affecting the business environment in the Country. The devaluation of the Rupee, cost increases on account of utilities' prices together with the war against terrorism and poor law and order situation in various parts of the Country, put adverse pressure on consumer purchasing power, which affected sales of most of the appliances. Further the delays in quota renewals in peak season also adversely affected production and ultimately sales.

Earned Carrying Charges decreased by 2.7% mainly due to lower sales. With a view to further diversification of its product line, during the year, the Company introduced imported sofa sets through its selected outlets and has acquired distribution rights of imported room-coolers which filled the gap of its existing range of cooling products.

The Company will continue to improve features and introduce new models and new products to grow sales with emphasis to improve trusted after-sales-service.

MANAGEMENT INITIATIVES

The Management of the Company took various initiatives that resulted in significant cost savings. The productivity of the factory improved particularly in the refrigeration plant and the Company has also been able to absorb the increase in minimum wages of labour without affecting the profitability of the Company. New and improved logistics system has not only reduced the risk of damages but has also decreased transportation time.

The Management is focused and will make efforts to increase sales, decrease costs and ultimately increase the return for its shareholders by increasing productivity and efficiency.

PROFITABILITY AND APPROPRIATIONS

The profit for the year 2013 and appropriations considered for the year 2014 are as follows:

	2013 (Rupees in '000)
Total Comprehensive Income	34,261
Transfer from surplus on revaluation property, plant and equipment	4,173
Un-appropriated profit carried forward	396
Profit available for appropriations	38,830

The Board of Directors of your Company desired to issue Bonus Shares for the year ended 31 December 2013. However, due to the non-availability of adequate free reserves as required under the Companies (Issue of Capital) Rules, 1996 the Board could not resolve to issue Bonus Shares. The main reason for the non-availability of adequate free reserves is the capitalization of ERP System during the year 2013, which increased the intangible assets of the Company. Cash dividend was not considered due to cash constraints, the Company's needs for cash for its business and operations, and the challenging times which lie ahead for the consumer appliances' business.

EARNINGS PER SHARE

Earnings per share for the year ended 31 December 2013 is Re. 0.80 as against Rs. 0.93 for the previous year.

FUTURE OUTLOOK

Improvement in GDP growth along with the increasing farmers' income, improvement in foreign remittances, appreciation of Pakistan Rupee against US dollar and stability of discount rate are expected to improve the business environment in the Country. However, the worsening law and order situation, ever-rising energy crisis, rise in fuel and power prices, will keep the business environment challenging in the year 2014.

The Company is considering to gradually expand its product range in furniture. The Company will relocate and/or expand its existing retail network to accommodate and increase sale of its products. The Management of the Company will remain focused on its key strategies of building up demand for its products through innovative advertising, introduction of diversified products and innovative models, effective sales promotions and trusted after-sales service. The Company will also endeavour to explore new markets and take advantage of new opportunities, wherever possible.

However, a lot will depend on the business environment in the Country.

ERP SYSTEM

The Singer Information System ("SIS") is running in all Singer shops and warehouses throughout the Country and will enable the Company to continue as a leading retailer of home appliances in the Country. Going forward, this ERP system is expected to improve productivity, assets management and efficiency, and will open opportunities to e-commerce and social marketing.

BOARD OF DIRECTORS

A) The Board of Directors of the Company at their meeting held in Karachi on October 30, 2013 re-appointed Mr. S. Aleem Hussain as the Chief Executive Officer of the Company for a term of three years, with effect from January 1, 2014.

B) As advised in Directors' Report for the year ended 31 December 2012 and subsequently in all our quarterly reports, the Board of Directors of your Company at their meeting held on 30 August 2012 had by majority approved a 40% rights issue. As Mr. Rasheed Y. Chinoy, Alternate Director, and Mr. Abdul Hamid Dagia, Director, dissented to the issue of right shares and did not sign the future projections, the Company applied to the Securities and Exchange Commission of Pakistan (SECP) for relaxation in the application of Rule 5(ii) of the Companies (Issue of Capital) Rules 1996, which requires that all the directors present at the meeting in which the rights issue is approved, to sign future projections.

Before any decision was taken by the SECP on this matter, on November 5, 2012, Mr. Abdul Hamid Dagia and Mr. Rasheed Y. Chinoy filed Suit No. 1507 of 2012 in the Honorable High Court of Sindh (the High Court), against the Company, the Chief Executive Officer, the Chief Financial Officer and the SECP praying for certain relief and grant of an injunction restraining the Company from proceeding with the issuance of right shares. Through its order dated November 5, 2012 the High Court granted an ad-interim injunction restraining the Company from issuing rights shares and directed the Company and the SECP to maintain status quo.

After hearing of arguments the learned Judge in Suit No. 1507 of 2012, through order dated December 13, 2013, disposed of the Plaintiffs' application for injunction to restrain the Company from proceeding with the issuance of right shares with the direction that in case of issuance of right shares, the Company shall act in accordance with law. Thereafter, Mr. Abdul Hamid Dagia and Mr. Rasheed Y. Chinoy filed an Appeal No. H.C.A. D-173 of 2013 before a Division Bench of the High Court against the order dated December 13, 2013. On December 17, 2013, the Division Bench of the High Court suspended the order dated December 13, 2013 passed in Suit No. 1507 of 2012 and issued notices to the Company and other respondents. The proceedings in Suit No. 1507 of 2012 and Appeal No. H.C.A. D-173 of 2013 are pending before the High Court.

Further, the SECP has through its letter dated February 26, 2014 informed the Company that it has not acceded to the Company's request for relaxation from the requirements of Rule 5(ii) of the Companies (Issue of Capital) Rules, 1996 and the SECP has disposed the matter with no further action. This fact has also been communicated to the shareholders through the Company's letter dated March 5, 2014 addressed to the Karachi and Lahore Stock exchanges.

The Company has now submitted/filed an appeal to the Appellate Bench of SECP and the matter is pending with the Appellate Bench for its consideration.

HUMAN RESOURCES

At Singer we recognize that our most valued resource is our dedicated and committed employees contributing consistently towards the Company's performance. We believe our future depends on our ability to build people's capability, therefore, we continued with the professional counseling and on job training for our employees. Short training programmes are conducted on continuous basis for the field force and other staff in the head office and the factory. In addition, comprehensive training programmes are regularly being offered to the field force, which are focused on providing product knowledge, selling skills, merchandizing, credit control, documentation process, and account opening procedures, risk management and an overview of Singer Information System (SIS). A healthy workplace is maintained for the employees providing them opportunities to foster personal growth and skills.

CORPORATE SOCIAL RESPONSIBILITY

The Company endeavors in contributing to local community and has been continuing its CSR programme in offering free Sewing and Stitching classes to ladies and its popular Anti-Narcotics Drive. Sewing and stitching classes offered to the low income group ladies help them not only to find work in industrial concerns but also gives them a sense of respect and independence to overcome their financial needs.

The Anti-Narcotics campaign involves visiting schools, colleges and other educational institutes to educate children and youngsters against the devastating effects of smoking and use of narcotics on their personal and family life. In 2013 alone we visited over 21 schools, colleges and universities and educated over 1,200 students on the harmful effects of narcotics. Anti-narcotics awareness campaign was also carried out in community centers, churches, vocational training institutes and various factories and we are determined to continue this program in 2014 as well.

AWARD

During the year, the Company has been awarded "Pakistan Promotion & Supporter Businessmen Award for Overseas Companies 2012-13" by the Pakistan Businessmen Association.

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 2014.

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 87 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 upon the Company's ability to continue as a going concern;

There has been no material departure from 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 and Pension Funds (audited) as based on their latest accounts for the year ended 31 December 2012 are as follows:

- Provident Fund — Rs. 71.30 million
- Gratuity Fund — Rs. 32.80 million
- Pension Fund — Rs. 71.23 million

During the year, six meetings of the Board of Directors, four meetings of the Audit Committee and three meetings of the HR&R Committee were held. Attendance by the Directors was as follows:

Name of Director	Attendance at Board Meeting	Attendance at Audit Committee	Attendance at HR&R Committee
Mr. Kamal Shah	6	-	3
Mr. Syed Aleem Hussain	6	-	3
Mr. Badaruddin F. Vellani	5	4	-
Mr. Abdul Hamid Dagia	1	1	-
Mr. Rasheed Y. Chinoy (alternate of Mr. Yussuff R. Chinoy)	6	4	3
Mr. Fareed Khan (alternate of Mr. Gavin Walker)	6	3	3
Mr. Mahmood Ahmed	6	4	-
Mr. Nasir Hussain	6	-	-

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

ACKNOWLEDGEMENTS

The Board of Directors would like to thank the customers, dealers, suppliers and bankers for their unwavering support and confidence in us.

The Board of Directors also appreciates the continuous hard work and dedication of the employees of the Company and their continuous commitment in these difficult times.

On behalf of the Board

Syed Aleem Hussain
Chief Executive Officer

Karachi: 26 March 2014

THE MANAGEMENT

Nasir Hussain

Syed Aleem Hussain

Mahmood Ahmed

Wahid-ul-Hassan Muhammad Azam Khan Muhammad Zubair

SENIOR MANAGERS

S. M. Akhtar | S. Mahmood Mohsin | S. Jaffer Abbas | Zafar Iqbal | Sarfaraz A. Malick | M. Javed Khan

Shabnam Enayat

Ashfaq-ul-Haq Abdul Jabbar Jawed Shaikh Anwar Ahmed Naveed Hussain S. Javed Iqbal Asif Azam

Farhana Fahad

SENIOR MANAGERS

M.Rafiq Hafiz Ashfaq Ahmad Habibullah Khan Ali Akhter M. Etesam Hasnain Amir Ali

Muhammad Rashid

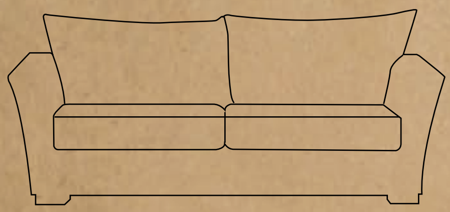
Syed M. Jamshed Tauseef Ahmed Zakai Najm-ul-Hassan Najmul Hoda Khan Zahid Ali Abdul Hakeem Dawood

Salman Ahmed

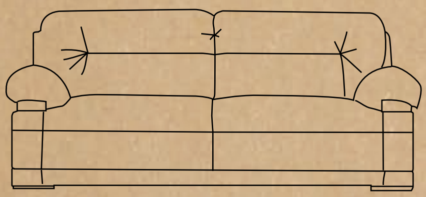
SOFAS AND SITTING ROOM SUITES

'In the arms of luxury' is what they all say about our sofas. They also say that the imagination then has free rein and can take you to places far removed from the living room. it's that Singer magic.

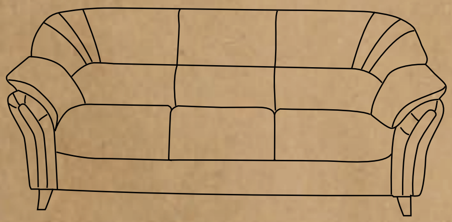
Kelly Fabric Sofa Set
Model WFL-KELLY



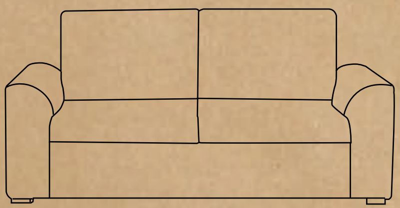
Zurich Leather Sofa
Model WFI-ZURICH



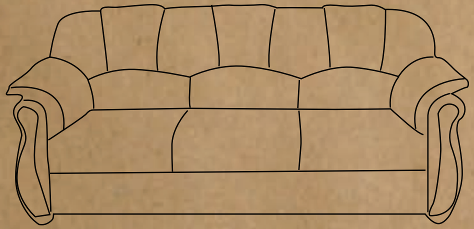
Jovana Leather Sofa Set
Model WF-Jovana



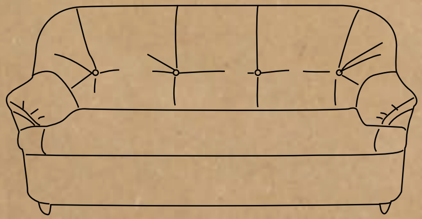
Fabric Sofa
Model WF-BELO

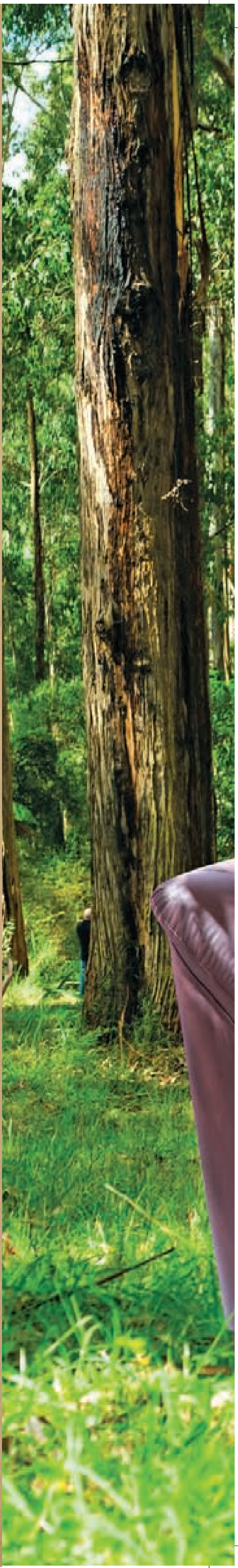


Lora Leather Sofa Set
Model WFL-LORA



Naple Leather Sofa Set
Model WF-NAPLE

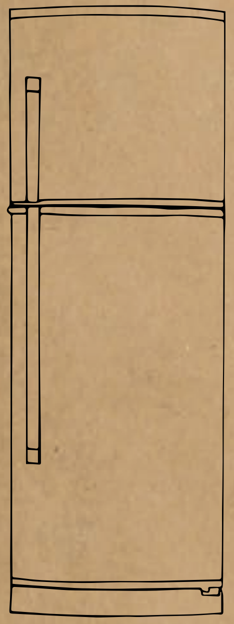




REFRIGERATORS

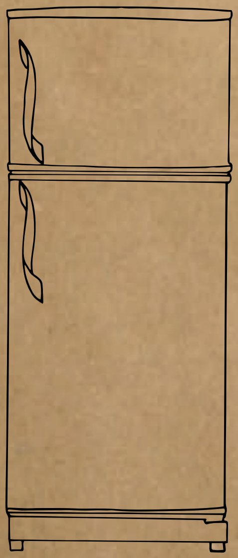
It’s like opening the door to a real life orchard. Singer refrigerators are renowned for keeping foods fresh and completely as nature intended them to be.

Refrigerator - Eco Cool Series
Model - ALD 122

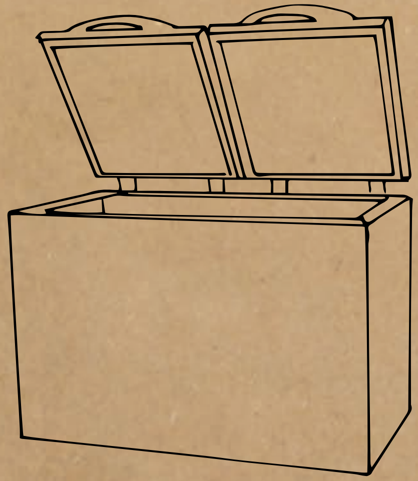


Refrigerator
Model - SR2802

Refrigerator - Cool Max
Model - SR 3002



Deep Freezer - 14CFT Double Door
Model - SDF 2380




SINGER

CUSTOMER RELATIONSHIP MANAGEMENT

Singer's slogan is 'Customer first', we make every possible effort to win new customers and retain loyal customers. This is the customer who take us to a 'change' that is why the only voice in Singer Pakistan is a 'Costumers' Voice'.

We always stay ahead to offer new and technologically advanced products which bring luxury and satisfaction in the lives of our valued customers.

NEW PRODUCTS

Singer Lifestraw Water Purifier - Singer Lifestraw Water Purifier is to be positioned as the ultimate solution developed by Singer to provide clean and bacteria free drinking water with convenience, ease of use and affordability.

Heavy Duty Water Heater - Another of Singer Pakistan's remarkable launch is a Heavy Duty Water Heater with Dual Safety System.

SOFA SETS

In 2013, Singer Pakistan introduced its imported furniture under the umbrella of Singer Homes. Initially, Singer had launched two designs of sofa sets made from high quality imported leatherette and treated wood. Both designs are available in three alluring colors.

NEW SHOP

Singer Pakistan amped its in-store outlook with a new display concept for displaying its sofa line at their new store in Karachi City.

SINGER SERVICE PLUS

In light of this, Singer Pakistan is providing after-sales services not only to Singer products but also extending its services to other multiple brands to gain customer confidence and built strong relations. Initially, Singer Service Plus operated in the Karachi region and very soon it will spread to Lahore and other cities of Pakistan.

www.facebook.com/singerpakistanlimited

www.twitter.com/singerpakistanlimited

SINGER ServicePlus+
Trust at your doorstep!
For after sales service and information, call:
0800-23450

SINGER CALL CENTRE

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

SINGER LOYALTY CARD

As compared to the previous year, we have registered significant growth over the previous year in our customer loyalty programme. In 2013, we re-designed our Customer Loyalty Card, which is better and improved.

Agreement Signing Ceremony between Singer Pakistan and UBL OMNI

STRATEGIC ALLIANCE WITH UBL OMNI

To facilitate our customers, Singer has signed an agreement with UBL to provide OMNI services to our valued customers through Singer Plus stores.

UBL OMNI is a web-based secured operating system working under pure banking sector, serving NGOs, Government sector, individual consumer and business sector.

Initially, bank provides cash transfer & utility bill payment services which will extend in the future from account opening to funds transfer. We are positively expecting greater number of transactions in 2014.

CREDIT CARD CUSTOMERS

We are also facilitating the customers of various banks like Askari Bank, Bank Alfalah, MCB Bank, FWB, Faysal Bank with smart installment plans promotions.

In 2013, Singer Pakistan performed well through these synergies and was able to grab more business prospects as well as entered into new socio-economic classes, hence, contributing in the overall profitability of the Company.

PROMOTIONS & ADVERTISING

In 2013, Singer Pakistan changed the traditional catalogue design and introduced a fresh design that incorporated cutouts.

MARKETING CONFERENCE 2014

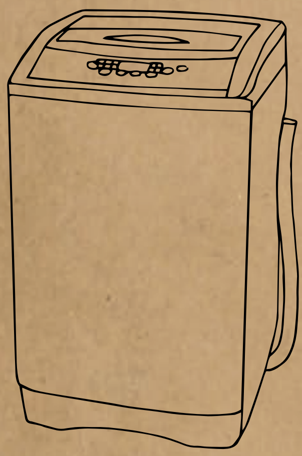
In 2013, Singer Pakistan conducted its annual marketing conference in which the top management had announced new marketing goals for the year 2014 and committed to introduce new product ranges, new and improved refrigerator models and also a new line of imported sofa sets.

The group photo shows the strength, zeal and enthusiasm towards this goal.

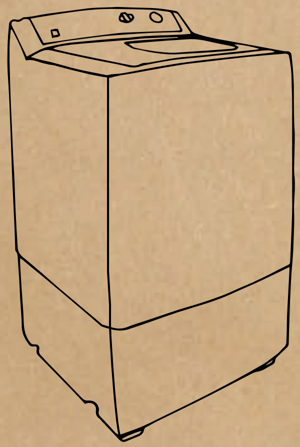
WASHING MACHINES

Singer washing machines are the ultimate time and labour savers. They free up more time to 'appreciate the scenery and savour nature's beauty'...if that's what you'd like to do. Of course, it's great that the wash comes out ultra clean and fresh.

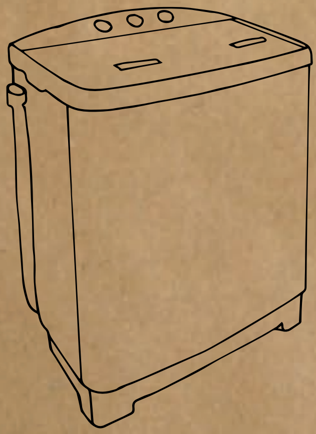
Washing Machine - Fully Automatic
Model 6200 (6.2 KG)



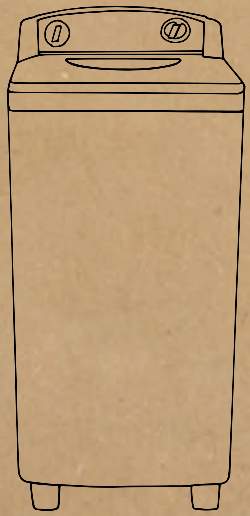
Washing Machine - Single Tub
Model 120 ST (12 KG)



Washing Machine - Twin Tub
Model 75 TT (7.5 KG)



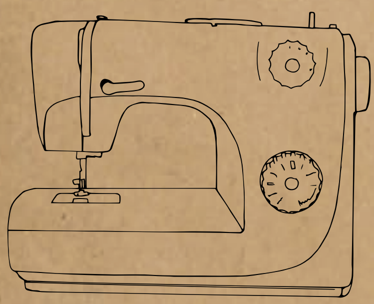
Spin Dryer
Model 7K



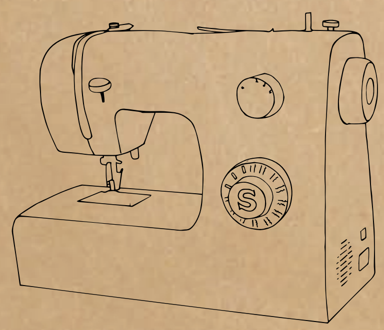
SEWING MACHINES

The Singer sewing machine of today has taken the seamstress from the drudge of ‘hem and stitch’ of yesteryear to an eclectic world of embroidery, vibrancy and colour that is only as limited as one’s imagination.

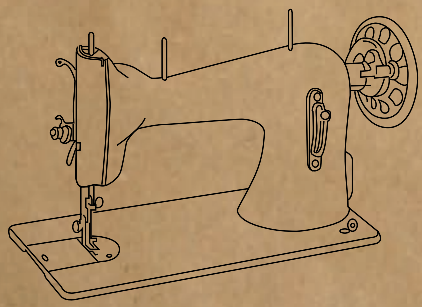
Sewing Macines ZIG ZAG
Model 8280



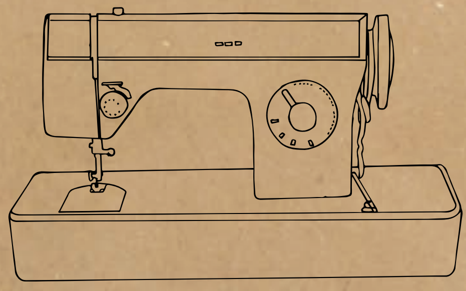
Sewing Macines ZIG ZAG
Model 2263



Sewing Macines Straight Stitch
Model 150 H



Sewing Macines ZIG ZAG
Model 974 H



SINGER MANUFACTURING FACILITY

Singer Pakistan's factory, is located in Korangi Industrial Area, Karachi is engaged in manufacturing and assembling of domestic consumer appliances and light engineering products.

In order to maintain consistency in its objective we continuously focus to expand and diversify our product range by conceiving innovative ideas and acquiring the latest technology. Our product range comprises of refrigerators, split air conditioners, LED / LCD panels, water heaters, cooking range, microwave ovens, washing machines, straight stitch & zig zag sewing machines. We have also plan to engage ourselves in the production of Singer Brand Furniture. The Company launched imported sofa sets through its selected outlets and has acquired distribution rights to import room coolers which filled the gap of existing range of cooling products.

LED / LCD PANEL

We have a modern LED / LCD panels assembling plant where we produce high quality panels. We are currently assembling LEDs / LCDs of various sizes. Our LEDs / LCDs comprise of all modern features like, sharp picture quality, light and slim design with DTV Storage, Mobile HD Link and backlit control.

AIR CONDITIONER

We are assembling well designed high quality Air Conditioners in two different sizes of one and one and half tons which provide cool breeze sensation in hot summer. The outlook of Air Conditioner assembling plant has entirely changed with the progressive efforts of dedicated production staff. Hot testing room is equipped to further

improve testing of our Split Air Conditioners and refrigerators to ensure the good quality and performance of the cooling products.

REFRIGERATOR

The Company has taken measure to improve and modernize its assembly line of refrigerator production. We have redesigned our Refrigerator Plant to improve the production process and control line losses and rejections. This system has minimized the manual and laborious handling that also helped to curtail the damages to a greater extent. Our workforce engaged in production work with ease and safety.

SEWING MACHINE

Singer has always been known for manufacturing the best sewing machines. We are offering “Straight Stitch” & “Zig Zag” sewing machine under the quality control assurance as per PSQCA guidance.

WATER HEATER

Singer is known for its best quality water heaters. Benchmark for Singer is safety, quality, performance and reliability. The quality of our water heater is duly certified by Sui Southern Gas Company (SSGC).

At Singer we take a step forward to make ourselves competitive, we have taken the following measures:

- New and improved logistics system has not only reduced the risk of damages but also decreased transportation time.

- Increased measures in the areas of health, safety and environment through the development of comprehensive strategy for an ecologically favorable and sustainable business model.

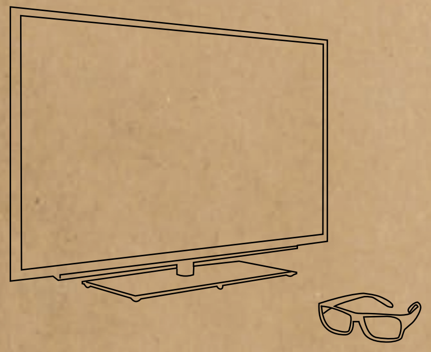
- Enforcement of hygiene by setting up a canteen and dining facility that serves clean and healthy food to the workers and management staff.

At Singer Pakistan, we strongly believe in cherishing the value of our production staff and individuals are treated fairly, encouraged and empowered to contribute growth and develop themselves into a better participant of a Singer team.

ELECTRONICS

Singer takes one's imagination beyond the living room to a world of vibrancy, colour and excitement...

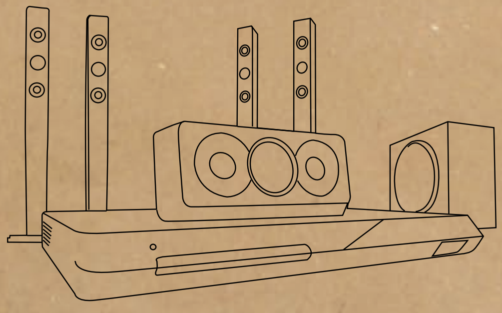
LED 42" Skyworth
Model 42E68



LED 39" Skyworth
Model 39E36

LED 32" Skyworth
Model 32E36

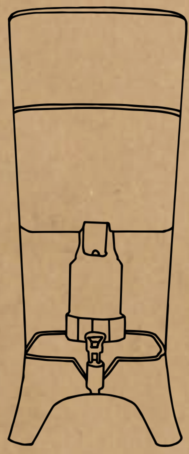
Home Theater Pioneer
Model HTZ120



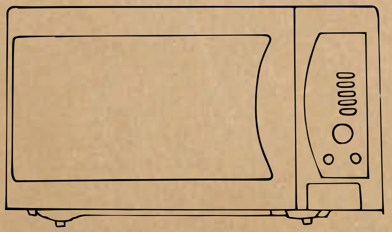
KITCHEN APPLIANCES

Clean and nourishing food & water plays a vital role in preserving health and wellness. We understand how health matters to our customers, which is why our Kitchen Appliances consists of products that uphold purity and cleanliness.

Water Purifer
Life Straw

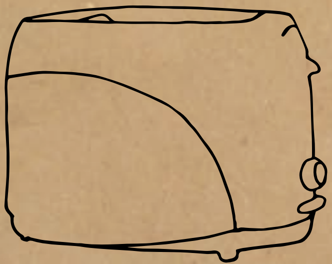


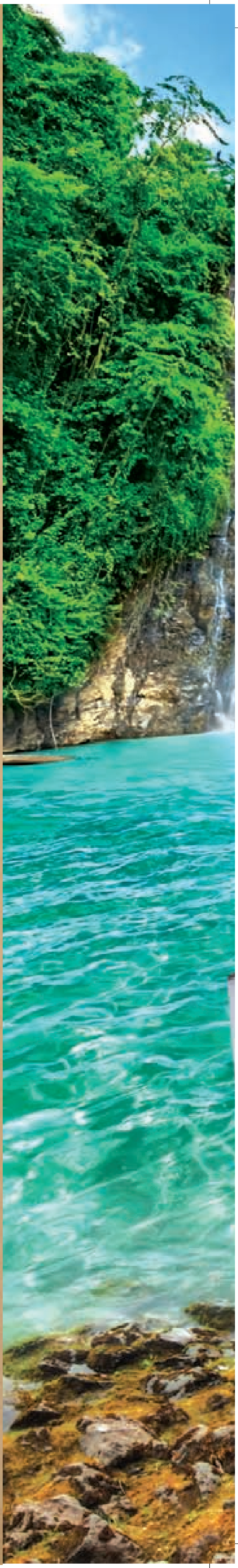
Microwave Oven 28 Liter
Model 928



Electric Kettel
Model Prisma 1.0

Toaster
Model SDT26






SINGER

HUMAN RESOURCES

Employees are the most important assets deriving the business operations and activities also.

At Singer we recognize that our most valued resource is our dedicated and committed employees contributing consistently towards the Company's performance. We believe our future depends on our ability to build people's capability, therefore, we continued with the professional counseling together with on-job training for our employees.

HR Department is one of the pivotal department for any Company and in other words it is the back bone of any organization. By keeping this concept in mind, we have focused on CSR, TRAINING & SRA implementation in 2013. We wanted to strengthen our company's image by putting our role in social responsibility as well as strengthening our staff capabilities by giving them appropriate training. Moreover, SINGER RETAIL ACADEMY which is our guideline to run HR functions smoothly with standardization, its implementation was emphasized in last year.

SINGER RETAIL ACADEMY

Singer Retail Academy is our ladder to success which always gives us better guidance to run Company's function on prescribed procedures. It also gives support to our field force for achieving their targets. SRA provides parameters to measure their shops and area's performance step by step. The great examples are the Morning Meeting & Performance Evaluation; which help sales staff to achieve success.

TRAINING

We also conduct training to our new staff as well as existing staff. We have created a good atmosphere for our new trainees and also their assigned task. In year 2013, we have concentrated on SIS-Singer Information System and have conducted various sessions countrywide to instruct computer knowledge and skills to understand and completely implement SIS in their shop. Going forward, this ERP system is expected to improve productivity, assets management and efficiency, and will open opportunities to e-commerce and social marketing.

Our IT Department can be viewed below with our diligent ERP implementation team.

INDUSTRIAL RELATIONS

We believe in keeping very good relations with all the employees and industrial peace prevailed at the Company.

AWARD

During the year, the Company has been awarded "Pakistan Promotion & Supporter Businessmen Award for Overseas Companies 2012-13" by the Pakistan Businessmen Association.

The Company endeavours in contributing to local community, we have been working continuously on CSR program by offering low price Sewing and Stitching classes to ladies who belong to the lower income group to enable them not only to find work in industrial concerns but also allow them a sense of respect and independence to overcome their financial needs.

We provide free narcotics awareness programme in educational institutions to educate growing students about drawback of involving them in NASHA and how to prevent it.This campaign involves visiting schools, colleges and other educational institutes to educate children and youngsters against the devastating effects of smoking and use of narcotics on their personal and family life. In 2013 alone we visited over 21 schools, colleges and universities and educated over 1200 students on the harmful effects of narcotics. Anti-narcotics awareness campaign was also carried out in community centers, vocational training institutes and various factories and we are determined to continue this program in 2014 as well.

BEST PERFORMERS

The Singer Pakistan conference was held recently in Karachi, with the theme 'Key to Success Hire Purchase'.

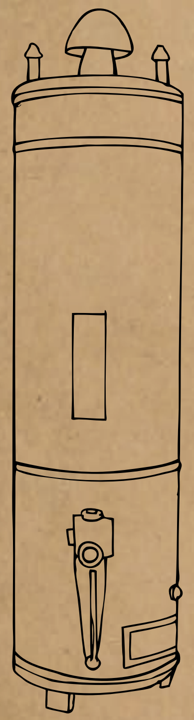
The senior executive team (pictured above, with Joe Kan and Dhammika Guruge from Corporate), awarding President's Club Winner – Mr. S. Zahid Ali (Acting Factory Chief Accountant) is a responsible, dedicated and hardworking manager and has always demonstrated outstanding performance. He is managing the entire team of Factory Finance.

The Diamond Club has been awared to Mr. Rana Akhter Ali Khan, Area Manager, Jhelum. This area performed the best in Pakistan during 2013, with the highest growth and an A+ rating in the Singer Retail Academy.

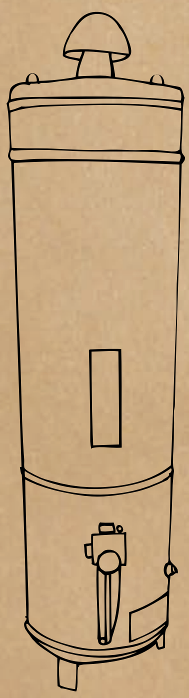
GAS APPLIANCES

There's nothing uncomfortable than having to encounter cold water in winter. Singer's advanced Water Heaters are designed to keep the water temperature in your home just right, according to your needs.

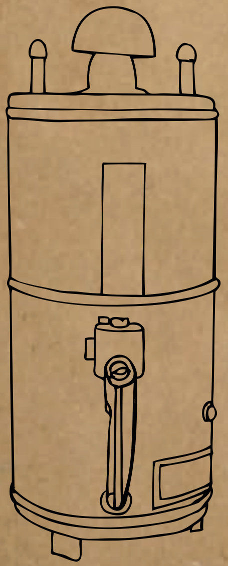
Water Heater - Heavy Duty
Model SG - 35 HDT



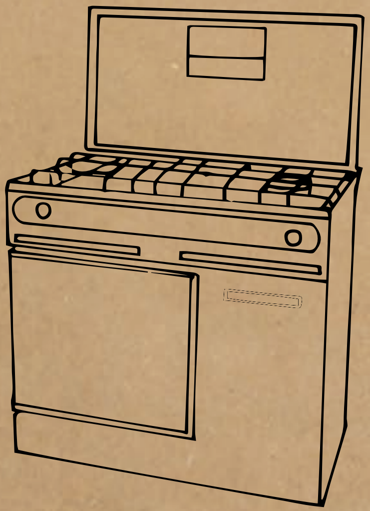
Water Heater - Delux
Model SG - 30 D



Water Heater - Delux
Model SG - 15 D



Cooking Range
Model SG 307

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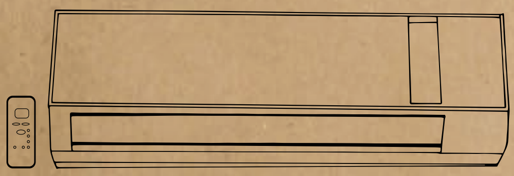
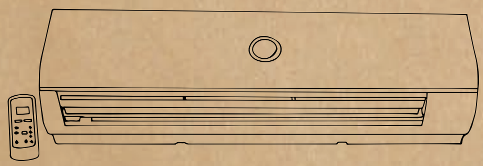
AIR-CONDITIONERS & AIR COOLERS

Comfortable room temperature is essential for a pleasant mood. Singer's air conditioners and air coolers create comfortable living conditions for you by ensuring your mind and body are at peace indoors.

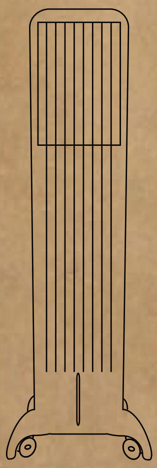
Air-Conditioner 1.5 Ton
Model SS-AC-18-SF



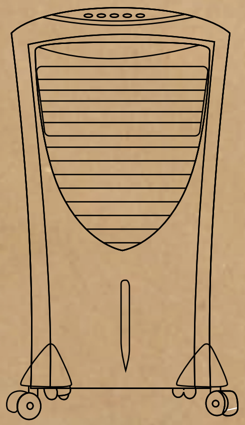
Air-Conditioner 1 Ton
Model SS-AC-12-SF

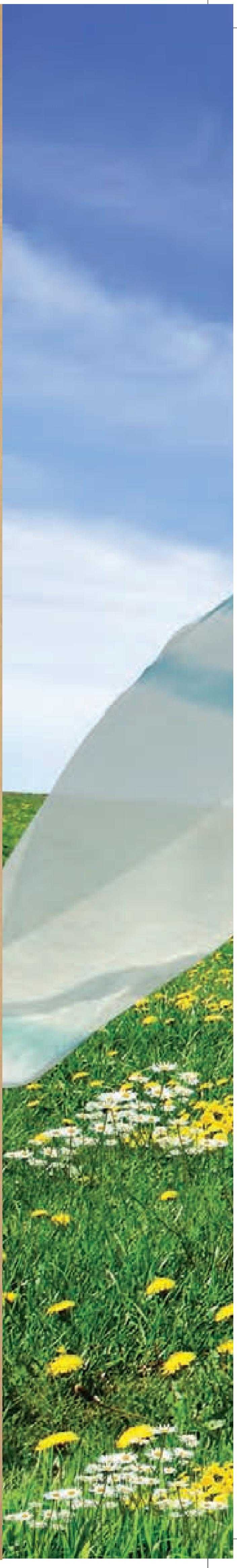


Symphony Air Cooler - 50 Liter
Model Diet 50i



Symphony Air Cooler - 31 Liter
Model Hi Cool Smart i



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SINGER SHOPPING EXPERIENCE

FINANCIAL REPORTS

Financial Calendar - 2013

Annual Report 2012 - Published
8th April 2013

Fifty-Second Annual General Meeting
29th April 2013

Bonus Shares 2012
29th April 2013

Interim Financial Statements

For three months ended
31st March 2013 (unaudited)
29th April 2013

For six months ended
30th June 2013 (reviewed)
29th August 2013

For nine months ended
30th September 2013 (unaudited)
30th October 2013

Annual Report & Annual
General Meeting

Annual Report 2013 - Approved
26th March 2014

Fifty-Third Annual General Meeting
26th April 2014

Statement of Compliance

For the year ended 31 December 2013

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 Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. As on December 31, 2013 the Board includes:

Category	Names
Non-executive directors	Mr. Kamal Shah (Chairman) Mr. Gavin J. Walker Mr. Badaruddin F. Vellani Mr. Yussuff Rasheed Chinoy (alternate: Mr. Rasheed Y. Chinoy) Mr. Abdul Hamid Dagia
Executive directors	Mr. S. Aleem Hussain Mr. Mahmood Ahmed Mr. Nasir Hussain

   Subsequent to the year end, Mr. Fareed Khan was reappointed as the alternate director of Mr. Gavin J. Walker.

2. The directors have confirmed that none of them is serving as a director in more than seven 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. No casual vacancy occurred on the Board during the year.

5. The Company has prepared a Code of Conduct called 'Statement of Ethics and Business Conduct' which includes certain policies and procedures, and has ensured that appropriate steps have been taken to disseminate it throughout 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 and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), other executive and non-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 agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. One of the directors has acquired certification under directors training program conducted by the Pakistan Institute of Corporate Governance and another director has already attended the training program by ICAP during the year 2014, as required under the Code.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment. 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 this year has been prepared in compliance with the requirements of the Code and it fully describes the salient matters required to be disclosed.

Statement of Compliance

For the year ended 31 December 2013

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 five members, of whom four are non-executive directors, including the Chairman of the Committee.

16. The meetings of the Audit Committee were held at least once 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 formed an HR and Remuneration Committee. It comprises four members, of whom three are non-executive directors including the Chairman of the Committee.

18. The Board has set up an effective internal audit function on full-time 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 Pa kistan, 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 (ICAP).

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 'closed period', prior to the announcement of interim and final results, and business decisions, which may materially affect the market price of Company's securities, were determined and intimated to directors, employees and stock exchanges.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the Code have been complied with.

Syed Aleem Hussain
Chief Executive Officer

Karachi : 26 March 2014

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

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Fax +92 (21) 3568 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 enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Singer Pakistan Limited** ("the Company") for the year ended 31 December 2013 to comply with the requirements of Listing Regulations of Karachi and Lahore Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 a part of our audit of the 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 of Directors' 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.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevailed 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. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of 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 as applicable to the Company for the year ended 31 December 2013.

KPMG Taseer Hadi & Co.

Date: March 26, 2014
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Amyn Pirani

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

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Auditors' Report to the Members

We have audited the annexed balance sheet of Singer Pakistan Limited ("the Company") as at 31 December 2013 and the related profit and loss account, statement of comprehensive income, 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 except for the changes in accounting policies as stated in note 2.6 to the financial statements with which we concur;

   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, statement of comprehensive income, 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 2013 and of the profits, its 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 26, 2014
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Amyn Pirani

Balance Sheet
As at 31 December 2013

	Note	2013	2012
EQUITY AND LIABILITIES		**(Rupees in '000)**	
Share capital and reserves			
Authorised capital			
70,000,000 (2012: 70,000,000) ordinary shares of Rs. 10 each		**700,000**	700,000
Issued, subscribed and paid-up capital	4	**454,056**	412,778
Capital reserve		**5,000**	5,000
Revenue reserve		**117,837**	117,837
Unappropriated profit		**38,830**	41,674
Shareholders equity		**615,723**	577,289
Surplus on revaluation of property, plant and equipment - net of tax	5	**296,594**	291,337
Non-current liabilities			
Long term loans - secured	6	**73,750**	145,625
Liabilities against assets subject to finance lease	7	**14,867**	14,614
Long term deposits	8	**40,348**	37,011
Employee retirement benefits - obligation	9	**19,380**	16,483
Deferred tax - net	10	**168,086**	153,057
Deferred income	11	**464**	1,392
		316,895	368,182
Current liabilities			
Trade and other payables	12	**442,738**	395,091
Mark-up accrued on short term running finance and long term loans		**41,308**	47,053
Short term running finance - secured	13	**1,289,482**	1,140,798
Current portion of long term loans	6	**84,375**	80,834
Current portion of liabilities against assets subject to finance lease	7	**6,517**	9,168
Current portion of deferred income	11	**928**	928
		1,865,348	1,673,872
		3,094,560	2,910,680
Contingencies and commitments	14		

The annexed notes 1 to 42 form an integral part of these financial statements.

Chief Executive	Chief Financial Officer	Director

Balance Sheet

As at 31 December 2013

	Note	2013	2012
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	15	**642,318**	652,417
Intangible assets	16	**33,596**	1,753
Employee retirement benefits - prepayment	9	**3,548**	9,001
Long term deposits	17	**31,962**	30,565
		711,424	693,736
Current assets			
Stores, spares and loose tools		**6,123**	7,260
Stock-in-trade	18	**631,308**	710,626
Trade debts	19	**1,396,131**	1,162,753
Advances, deposits and prepayments	20	**25,547**	43,677
Other receivables	21	**17,334**	22,624
Taxation - net		**113,360**	82,861
Investments	22	**57,900**	44,981
Cash and bank balances	23	**135,433**	142,162
		2,383,136	2,216,944
		3,094,560	2,910,680

The annexed notes 1 to 42 form an integral part of these financial statements.

Chief Executive	Chief Financial Officer	Director

Profit and Loss Account

For the year ended 31 December 2013

	Note	2013	2012 (Restated)
		(Rupees in '000)	
Sales		**2,293,396**	2,390,532
Earned carrying charges		**374,703**	385,256
Sales tax, excise duty, commissions and discounts		**(445,589)**	(443,951)
Net revenue	24	**2,222,510**	2,331,837
Cost of sales	25	**(1,659,485)**	(1,734,614)
Gross margin		**563,025**	597,223
Marketing, selling and distribution costs	26	**(259,556)**	(267,403)
Administrative expenses	27	**(54,607)**	(47,620)
Other operating expenses	28	**(22,680)**	(18,564)
		(336,843)	(333,587)
Profit from operations before finance cost		**226,182**	263,636
Finance cost	29	**(184,576)**	(212,529)
		41,606	51,107
Other income	30	**13,586**	9,183
Profit before taxation		**55,192**	60,290
Taxation	31	**(18,933)**	(18,211)
Profit after taxation		**36,259**	42,079
		(Rupee)	
			(Restated)
Earnings per share - basic and diluted	32	**0.80**	0.93

The annexed notes 1 to 42 form an integral part of these financial statements.

Chief Executive | Chief Financial Officer | Director

Statement of Comprehensive Income

For the year ended 31 December 2013

	Note	2013	2012 (Restated)
		(Rupees in '000)	
Profit for the year		**36,259**	42,079
Other comprehensive income			
Item that will not be reclassified to profit and loss:			
Actuarial loss on employee retirement benefit	9	**(2,971)**	(7,126)
Related tax effect		**973**	2,413
		(1,998)	(4,713)
Total comprehensive income for the year		**34,261**	37,366

The annexed notes 1 to 42 form an integral part of these financial statements.

Chief Executive	Chief Financial Officer	Director

Cash Flow Statement

For the year ended 31 December 2013

	Note	2013	2012 (Restated)
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**55,192**	60,290
Adjustment for:			
- Depreciation on property, plant and equipment		**32,611**	28,581
- Amortisation of intangible assets		**2,312**	1,395
- Finance cost		**184,576**	212,529
- Gain on sale of property, plant and equipment		**(770)**	(781)
- Amortisation of deferred income		**(928)**	(927)
- Provision for doubtful debts		**4,672**	6,621
- Provision for slow moving stock		**1,127**	500
- Provision for employee retirement benefits		**6,737**	4,855
		285,529	313,063
Working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		**1,137**	306
Stock - in -trade		**78,191**	(140,526)
Trade debts		**(238,050)**	(18,833)
Advances, deposits and prepayments		**18,130**	(9,054)
Other receivables		**5,290**	(5,833)
		(135,302)	(173,940)
Increase / (decrease) in current liabilities			
Trade and other payables		**47,423**	41,073
Net cash from operation		**197,650**	180,196
Income tax paid - net		**(37,224)**	(38,576)
Finance cost paid		**(187,773)**	(211,289)
Employee retirement benefits (paid) / received		**(1,358)**	1,223
Security deposits received		**3,337**	4,772
Long term deposits - net		**(1,397)**	1,544
Net cash used in operating activities		**(26,765)**	(62,130)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(36,508)**	(23,017)
Proceeds from disposal of property, plant and equipment		**1,821**	2,682
Investments made during the year		**(12,919)**	(44,981)
Net cash used in investing activities		**(47,606)**	(65,316)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid		**(12,708)**	(23,501)
Net repayment of long term loans		**(68,334)**	(43,541)
Net cash used in financing activities		**(81,042)**	(67,042)
Net decrease in cash and cash equivalents		**(155,413)**	(194,488)
Cash and cash equivalents at beginning of the year		**(998,636)**	(804,148)
Cash and cash equivalents at end of the year	33	**(1,154,049)**	(998,636)

The annexed notes 1 to 42 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 2013

	Note	Issued subscribed and paid-up capital	Capital reserve	Revenue reserve	Unappropriated profit	Total
		(Rupees in '000)				
Balance as at 1 January 2012		375,253	5,000	120,337	35,171	**535,761**
Transfer from revenue reserve		-	-	(2,500)	2,500	**-**
Transactions with owners, recorded directly in equity						
Issue of bonus shares for the year ended 31 December 2011 @ 10 % per share		37,525	-	-	(37,525)	**-**
Total comprehensive income for the year ended 31 December 2012						
Profit for the year - as earlier reported		-	-	-	37,366	**37,366**
Net actuarial loss recognised directly in 'Other Comprehensive Income' - net of tax	2.6.1	-	-	-	4,713	**4,713**
Profit for the year - as restated		-	-	-	42,079	**42,079**
Net actuarial loss recognised directly in 'Other Comprehensive Income' - net of tax	2.6.1	-	-	-	(4,713)	**(4,713)**
		-	-	-	37,366	**37,366**
Transfer from surplus on revaluation of property, plant and equipment - net of tax	5	-	-	-	4,162	**4,162**
Balance as at 31 December 2012		412,778	5,000	117,837	41,674	**577,289**
Transfer from revenue reserve		-	-	-	-	**-**
Transactions with owners, recorded directly in equity						
Issue of bonus shares for the year ended 31 December 2012 @ 10 % per share		41,278	-	-	(41,278)	**-**
Total comprehensive income for the year ended 31 December 2013						
Profit for the year		-	-	-	36,259	**36,259**
Net actuarial loss recognised directly in 'Other Comprehensive Income' - net of tax	2.6.1	-	-	-	(1,998)	**(1,998)**
		-	-	-	34,261	**34,261**
Transfer from surplus on revaluation of property, plant and equipment - net of tax	5	-	-	-	4,173	**4,173**
Balance as at 31 December 2013		**454,056**	**5,000**	**117,837**	**38,830**	**615,723**

The annexed notes 1 to 42 form an integral part of these financial statements.

Chief Executive	Chief Financial Officer	Director

Notes to the Financial Statements

For the year ended 31 December 2013

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 manufac turing and assembling of the same. The registered office of the Company is located at Plot No. 39, Sector19, 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 of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for leasehold land which is stated at revalued amount less subsequent depreciation and impairment loss, if any.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Company's functional currency. All figures have been rounded off and rounded to the nearest thousand of rupees unless otherwise stated.

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 continually evaluated and are based on historical experience and other factors including reasonable expectations of future events.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised prospectively commencing form the period of revision. The areas where judgements and estimates made by the management that may have a significant effect on the amount recognised in t he financial statements are included in the following notes:

- Provision for employee retirement benefit plans (note 3.3)
- Taxation (note 3.15)
- Residual value and useful lives of Property, Plant and Equipment (note 3.1)
- Useful lives of intangible assets (note 3.2)
- Provision for impairment of trade debts and other receivables (note 3.6)
- Stock in trade and stores and spares and loose tools at net realisable value (notes 3.5 and 3.4)
- Provision for warranty claims (note 3.13)

2.5 Standards, amendments and interpretations not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2014:

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpreta tion of IAS 37 Provisions, Contingent Liabilities and Contingent Assets IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

Notes to the Financial Statements

For the year ended 31 December 2013

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) - (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistenc ies 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.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow - scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverab le amount of impaired assets if that amount is based on fair value less costs of disposal.

- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novations (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.

- Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employee s or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.

- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

- IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and th e basis on which a performance condition can be differentiated from a vesting condition.

- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

- Amendments to IAS 16' Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

2.6 Change in accounting policies

2.6.1 Defined benefit plan

During the year, International Accounting Standard (IAS) 19 (employee benefits) was revised. The significant changes to IAS 19 are as follows:

- For defined benefit plans, the option to recognise actuarial gains and losses in the profit and loss account has been removed. As revised, actuarial gains and losses are recognized i n 'Other Comprehensive Income' when they occur. Amounts recorded in the profit and loss account are limited to c urrent and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit obligation are recognized directly in 'Other Comprehensive Income' with no subsequent recycling through the profit and loss account.

Notes to the Financial Statements
For the year ended 31 December 2013

- The revised standard has new or revised disclosure requirements. The disclosures now include quantitative information regarding the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption. This revision has no effect on these financial statements except for additional disclosures.

The adoption of the said amendments has resulted in a change in the Company's accounting policy relating to the recognition of actuarial gains and losses (note 3.3 to the financial statement). Consequently the Company now recognizes all actuarial gains and losses directly in other comprehensive income with no subsequent recycling through the profit and loss account. Earlier the Company under the option available in IAS 19 used to charge the actuarial gains and losses in the profit and loss accounts.

The Company arranged an actuarial valuation as of 31 December 2013. The change in such an accounting policy has been applied retrospectively, in accordance with the requirements of International Accounting Standard 8 dealing with 'Accounting Policies, Changes in Accounting Estimates and Errors'. Had the a bove referred change not been made, the Company's equity and profit after tax in respect of defined benefit plan as at reporting date would have been as below:

	31 December 2013	31 December 2012
Impact on profit and loss account	**(Rupees in '000)**	
Increase in expense for the year		
- Cost of sales	**(1,450)**	(3,631)
- Marketing, selling and distribution cost	**(962)**	(2,216)
- Administrative expenses	**(559)**	(1,279)
	(2,971)	(7,126)
Decrease in tax expense for the year	**973**	2,413
Net effect in profit and loss account for the year	**(1,998)**	(4,713)
Impact on other comprehensive income		
Decrease in expense recognised in other comprehensive income	**2,971**	7,126
Decrease in related tax effect for the year	**(973)**	(2,413)
Net effect in other comprehensive income for the year	**1,998**	4,713

There is no impact on the balance sheet as the Company earlier used to fully recognise entire amount of liability as of the year-end as per the actuary's advice (as is the requirement also of the revised IAS 19).

2.6.2 During the current year, the Company changed its presentation of items of other comprehensive income. Previously, the Company had presented the items of comprehensive income in a continuous statement by displaying two sections i.e. profit and loss and other comprehensive income under single-statement a pproach. The Company has now decided to present the items of comprehensive income under two-statement approach i .e. the first statement 'income statement' presents income and expenses recognized in profit and loss and the second statement 'statement of comprehensive income' begins with profit or loss shown immediately after the income statement . This change in presentation has had no impact on the profit or the equity of the Company.

2.6.3 Fourth schedule to the Companies Ordinance, 1984

Certain amendments were also introduced in the Fourth Schedule to the Companies Ordinance, 1984 resulting in additional disclosures relating to the number of employees of the Company and the provident fund. These additional disclosures are given in notes 34 and 40 to these financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except for the changes in accounting policies as mentioned in note 2.6 to these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2013

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 and capital work in progress which is stated at cost less impairment losses, if a ny. 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 up to the month of disposal. Amou nt equivalent to incremental depreciation charged for the year on revalued assets is transferred from surplus on revaluati on of property, plant and equipment to retained earnings. The rates of depreciation are stated in note 15.1 to the financial statements.

The assets' residual values and useful lives are reviewed, at each balance sheet and if expectations differ from previous estimates, the change is accounted for as a change in an accounting estimate. 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

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, an asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments, each determined at the inception of the lease. Subsequent to initial recognition, the asset is stated at the amount determ ined at initial recognition less accumulated depreciation and impairment losses, if any.

Depreciation is charged on the same basis as used for owned assets.

Capital work in progress

It is stated at cost less impairment losses, if any. It includes expenditure incurred and advances made in respect of assets in the course of their construction and installation. These cost are transferred to relevant assets category as and when assets are available for intended 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 eligible employees other than fie ld staff. Provisions / contributions are made in the financial statements to cover obligations on the basis of actuarial valuat ion carried out annually under the Projected Unit Credit Method.

b) The Company operates an unfunded gratuity scheme for its field staff. Benefits under the scheme are payable to staff on the completion of prescribed qualifying period of se rvice. 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.

As already fully explained in note 2.6.1 to the financial statements, all actuarial gains and losses are recognised in 'Other Comprehensive Income' as they occur. Past service cost resulting from the changes to defined benefit plan is recognised in the profit and loss account currently.

Notes to the Financial Statements

For the year ended 31 December 2013

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 eligible 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 lower of cost determined on first-in-first-out basis and net realisable value. 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 estimates. These are based on 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 lower of cost (comprising invoice value plus other charges incurred thereon) and net realisable value. 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 of purchase price, import duties, taxes (other than those subsequently recoverable by the entity from tax authorities) and other directly attributable cost wherever applicable.

Cost comprises all costs of purchase, costs 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 is established where there is objective evidence that the Company will not be able to collect amount due according to the original terms of the receivable 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 are written off when considered irrecoverable.

3.7 Investments

These are held-to-maturity financial assets that are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Held-to-maturity investment comprise term deposit receipts.

3.8 Cash and cash equivalents

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

3.9 Government grants

Government grants are included as deferred income and are recognised in profit and loss account on a systematic basis over the useful life of the asset to correspond it with the depreciation expense of the asset.

Notes to the Financial Statements

For the year ended 31 December 2013

3.10 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost.

3.11 Liability against assets subject to finance lease

Lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.12 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. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

3.13 Warranty obligations

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

3.14 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 with banks is recognised on accrual basis using the effective interest rate method.

3.15 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognized directly in Equity.

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. Deferred tax arising on surplus on rev aluation of fixed assets is recorded directly in the surplus account.

3.16 Borrowing cost

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

3.17 Financial instruments

The Company recognises financial asset or a financial liability when it becomes a party to the contractual provision of the instrument. Financial assets and liabilities are recognised initially at cost, which is the fair value of the consideration given or received respectively. These are subsequently measured at fair value or amortised cost, as the case may be.

Financial assets are derecognised when the contractual right to cash flows from the asset expire, or when substantially all the risks and reward of ownership of the financial asset are transferred. Financial liability is derecognised when its contractual obligations are discharged, cancelled or expired.

Notes to the Financial Statements

For the year ended 31 December 2013

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of the asset.

3.18 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.

3.19 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.

3.20 Impairment

Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that the financial asset is impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on the terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated cash flows discounted at the original effective interest rate. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit and loss account.

Non-financial assets

The carrying amounts of non-financial assets other than deferred tax assets and inventories, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the profit and loss account, for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. Value in use is assessed through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss for goodwill, if any, is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.21 Foreign currency transactions

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

3.22 Dividends and appropriation of profit

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these 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.

Notes to the Financial Statements

For the year ended 31 December 2013

3.23 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2013 (Number of shares)	2012 (Number of shares)		2013 (Rupees in '000)	2012 (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
33,240,321	29,112,537	Issued as bonus shares	**332,403**	291,125
45,405,622	41,277,838		**454,056**	412,778

At 31 December 2013 Singer (Pakistan) B.V., Netherlands, which is wholly owned subsidiary of Retail Holdings N.V., Netherlands, held 31,909,024 (2012: 29,008,204) ordinary shares of Rs. 10 each.

5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	Note	2013 (Rupees in '000)	2012 (Rupees in '000)
Surplus on revaluation of leasehold land - as on 01 January		**453,099**	453,099
Surplus on revaluation of leasehold land recognised during the year	15.1.1	**13,222**	-
Incremental depreciation transferred to retained earnings		**(18,878)**	(12,586)
		447,443	440,513
Deferred tax liability as on 1 January		**(149,176)**	(145,435)
Deferred tax on revaluation of leasehold land recognised during the year		**(4,531)**	-
Tax effect due to change in tax rate proportion		**738**	(5,872)
Adjustment on transfer of incremental depreciation to retained earnings		**2,120**	2,131
Deferred tax liability		**(150,849)**	(149,176)
Balance as at 31 December		**296,594**	291,337

Refer note 15.1.1 for details.

6. LONG TERM LOANS - secured

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

	Security	Installments payable	Repayment period	Mark-up rate	2013	2012
Term loan 1		half-yearly	2008-2013	6 Months KIBOR Plus 1.50%	**-**	6,667
Term loan 2	6.1	quarterly	2011-2014	3 Months KIBOR Plus 1.50%	**12,500**	25,000
Term loan 3		quarterly	2010-2013	6 Months KIBOR Plus 1.50%	**-**	4,167
Term loan 4	6.1	quarterly	2012-2015	3 Months KIBOR Plus 1.50%	**50,000**	75,000
Term loan 5	6.2	half-yearly	2012-2016	6 Months KIBOR Plus 1.50%	**75,000**	87,500
Term loan 6	6.2	quarterly	2012-2016	3 Months KIBOR Plus 1.50%	**20,625**	28,125
					158,125	226,459
Current portion of long term loans						
Term loan 1		half-yearly	2008-2013	6 Months KIBOR Plus 1.50%	**-**	(6,667)
Term loan 2	6.1	quarterly	2011-2014	3 Months KIBOR Plus 1.50%	**(12,500)**	(12,500)
Term loan 3		quarterly	2010-2013	6 Months KIBOR Plus 1.50%	**-**	(4,167)
Term loan 4	6.1	quarterly	2012-2015	3 Months KIBOR Plus 1.50%	**(25,000)**	(25,000)
Term loan 5	6.2	half-yearly	2012-2016	6 Months KIBOR Plus 1.50%	**(37,500)**	(25,000)
Term loan 6	6.2	quarterly	2012-2016	3 Months KIBOR Plus 1.50%	**(9,375)**	(7,500)
					(84,375)	(80,834)
					73,750	145,625

Notes to the Financial Statements

For the year ended 31 December 2013

6.1 Equitable charge on owned shops of the Company and first pari passu charge on land, building, machinery and equipment located at its factory.

6.2 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:

	2013			2012		
	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	**8,214**	**1,697**	**6,517**	11,319	2,151	9,168
Later than one year and not later than five years	**17,448**	**2,581**	**14,867**	16,649	2,035	14,614
	25,662	**4,278**	**21,384**	27,968	4,186	23,782

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 10.06% to 14% (2012: 10.38% to 14.81%) 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% (2012: KIBOR plus 1% to 2.75%) determined on quarterly / semi-annual basis for future rentals.

The Company has entered into Ijarah arrangements with financial institutions 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 International Accounting Standard -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% (2012: 5%) per annum. Certain portion of the employee deposits {including accrued interest of Rs. 2.498 million (2012: Rs. 2.411 million)} is also kept in retention from employees under the caption of trade and other payables.

9. EMPLOYEE RETIREMENT BENEFITS

	Note	2013	2012 (Restated)
		(Rupees in '000)	
Employee retirement benefits - prepayments			
- Pension fund	9.2	**3,548**	9,001
Employee retirement benefits - obligation			
- Gratuity fund - permanent employees	9.2	**11,538**	9,750
- Gratuity - field staff	9.2	**7,842**	6,733
		19,380	16,483

The details of employee retirement benefit based on actuarial valuations carried out by independent actuary as at 31 December, 2013 under the Projected Unit Credit method.

9.1 The principal assumptions used in the actuarial valuation are as fllows:

	2013	2012
1) Discount rate per annum	**12.75%**	12.00%
2) Expected per annum rate of increase in future salaries	**7.0% - 10.75%**	6.0% - 9.0%
3) Expected rate of increase in pension	**Nil**	Nil

Notes to the Financial Statements

For the year ended 31 December 2013

			Pension fund		Gratuity					
					Permanent employees		Field staff		Total	
		Note	2013	2012 (Restated)	2013	2012 (Restated)	2013	2012	2013	2012 (Restated)
9.2	**Amounts recognised in balance sheet**		(Rupees in '000)							
	Present value of defined benefit obligation	9,4	**61,869**	59,814	**49,535**	41,891	**7,842**	6,733	**57,377**	48,624
	Fair value of plan assets	9.5	**(65,417)**	(68,815)	**(37,997)**	(32,141)	**-**	-	**(37,997)**	(32,141)
	(Asset) / liability in balance sheet		**(3,548)**	(9,001)	**11,538**	9,750	**7,842**	6,733	**19,380**	16,483
9.3	**Movement in net defined benefit (assets) / liability recognised in balance sheet**									
	Opening balance		**(9,001)**	(13,728)	**9,750**	3,191	**6,733**	4,815	**16,483**	8,006
	Cost recognised in profit or loss for the year	9.6	**279**	(642)	**3,991**	3,002	**2,467**	2,495	**6,458**	5,497
	Contribution / payments during the year		**5,000**	1,800	**(5,000)**	-	**(1,358)**	(577)	**(6,358)**	(577)
	Total amount of remeasurements recognised in other comprehensive income (OCI) - actuarial loss	9.7	**174**	3,569	**2,797**	3,557	**-**	-	**2,797**	3,557
	Closing balance		**(3,548)**	(9,001)	**11,538**	9,750	**7,842**	6,733	**19,380**	16,483
9.4	**Movement in present value of defined benefit obligations**									
	Liability for defined benefit obligation at 1 January		**59,814**	53,621	**41,891**	41,580	**6,733**	4,815	**48,624**	46,395
	Benefits paid		**(6,554)**	(5,609)	**(3,008)**	(8,543)	**(1,358)**	(577)	**(4,366)**	(9,120)
	Current service cost		**1,298**	1,104	**2,887**	2,600	**2,467**	2,495	**5,354**	5,095
	Interest cost		**6,933**	6,847	**4,964**	4,834	**-**	-	**4,964**	4,834
	Re-measurements - actuarial (gain) / loss on obligation		**378**	3,851	**2,801**	1,420	**-**	-	**2,801**	1,420
	Liability for defined benefit obligation at 31 December		**61,869**	59,814	**49,535**	41,891	**7,842**	6,733	**57,377**	48,624
9.5	**Movements in the fair value of plan assets**									
	Fair value of plan assets - beginning of the year		**68,815**	67,349	**32,141**	38,389	**-**	-	**32,141**	38,389
	(Refund) / contribution during the year		**(5,000)**	(1,800)	**5,000**	-	**-**	-	**5,000**	-
	Benefits paid		**(6,554)**	(5,609)	**(3,008)**	(8,543)	**-**	-	**(3,008)**	(8,543)
	Expected return on plan assets		**7,952**	8,593	**3,860**	4,432	**-**	-	**3,860**	4,432
	Re-measurements on assets - actuarial gain / (loss)		**204**	282	**4**	(2,137)	**-**	-	**4**	(2,137)
	Fair value of plan assets - end of the year	9.9	**65,417**	68,815	**37,997**	32,141	**-**	-	**37,997**	32,141
9.6	**Expense recognised in profit or loss account**									
	Current service cost		**1,298**	1,104	**2,887**	2,600	**2,467**	2,495	**5,354**	5,095
	Net Interest cost		**(1,019)**	(1,746)	**1,104**	402	**-**	-	**1,104**	402
			279	(642)	**3,991**	3,002	**2,467**	2,495	**6,458**	5,497
9.7	**Actuarial (gain) / loss recognised in OCI during the year**									
	Actuarial (gain) / loss on obligation		**378**	3,851	**2,801**	1,420	**-**	-	**2,801**	1,420
	Return on plan assets net of interest income - (gain) / loss		**(204)**	(282)	**(4)**	2,137	**-**	-	**(4)**	2,137
	Total actuarial loss recognised in OCI		**174**	3,569	**2,797**	3,557	**-**	-	**2,797**	3,557
9.8	**Return on plan assets**									
	Actual return on plan assets		**8,156**	8,093	**3,864**	3,836	**-**	-	**3,864**	3,836
	The expense is recognised in the following line items in the profit and loss account:									
	Cost of sales		**136**	(327)	**1,948**	1,530	**-**	-	**1,948**	1,530
	Marketing, selling and distribution costs		**90**	(200)	**1,293**	934	**2,467**	2,495	**3,760**	3,429
	Administrative expenses		**53**	(115)	**750**	538	**-**	-	**750**	538
			279	(642)	**3,991**	3,002	**2,467**	2,495	**6,458**	5,497

Notes to the Financial Statements

For the year ended 31 December 2013

9.9 Composition of plan assets

	Pension fund 2013	Pension fund 2012	Gratuity – Permanent employees 2013	Gratuity – Permanent employees 2012	Gratuity – Field staff 2013	Gratuity – Field staff 2012
	(Rupees in '000)					
Cash and cash equivalents (after adjusting current liabilities)	**146**	112	**906**	372	**-**	-
Debt instruments - Government Bonds / Securities	**65,271**	68,703	**37,091**	31,769	**-**	-
Total fair value of plan assets	**65,417**	68,815	**37,997**	32,141	**-**	-

9.10 Historical information

	2013	2012	2011	2010	2009
	(Rupees in '000)				
	Pension Fund				
Present value of the defined benefit obligation	**61,869**	59,814	53,621	48,298	48,812
Fair value of plan assets	**(65,417)**	(68,815)	(67,349)	(64,466)	(64,675)
Surplus in the plan	**(3,548)**	(9,001)	(13,728)	(16,168)	(15,863)
Experience adjustments arising on plan liabilities	**(2,990)**	994	1,077	2,209	(5,789)
Experience adjustments arising on plan assets	**(204)**	120	(1,449)	(1,390)	(1,313)
	Gratuity - funded				
Present value of the defined benefit obligation	**49,535**	41,891	41,580	68,654	62,193
Fair value of plan assets	**(37,997)**	(32,141)	(38,389)	(71,281)	(60,168)
Deficit / (Surplus) in the plan	**11,538**	9,750	3,191	(2,627)	2,025
Experience adjustments arising on plan liabilities	**(2,026)**	(104)	(4,942)	(2,942)	(4,745)
Experience adjustments arising on plan assets	**(4)**	(2,221)	1,097	(231)	(271)
	Gratuity - unfunded				
Present value of the defined benefit obligation	**7,842**	6,733	4,815	3,929	3,148

9.11 Sensitivity analysis on significant actuarial assumptions

	31 December 2013 Pension	31 December 2013 Gratuity
	(Rupees in '000)	
Actuarial liability		
Discount rate +1%	**57,512**	**47,024**
Discount rate -1%	**66,900**	**52,331**
Long term salary increases +1%	**63,200**	**52,629**
Long term salary increases -1%	**60,656**	**46,714**

9.12 The expected charge to profit and loss account for post employment benefit gratuity and pension plans for the year ending 31 December 2014 are Rs. 4.803 million and Rs. 0.726 million respectively.

10. DEFERRED TAX

	Note	2013	2012
		(Rupees in '000)	
Taxable temporary differences arising on:			
Revaluation of leasehold land	10.1	**150,849**	149,176
Accelerated tax depreciation and leased assets		**42,862**	37,569
		193,711	186,745
Deductible temporary differences arising on:			
Provision for slow moving stock-in-trade		**(2,095)**	(1,724)
Provision for doubtful debts and other receivables		**(10,487)**	(8,073)
Provision for warranty obligations		**(2,850)**	(2,770)
Provision for employee retirement benefits		**(2,642)**	(2,280)
Recoupable minimum tax		**(7,551)**	(18,841)
		(25,625)	(33,688)
		168,086	153,057

Notes to the Financial Statements

For the year ended 31 December 2013

10.1 The increase in deferred tax liability of Rs. 1.67 million (2012: Rs. 3.74 million) has been recognised directly in the surplus on revaluation of fixed assets. Remaining net increase of Rs. 9.117 million (2012: Rs. 1.53 million) has been recognised in the profit and loss account.

11. DEFERRED INCOME

	Note	2013	2012
		(Rupees in '000)	
Grant amount		11,141	11,141
Accumulated amortisation - opening		(8,821)	(7,894)
Amortisation during the year	30	(928)	(927)
		(9,749)	(8,821)
Unamortized balance of deferred income		1,392	2,320
Current portion of deferred income		(928)	(928)
Balance as at 31 December		464	1,392

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. TRADE AND OTHER PAYABLES

	Note	2013	2012
		(Rupees in '000)	
Creditors		51,185	113,538
Bills payable		137,444	74,198
Accrued liabilities		47,771	36,211
Due to associated companies	12.1		
- for royalty		97,138	83,889
- for goods		6,518	10,935
- others		517	517
		104,173	95,341
Advances from dealers		1,154	2,167
Retention from employees	8	12,101	13,617
Provision in respect of compensated absences	12.2	1,928	1,265
Provisions in respect of warranty obligations	12.3	8,459	8,179
Sales tax and excise duty - net		67,542	37,056
Workers' profits participation fund	12.4	4,938	4,777
Workers' welfare fund		1,126	1,204
Unclaimed dividends		808	808
Others		4,109	6,730
		442,738	395,091

12.1 The maximum aggregate amount due to associated companies at the end of any month during the year was Rs. 104.173 million (2012: Rs. 95.341 million).

12.2 The Company has recognised a provision of Rs. 1.461 million (2012: Rs. 2.932 million) for compensated absences while compensated absences amounting to Rs. 0.798 million (2012: Rs. 2.942 million) were utilised during the year against provision.

12.3 Warranty obligations

	Note	2013	2012
		(Rupees in '000)	
Balance at beginning of the year		8,179	7,449
Additional provision	26	4,058	4,913
Provision utilised during the year		(3,778)	(4,183)
Balance at end of the year		8,459	8,179

Notes to the Financial Statements

For the year ended 31 December 2013

	Note	2013	2012
		(Rupees in '000)	
12.4 Workers' profits participation fund			
Balance at beginning of the year		**4,777**	4,319
Allocation for the year	28	**2,963**	2,862
Interest on funds utilised in the Company's business	29	**254**	270
		7,994	7,451
Payments made during the year		**(3,056)**	(2,674)
Balance at end of the year		**4,938**	4,777

13. SHORT TERM RUNNING FINANCE - secured

This represents short term running finance and murahaba finance facilities available from various banks aggregating to Rs. 1,417.1 million (2012: Rs. 1,460.1 million), carrying mark-up rates ranging from 10.03% to 11.54% (2012: 11.18% to 14.45%) per annum. These arrangements are secured by hypothec ation of stock-in-trade, trade debts and charge on property, plant and equipment of the Company.

14. CONTINGENCIES AND COMMITMENTS

14.1 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 (2012: Rs. 0.181 million).

14.2 During the year 2012, the Company intended to issue right shares. However, two directors representing minority shareholders of the Company dissented to the rights issue and did not sign the future projections and thereafter filed a Suit No. 1507 of 2012 in the High Court of Sindh against the Company in this respect. By its order passed ex-parte on 5 November 2012, the High Court has temporarily restrained the Company from issuing right shares and has ordered the Company to maintain status quo. The management responded to the petition and after hearing of arguments the learned judge in Suit No. 1507 of 2012, through order dated December 13, 2013 disposed of the Plaintiffs' application for injunction to restrain the Company from proceeding with the issuance of right shares with the direction that in case of issuance of right shares, the Company shall act in accordance with law.

Thereafter, the said two directors/Plaintiffs filed an Appeal No. H.C.A. D-173 of 2013 before a Division Bench of the High Court against the order dated December 13, 2013. On December 17, 2013, by its order passed ex-parte, the Division Bench of the High Court suspended the order dated December 13, 2013 passed in Suit No. 1507 of 2012 and issued notices to the Company and other respondents. The proceedings in Suit No. 1507 of 2012 and Appeal No. H.C.A. D-173 of 2013 are pending before the High Court.

Further, the SECP has informed the Company that it has not acceded to the Company's earlier request for relaxation from the requirements of rule 5(ii) of the Companies (Issue of Capital) Rules, 1996 and the SECP has disposed the matter with no further action. This fact has also been communicated to the shareholders through the Company's letter to the Karachi and Lahore Stock exchanges.

The Company has now submitted/filed an appeal to the Appellate Bench of SECP and the matter is pending with the Appellate Bench for its consideration.

14.3 Commitments under letters of credit as at 31 December 2013 amounted to Rs. 69.142 million (2012: Rs. 115.917 million).

14.4 Commitment in respect of capital expen diture as at 31 December 2013 amounted to Rs. 17.80 million (2012: Rs. 28.93 million) representing vehicles and software development.

14.5 Forward exchange contract entered as of the year ended 31 December 2013 amounted to USD 226,787 (2012: USD 132,723) - Rs. 24.258 million (2012: Rs. 13.043 million) at contracted rates.

15. PROPERTY, PLANT AND EQUIPMENT	Note	2013	2012
		(Rupees in '000)	
Operating fixed assets	15.1	**641,984**	616,702
Capital work-in-progress	15.2	**334**	35,715
		642,318	652,417

Notes to the Financial Statements

For the year ended 31 December 2013

15.1 Operating fixed assets

	2013											
	Lease-hold land	Buildings on lease-hold land	Leasehold improvements	Plant and machinery		Furniture and equipment		Vehicles		Computers		Total
				Owned	Leased	Owned	Leased	Owned	Leased	Owned	Leased	
	(Rupees in '000)											
At 1 January 2013												
Cost / revaluation	453,333	44,042	105,099	107,103	37,189	42,548	1,360	17,013	14,543	22,853	1,863	846,946
Accumulated depreciation	(12,592)	(13,226)	(64,013)	(77,578)	(9,497)	(23,586)	(249)	(8,696)	(3,768)	(15,239)	(1,800)	(230,244)
Net book value	440,741	30,816	41,086	29,525	27,692	18,962	1,111	8,317	10,775	7,614	63	616,702
During the year 2013												
Additions	-	-	4,906	2,567	1,100	380	-	37	6,662	30,070	-	45,722
Revaluation	13,222	-	-	-	-	-	-	-	-	-	-	13,222
Transfer / Adjustment												
Cost	(18,888)	-	-	13,869	(13,869)	-	-	-	-	-	-	(18,888)
Depreciation	18,888	-	-	(4,220)	4,220	-	-	-	-	-	-	18,888
	-	-	-	9,649	(9,649)	-	-	-	-	-	-	-
Disposals												
Cost	-	-	-	-	-	-	-	(2,101)	-	-	-	(2,101)
Depreciation	-	-	-	-	-	-	-	1,050	-	-	-	1,050
	-	-	-	-	-	-	-	(1,051)	-	-	-	(1,051)
Depreciation charge for the year	(6,296)	(1,223)	(9,319)	(4,306)	(1,585)	(3,557)	(136)	(19)	(1,596)	(4,511)	(63)	(32,611)
Closing net book value	447,667	29,593	36,673	37,435	17,558	15,785	975	7,284	15,841	33,173	-	641,984
As at 31 December 2013												
Cost / revaluation	447,667	44,042	110,005	123,539	24,420	42,928	1,360	14,949	21,205	52,923	1,863	884,901
Accumulated depreciation	-	(14,449)	(73,332)	(86,104)	(6,862)	(27,143)	(385)	(7,665)	(5,364)	(19,750)	(1,863)	(242,917)
Net book value	447,667	29,593	36,673	37,435	17,558	15,785	975	7,284	15,841	33,173	-	641,984
Depreciation rate (% per annum)	1.40	2.5	10	8.33	8.33	10-20	10	20	20	10-20	20	
	2012											
At 1 January 2012												
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
During the year 2012												
Additions	-	2,908	3,887	563	3,054	7,617	-	-	2,116	6,356	-	26,501
Transfer												
Cost	-	-	-	-	-	-	-	7,399	(7,399)	4,397	(4,397)	-
Depreciation	-	-	-	-	-	-	-	(3,700)	3,700	(4,397)	4,397	-
	-	-	-	-	-	-	-	3,699	(3,699)	-	-	-
Disposals												
Cost	-	-	-	-	-	(94)	-	(3,704)	-	-	-	(3,798)
Depreciation	-	-	-	-	-	45	-	1,852	-	-	-	1,897
	-	-	-	-	-	(49)	-	(1,852)	-	-	-	(1,901)
Depreciation charge for the year	(6,296)	(1,173)	(9,274)	(3,284)	(2,360)	(2,462)	(136)	(31)	(1,767)	(1,128)	(670)	(28,581)
Closing net book value	440,741	30,816	41,086	29,525	27,692	18,962	1,111	8,317	10,775	7,614	63	616,702
As at 31 December 2012												
Cost / revaluation	453,333	44,042	105,099	107,103	37,189	42,548	1,360	17,013	14,543	22,853	1,863	846,946
Accumulated depreciation	(12,592)	(13,226)	(64,013)	(77,578)	(9,497)	(23,586)	(249)	(8,696)	(3,768)	(15,239)	(1,800)	(230,244)
Net book value	440,741	30,816	41,086	29,525	27,692	18,962	1,111	8,317	10,775	7,614	63	616,702
Depreciation rate (% per annum)	1.40	2.5	10	8.33	8.33	10-20	10	20	20	20	20	

15.1.1 Leasehold land of the Company was revalued by an independent valuer on 31 December 2013 which resulted in additional revaluation surplus of Rs. 13.22 million and has been disclosed in note 5 to the financial statements. The valuation was carried out under the market value basis. Earlier revaluation was carried out during the year ended 31 December 2010 and the resulting surplus of Rs. 453 million was also taken to the 'Surplus on Revaluation of Property, Plant and Equipment' account.

Had leasehold land been stated on historical cost basis, the net book value of revalued leasehold land on 31 December, 2013 would have amounted to:

Notes to the Financial Statements

For the year ended 31 December 2013

	Cost	Accumulated depreciation	Net book value
		(Rupees in '000)	
Leasehold land	350	**126**	224

15.1.2 Depreciation for the year has been allocated as follows:

	Note	2013	2012
		(Rupees in '000)	
Cost of sales	25.1	**13,692**	12,889
Marketing, selling and distribution costs	26	**16,782**	13,043
Administrative expenses	27	**2,137**	2,649
		32,611	28,581

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							
- Toyota Corolla	912	456	456	825	369	Tender	Abdul Malik Awan, Karachi
- Suzuki Cultus	594	297	297	470	173	Tender	Muhammad Anwar, Karachi
- Suzuki Cultus	595	297	298	526	228	Tender	Syed Muhammad Sabeeh, (employee)
2013	2,101	1,050	1,051	1,821	770		
2012	3,798	1,897	1,901	2,682	781		

	2013	2012
15.2 Capital work-in-progress (CWIP)	(Rupees in '000)	
Balance as at 1 January	**35,715**	35,418
Additions during the year	**2,002**	3,821
Transfers to operating assets	**(37,383)**	(3,524)
Balance as at 31 December	**334**	35,715
Breakup of capital work in progress is as follows:		
- Computers and software	**334**	-
- Furniture and equipment	**-**	216
- IT projects / ERP system	**-**	35,499
	334	35,715

16. INTANGIBLE ASSETS

	2013	2012
Software		
At 1 January		
Cost	**15,461**	14,072
Accumulated amortisation	**(13,708)**	(12,313)
Net book value	**1,753**	1,759
During the year		
Additions / transfer	**34,155**	1,389
Amortisation for the year	**(2,312)**	(1,395)
Closing net book value	**33,596**	1,753
At 31 December		
Cost	**49,616**	15,461
Accumulated amortisation	**(16,020)**	(13,708)
Net book value	**33,596**	1,753

16.1 Software is being amortised at the rate of 10% - 20% per annum (2012: 20% per annum).

Notes to the Financial Statements

For the year ended 31 December 2013

		Note	2013	2012
			(Rupees in '000)	
16.2	**Amortisation for the year has been allocated as follows:**			
	Marketing, selling and distribution costs	26	**2,081**	1,160
	Administrative expenses	27	**231**	235
			2,312	1,395
17.	**LONG TERM DEPOSITS**			
	Deposits			
	- shops and others		**29,076**	27,696
	- leases		**2,886**	2,869
			31,962	30,565
18.	**STOCK-IN-TRADE**			
	Raw materials			
	- in stores		**45,769**	25,389
	- in third party premises	18.1	**16,583**	7,725
	- in bonded warehouse		**68,751**	62,326
	- in transit		**34,041**	33,259
			165,144	128,699
	Work in process		**38,399**	130,778
	Finished goods			
	- own manufactured		**357,644**	393,963
	- purchased for resale		**76,338**	62,276
			433,982	456,239
	Provision for slow moving items	18.2	**(6,217)**	(5,090)
			631,308	710,626

18.1 This represents 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. 1.127 million (2012: Rs. 0.500 million) for slow moving items during the year.

		Note	2013	2012
19.	**TRADE DEBTS**		(Rupees in '000)	
	Considered good - unsecured			
	Hire purchase	19.1		
	- Retail		**1,121,115**	846,163
	- Institutional		**220,331**	308,421
			1,341,446	1,154,584
	Unearned carrying charges		**(52,809)**	(67,837)
		19.1	**1,288,637**	1,086,747
	Dealers		**107,494**	76,006
			1,396,131	1,162,753
	Considered doubtful		**22,700**	18,028
			1,418,831	1,180,781
	Provision for doubtful debts	19.2	**(22,700)**	(18,028)
			1,396,131	1,162,753

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.

Notes to the Financial Statements

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19.2 The Company has recognised a provision of Rs. 4.672 million (2012: Rs. 6.621 million) for doubtful debts.

20. ADVANCES, DEPOSITS AND PREPAYMENTS

	Note	2013	2012
		(Rupees in '000)	
Advances - considered good			
- Employees and executives	20.1	489	761
- Suppliers		3,338	914
- Software development		-	17,340
		3,827	19,015
Deposits			
- Trade		3,099	2,577
- Customs and others		9,075	7,308
		12,174	9,885
Prepayments		9,546	14,777
		25,547	43,677

20.1 The advances due from executives amount to Rs. 0.243 million (2012: Rs. 0.324 million).

20.2 The maximum aggregate amount of advances due from executives at the end of any month during the year was Rs. 1.005 million (2012: Rs. 0.598 million).

21. OTHER RECEIVABLES

	Note	2013	2012
		(Rupees in '000)	
Claims		22,946	24,320
Accrued mark-up		583	2,367
Others		2,228	2,748
		25,757	29,435
Provision for doubtful claims	21.1	(8,423)	(6,811)
		17,334	22,624

21.1 The Company has recognised a provision of Rs. 1.612 million (2012: Rs. 0.272 million) against the above other receivables during the year.

22. INVESTMENTS

This includes term deposit receipts in respect of amounts retained from employees as security and required to be kept separately. This carries mark-up ranging from 7.35% to 9% (2012: 11.93 % to 12.00%) per annum, maturing on various dates by 17 September 2014.

23. CASH AND BANK BALANCES

	2013	2012
	(Rupees in '000)	
Balances with banks in current accounts	11,949	11,046
Cash in transit	123,061	129,373
Cash in hand	423	1,743
	135,433	142,162

24. NET REVENUE

	2013	2012
Sales		
- Local	2,293,042	2,372,103
- Export	354	18,429
	2,293,396	2,390,532
Earned carrying charges	374,703	385,256
	2,668,099	2,775,788
Sales tax and excise duty	(276,373)	(254,628)
Commissions and discounts	(169,216)	(189,323)
	(445,589)	(443,951)
	2,222,510	2,331,837

Notes to the Financial Statements

For the year ended 31 December 2013

25. COST OF SALES

	Note	2013	2012 (Restated)
		(Rupees in '000)	
Opening stock - finished goods			
- own manufactured		393,963	219,481
- purchased for resale		62,276	79,096
		456,239	298,577
Purchases		354,189	371,314
Cost of goods manufactured	25.1	1,283,039	1,520,962
		2,093,467	2,190,853
Closing stock - finished goods			
- own manufactured		(357,644)	(393,963)
- purchased for resale		(76,338)	(62,276)
		(433,982)	(456,239)
		1,659,485	1,734,614

25.1 Cost of goods manufactured

	Note	2013	2012 (Restated)
Opening stock of raw materials		128,699	126,756
Purchases		1,024,500	1,305,527
		1,153,199	1,432,283
Closing stock of raw materials		(165,144)	(128,699)
Raw material consumed		988,055	1,303,584
Salaries, wages and other benefits	25.1.1	100,168	98,547
Stores and spares consumed		21,962	23,094
Depreciation on property, plant and equipment	15.1.2	13,692	12,889
Royalty		26,944	27,973
Fuel and power		20,225	17,107
Insurance		12,478	10,688
Rent, rates and taxes		417	629
Repairs and maintenance		2,422	4,366
Travelling and conveyance		2,367	1,715
Communication		315	295
Printing and stationery		488	496
Provision for slow moving stock - net	18.2	1,127	500
		1,190,660	1,501,883
Work-in-process			
Opening stock		130,778	149,857
Closing stock		(38,399)	(130,778)
		92,379	19,079
Cost of goods manufactured		1,283,039	1,520,962

25.1.1 These include provision of Rs. 4.561 million (2012: Rs. 2.376 million) in respect of employee retirement benefits.

26. MARKETING, SELLING AND DISTRIBUTION COSTS

	Note	2013	2012 (Restated)
Publicity and sales promotion		44,503	84,753
Salaries and benefits	26.1	66,471	58,250
Rent, rates and taxes		54,705	47,190
Provision for doubtful debts	19.2	4,672	6,621
Utilities		20,941	14,219
Warranty obligations	12.3	4,058	4,913
Depreciation on property, plant and equipment	15.1.2	16,782	13,043
Amortisation of intangible assets	16.2	2,081	1,160
Travelling and conveyance		19,094	14,081
Communication		9,519	7,352
Printing and stationery		7,304	6,466
Repairs and renovations		48	921
Training and sundries		9,378	8,434
		259,556	267,403

Notes to the Financial Statements
For the year ended 31 December 2013

26.1 These include provision of Rs. 5.493 million (2012: Rs. 5.776 million) in respect of employee retirement benefits.

27. ADMINISTRATIVE EXPENSES

	Note	2013	2012 (Restated)
		(Rupees in '000)	
Salaries and benefits	27.1	**38,586**	32,630
Rent, rates and taxes		**1,669**	1,407
Utilities		**3,240**	2,814
Communication		**4,133**	4,161
Travelling and conveyance		**2,975**	2,208
Depreciation on property, plant and equipment	15.1.2	**2,137**	2,649
Amortisation of intangible assets	16.2	**231**	235
Printing and stationery		**1,636**	1,516
		54,607	47,620

27.1 These include provision of Rs. 1.757 million (2012: Rs. 1.697 million) in respect of employee retirement benefits.

28. OTHER OPERATING EXPENSES

	Note	2013	2012
Legal and professional charges		**13,134**	9,532
Auditors' remuneration	28.1	**963**	863
Donation	28.2	**30**	25
Exchange loss - net		**4,464**	4,078
Workers' profits participation fund	12.4	**2,963**	2,862
Workers' welfare fund		**1,126**	1,204
		22,680	18,564

28.1 Auditors' remuneration

	2013	2012
Audit fee	**600**	550
Certification and review	**265**	237
Out of pocket expenses	**98**	76
	963	863

28.2 No director or his spouse has any interest in the donee's fund.

29. FINANCE COST

	Note	2013	2012
Mark-up on long term loans		**20,265**	37,939
Mark-up on short term running finance under mark-up arrangements		**153,577**	163,347
Interest on workers' profits participation fund	12.4	**254**	270
Finance lease charges		**2,548**	4,051
Interest on employee deposits		**2,498**	2,411
Bank charges		**5,434**	4,511
		184,576	212,529

30. OTHER INCOME

	Note	2013	2012
Income from financial assets			
Interest on deposit accounts		**3,933**	4,997
Income from non-financial assets			
Gain on disposal of property, plant and equipment	15.1.3	**770**	781
Amortisation of deferred income	11	**928**	927
Warranty income and others		**7,955**	2,478
		13,586	9,183

31. TAXATION

	2013	2012
Current	**18,988**	15,075
Prior	**(11,290)**	3,738
Deferred	**11,235**	(602)
	18,933	18,211

Notes to the Financial Statements

For the year ended 31 December 2013

31.1 The income tax assessments of the Company have been finalised up to and including the tax year 2007. The Company had applied for Income tax refund for the tax year 2006, 2007, 2008, 2009, 2010 and 2011. Income tax refund orders under section 170 (4) were received for the tax years 2009, 2010 and 2011. Income tax refund was released for the tax year 2009. However, the ACIR amended the deemed assessed orders under secti on 122 (5A) of the Income Tax Ordinance, 2001 for the tax years 2009, 2010, 2011 and 2012 and demanded additional income tax amount of Rs. 19.98 million. However, the Company has filed an application for the rectification of orders for the Net tax demand of Rs. 1.05 million (after adjustment of the refund of related years) under section 221 of the Income Tax Ordinance, 2001. Appeals have been filed to CIR(A) against these orders.

Audit of tax year 2008 of Singer Pakistan Limited under section 177 of the Income Tax Ordinance, 2001 had already been completed and an order under section 122 (1) was issued. The Company filed application for rectification of order under section 221 of the Income Tax Ordinance, 2001. However, no order rectifying the issue has been issued till date. An appeal has also been filed with the CIR(A).

In respect of certain other tax 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 in any of the above cases.

31.2 Numerical reconciliation between average effective tax rate and applicable tax rate

	2013	2012
	(Percent)	
Applicable tax rate	**34.0**	35.0
Prior year	**(20.5)**	6.2
Permanent differences, tax effect of income assessed under Final Tax Regime	**20.8**	(11.0)
Effective tax rate	**34.3**	30.2

32. EARNINGS PER SHARE - basic and diluted

The calculation of earnings per share (basic and diluted) is based on profit attributable to owners of ordinary shareholders of the Company.

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

	2013	2012 (Restated)
	(Rupees in '000)	
Profit for the year	**36,259**	42,079
	Number of Shares	(Restated)
	(in '000)	
Weighted average number of ordinary shares	**45,406**	45,406
	(Rupee)	(Restated)
Earnings per share - basic and diluted	**0.80**	0.93

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

33. CASH AND CASH EQUIVALENTS

Cash and bank balances	**135,433**	142,162
Short term running finance - secured	**(1,289,482)**	(1,140,798)
	(1,154,049)	(998,636)

Notes to the Financial Statements

For the year ended 31 December 2013

34. PROVIDENT FUND RELATED DISCLOSURE

The Company operates approved contributory provident fund for all the employees eligible under the scheme. Details of net assets and investments out of this fund are as follows:

		2013 (Unaudited)	2012
		(Rupees in '000)	
Size of the fund - net assets		**85,765**	74,452
Cost of the investment made		**55,280**	44,310
Fair value of the investment made		**86,503**	71,296
Percentage of the investment made	Percentage	**100.9%**	95.8%

The breakup of fair value of investments is:

	2013		2012	
	(Rupees in '000)	%	(Rupees in '000)	%
Bank balances	**16,347**	**18.90**	11,451	16.06
Pakistan Investment Bond (PIBs)	**40,628**	**46.96**	28,856	40.47
Term Deposit Receipt	**29,528**	**34.14**	30,989	43.47
	86,503	**100.00**	71,296	100.00

The management, based on the un-audited financial statements of the fund, is of the view that the investments out of provident funds have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated there under.

35. FINANCIAL INSTRUMENTS

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

35.1 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. Concentration of credit arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause th eir ability to meet contractual obligations to be similarly affected by the changes in economics, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Company's performance for developments affecting a particular industry.

The Company's customers mainly comprise of 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 installment by the customer.

Notes to the Financial Statements

For the year ended 31 December 2013

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	
	2013	2012
	(Rupees in '000)	
- Long term deposits	31,962	30,565
- Trade debts	1,396,131	1,162,753
- Deposits and other receivables	29,508	32,509
- Investments	57,900	44,981
- Balances with banks	11,949	11,046
	1,527,450	1,281,854

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 effected 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. 67.99 million (2012: 50.15 million) are past due over 180 days of which Rs. 22.70 million (2012: Rs. 18.03 million) have been provided. Past due from 1 to 180 days but not provided balance amounts to Rs. 108.86 million (2012: Rs. 102.82 million). Remaining balance of Rs. 1,241.98 million (2012: Rs. 1,027.81 million) is not yet due. At 31 December 2013, provision relates to numerous individual customers which has been determined by the management in accordance with the approved policy 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, the management believes that the unprovided amounts are recoverable. None of the other financial assets of the Company are past due.

Balances with banks are held with banks, which bear high credit ratings. These ratings carried out mostly by the local credit rating agencies range between A to A-1+ for short term ratings and in case of long term ratings it ranges between A to AAA.

None of the financial assets of the Company are secured.

35.2 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 financ ing plans. The Company maintains committed lines of credit as disclosed in note 13 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:

	2013				
	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	**158,125**	**(182,081)**	**(98,781)**	**(77,192)**	**(6,108)**
Liabilities against assets subject to finance lease	**21,384**	**(25,662)**	**(8,214)**	**(8,214)**	**(9,234)**
Long term deposits	**40,348**	**(42,970)**	**(42,970)**	**-**	**-**
Trade and other payables	**364,234**	**(364,234)**	**(364,234)**	**-**	**-**
Mark up accrued on short term running finance and long term loan	**41,308**	**(41,308)**	**(41,308)**	**-**	**-**
Short term running finance - secured	**1,289,482**	**(1,320,752)**	**(1,320,752)**	**-**	**-**
	1,914,881	**(1,977,007)**	**(1,876,259)**	**(85,406)**	**(15,342)**

Notes to the Financial Statements
For the year ended 31 December 2013

	2012				
	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	226,459	(250,906)	(89,665)	(79,551)	(81,690)
Liabilities against assets subject to finance lease	23,782	(27,968)	(11,319)	(8,169)	(8,480)
Long term deposits	37,011	(39,543)	(39,543)	-	-
Trade and other payables	346,485	(346,485)	(346,485)	-	-
Mark up accrued on short term running finance and long term loan	47,053	(47,053)	(47,053)	-	-
Short term running finance - secured	1,140,798	(1,175,023)	(1,175,023)	-	-
	1,821,588	(1,886,978)	(1,709,088)	(87,720)	(90,170)

35.3 Market risk

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

35.3.1 Currency risk

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

	2013	2012
	(Rupees in '000)	
Trade payables	**93,410**	55,238

The following significant exchange rates have been applied:

	Average rate		**Reporting date Spot rate**	
	2013	2012	**2013**	2012
USD to PKR	**101.28**	93.59	**105.31**	97.25

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.

	2013	2012
	(Rupees in '000)	
Effect on profit	**6,165**	3,590

The weakening of the PKR by 10% against US Dollar 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.

35.3.2 Interest rate risk

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

Financial assets	Note	**2013**	2012
		(Rupees in '000) Carrying amount	
Fixed rate instruments			
Trade debts	19	**1,288,637**	1,086,747
Investments	22	**57,900**	44,981

Notes to the Financial Statements

For the year ended 31 December 2013

Financial liabilities	Note	2013	2012
		(Rupees in '000) Carrying amount	
Fixed rate instruments			
Long term deposits	8	**40,348**	37,011
Retention from employees	12	**12,101**	13,617
Variable rate instruments			
Long term loans - secured	6	**158,125**	226,459
Liabilities against assets subject to finance lease	7	**21,384**	23,782
Short term running finance - secured	13	**1,289,482**	1,140,798

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 2012.

	Profit and loss	
	100 bp increase	100 bp decrease
	(Rupees in '000)	
As at 31 December 2013		
Cash flow sensitivity-variable rate instruments	**9,695**	**(9,695)**
As at 31 December 2012		
Cash flow sensitivity-variable rate instruments	9,042	(9,042)

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

35.3.3 Mismatch of interest rate sensitive financial assets and financial liabilities

	2013		
	Carrying amount	Exposed to yield / interest risk One year or less	Non-interest bearing financial instruments
	(Rupees in '000)		
Financial assets			
Long term deposits	**31,962**	**-**	**31,962**
Trade debts	**1,396,131**	**1,396,131**	**-**
Advances and deposits	**12,174**	**-**	**12,174**
Other receivables	**17,334**	**-**	**17,334**
Investments	**57,900**	**57,900**	**-**
Cash and bank balance	**135,433**	**-**	**135,433**
	1,650,934	**1,454,031**	**196,903**
Financial liabilities			
Long term loans - secured	**(158,125)**	**(158,125)**	**-**
Liabilities against assets subject to finance lease	**(21,384)**	**(21,384)**	**-**
Long term deposits	**(40,348)**	**(40,348)**	**-**
Trade and other payables	**(364,234)**	**(12,101)**	**(352,133)**
Mark up accrued on short term running finance and long term loan	**(41,308)**	**-**	**(41,308)**
Short term running finance - secured	**(1,289,482)**	**(1,289,482)**	**-**
	(1,914,881)	**(1,521,440)**	**(393,441)**
	(263,947)	**(67,409)**	**(196,538)**

Notes to the Financial Statements

For the year ended 31 December 2013

	2012		
	Carrying amount	Exposed to yield / interest risk One year or less	Non-interest bearing financial instruments
	(Rupees in '000)		
Financial assets			
Long term deposits	30,565	-	30,565
Trade debts	1,162,753	1,162,753	-
Advances and deposits	9,885	-	9,885
Other receivables	22,624	-	22,624
Investments	44,981	44,981	-
Cash and bank balance	142,162	-	142,162
	1,412,970	1,207,734	205,236
Financial liabilities			
Long term loans - secured	(226,459)	(226,459)	-
Liabilities against assets subject to finance lease	(23,782)	(23,782)	-
Long term deposits	(37,011)	(37,011)	-
Trade and other payables	(346,485)	(13,617)	(332,868)
Mark up accrued on short term running finance and long term loan	(47,053)	-	(47,053)
Short term running finance - secured	(1,140,798)	(1,140,798)	-
	(1,821,588)	(1,441,667)	(379,921)
	(408,618)	(233,933)	(174,685)

Effective interest / mark-up rates for the financial assets and financial liabilities are as follows:

	2013 **Percentage**	2012 Percentage
Financial assets		
Trade debts	**7% - 30%**	6.5% - 29%
Investments	**7.35% - 9%**	11.93% - 12%
Financial liabilities		
Long term loans - secured	**10.53% - 11.07%**	10.87% - 13.76%
Liabilities against assets subject to finance lease	**10.06% - 14%**	10.38% - 14.81%
Long term deposits	**5%**	5%
Trade and other payables	**5%**	5%
Short term running finance - secured	**10.06% - 11.54%**	11.18% - 14.45%

35.3.4 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 did not have financial instruments exposed to other price risk.

35.4 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.

36. 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 m ajor changes in the Company's approach to capital management during the year.

The Company is not exposed to externally exposed capital requirements.

Notes to the Financial Statements

For the year ended 31 December 2013

37. 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	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	(Rupees in '000)							
Managerial remuneration	**3,135**	2,591	**5,256**	4,443	**13,739**	10,842	**22,130**	17,876
Retirement benefits	**261**	216	**438**	370	**1,125**	903	**1,824**	1,489
Reimbursable expenditure	**259**	394	**556**	485	**4,995**	3,699	**5,810**	4,578
Housing	**923**	859	**1,504**	1,364	**6,408**	5,046	**8,835**	7,269
Leave passage and others	**1,161**	1,434	**1,024**	1,609	**3,505**	2,134	**5,690**	5,177
	5,739	5,494	**8,778**	8,271	**29,772**	22,624	**44,289**	36,389
Number of persons	**1**	1	**2**	2	**18**	13	**21**	16

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

37.2 In addition, aggregate amount charged in the financial statements for payments on account of fee to four (2012: four) non-executive directors was Rs. 0.790 million (2012: Rs. 0.495 million) and payments on account of remuneration to non-executive Chairman was Rs. 2.035 million (2012: Rs. 2.030 million).

37.3 The number of persons does not include those who resigned / retired during the year but remuneration paid to them is included in the above amounts.

38. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of parent company Singer (Pakistan) B.V., Netherlands, ultimate parent company Retail Holdings N.V., Netherlands, related foreign group companies, local associated companies, directors of the Company, companies where directors also hold directorships, key management personnel and employee retirement benefit funds. The aggregate value of transactions and outstanding balances as at 31 December with related parties other than those which have been disclosed else where in these financial statements are as follows:

	Note	Transaction value		Balance payable / (receivable)	
		2013	2012	**2013**	2012
		(Rupees in '000)			
Royalty	38.1	**26,944**	27,973	**97,138**	83,889
Purchase of goods and materials	38.2	**10,900**	11,484	**6,518**	10,935
Sale of goods and materials	38.2	**354**	-	**-**	-
Services obtained	38.2	**3,225**	2,885	**-**	-
Dividend on non-remittable shares		**-**	-	**517**	517
Employee retirement benefits	38.3	**12,315**	14,480	**7,990**	749
Remuneration to key management personnel	38.4	**38,969**	35,749	**-**	-

38.1 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.

38.2 Purchases and sales of goods, materials and services obtained are entered into at agreed market prices.

38.3 Contributions to the employee retirement benefits and accrual of liability and expense are made in accordance with the terms of employee retirement benefit schemes and actuarial advice. Particulars of transactions with worker's profit participation fund and employee retirement benefit plans are disclosed in notes 12.4 and 9 to these financial statements. Contributions to the provident fund are made in accordance with the service rules.

38.4 Remuneration to the key management personnel are in accordance with their terms of employment.

Notes to the Financial Statements

For the year ended 31 December 2013

39. PLANT CAPACITY AND ACTUAL PRODUCTION

	Capacity (Units)	2013 Actual production (Units)	2012 Actual production (Units)
Sewing machines	50,000	**25,719**	29,189
Gas appliances	25,000	**10,191**	12,221
Refrigerators / Deep freezers	25,000	**29,776**	33,554
Colour televisions / Flat panels	22,500	**6,922**	13,445
Microwave oven	10,000	**3,249**	4,239
Split Air conditioners	10,000	**4,230**	3,570

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.

40. AVERAGE NUMBER OF EMPLOYEES

The total number of employees as at year-end were 1,380 (2012: 1,363) and average number of employees were 1,371 (2012: 1,357).

41. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary, the effect of which is not material.

42. GENERAL

42.1 The Board of Directors in its meeting held on 26 March 2014 did not propose any distribution (2012: 10% bouns shares) for the year.

42.2 These financial statements were authorised for issue in the meeting of Board of Directors held on 26 March 2014.

Chief Executive | Chief Financial Officer | Director

Pattern of Shareholding

As at 31 December 2013

As per requirement of Code of Corporate Governance

Description	No. of Shares
Associated Companies, Undertakings and Related Parties	
Singer (Pakistan) B.V. Holding Company	31,909,024
Continental Furnishing Co. (Pvt.) Limited	319
Pakistan Agencies Limited	319
Industrial Engineers Limited	319
Chairman	
Mr. Kamal Shah	83,511
Chief Executive and Directors	
Mr. S. Aleem Hussain	610
Mr. Gavin J. Walker (Nominee of Singer (Pakistan) B.V.)	244
Mr. Badaruddin F. Vellani	2,330
Mr. Abdul Hamid Dagia	605
Mr. Yussuff Rasheed Chinoy	24,073
Mr. Fareed Khan (Alternate of Mr. Gavin Walker)	182
Mr. Rasheed Y.Chinoy (Alternate of Mr. Yussuff Rasheed Chinoy)*	924,187
Mr. Mahmood Ahmed	249
Director's Spouse	
Mrs. Kamal Shah	108,361
Executives	57
Public Sector Companies and Corporations, Banks / Financial Institutions, Insurance Companies, Mutual Funds etc.	8,407,667
Shareholders holding ten percent or more voting interest	
Singer (Pakistan) B.V. Holding Company	31,909,024
Jahangir Siddiqui & Co. Limited	7,897,860

Note: The above includes the effect of bonus shares.

*This includes 464,124 shares disposed of during the year by the alternate director, Mr. Rasheed Y. Chinoy.

Pattern of Shareholding

As at 31 December 2013

Pattern of Holding of Shares held by the Shareholders

Number of Shareholders	Shareholding From	Shareholding To	Total Number of Shares Held
278	1	100	6,649
250	101	500	68,903
131	501	1000	103,693
298	1001	5000	669,484
34	5001	10000	254,937
6	10001	15000	66,116
7	15001	20000	119,657
3	20001	25000	70,319
2	25001	30000	54,574
2	30001	35000	66,954
1	35001	40000	36,969
1	40001	45000	40,007
1	45001	50000	49,500
1	50001	55000	53,277
1	80001	85000	81,181
1	85001	90000	88,000
1	105001	110000	108,361
1	140001	145000	144,112
1	295001	300000	299,200
1	370001	375000	373,996
1	530001	535000	534,297
1	730001	735000	734,800
1	1570001	1575000	1,573,752
1	7895001	7900000	7,897,860
1	31905001	31910000	31,909,024
1026			45,405,622

Categories of Shareholders

S. No.	Categories of Shareholders	Number of Shareholders	Number of Shares Held	Percentage %
1	Associated Companies, Undertakings and Related Parties	4	31,,909,9	70.28
2	Joint Stock companies	19	8,107,7	17.86
3	Individuals	999	5,087,9	11.21
4	Banks, Development Finance Institutions, NBFIs, Mutual Funds & Modarbas	4	299,883	0.65
	TOTAL	**1026**	**45,405,622**	**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-third Annual General Meeting of the Company to be held on Saturday, 26 April 2014 and at any adjournment thereof.
As witness my / our hand this ____________ day of ______________ 2014.

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

Rs. 5/-
Revenue
Stamp

____
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.

Perfration here

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

Back Inside

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

Tel: +92 21-35052941-5, 0331-2870001-10,
Fax: +92 21-35052956

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