

# **SINGER<sup>®</sup>**

**SINGER PAKISTAN LIMITED**

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

**FOR THE HALF YEAR ENDED 30 JUNE**

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# SINGER PAKISTAN LIMITED

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

# SINGER PAKISTAN LIMITED

## 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	Chief Financial Officer
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.	Chief Internal Auditor / Secretary to Audit Committee

### 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 Al Falah Limited  
Burj Bank Limited  
Bank Islami Pakistan Limited  
Citibank, N. A.  
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](http://www.singer.com.pk)

# SINGER PAKISTAN LIMITED

## DIRECTORS' REPORT FOR THE HALF YEAR ENDED 30 JUNE 2013

The Board of Directors of your Company are pleased to present their report together with the reviewed condensed Interim Financial Statements of the Company for the first half year ended 30 June 2013 and auditors' review report thereon.

The Country witnessed an unprecedented business environment on account of power shortages, deteriorating law and order situation, currency devaluation and persistent inflation which kept the customers away from the market during the period under review. All these factors affected the growth in net revenue of the Company; however, due to the efforts of the Management, the Company continued to deliver strong double digit profitable growth.

Gross Margin percentage improved during the period due to favorable sales mix and cost controls despite devaluation of rupee and inflationary pressures.

Marketing, selling and distribution cost decreased by Rs. 5.9 million, over the same period last year, mainly due to cost controls and keeping the marketing cost in line with the sales. Administrative Expenses increased slightly by Rs. 2.6 million on account of inflationary pressures, escalating cost of utilities and fuel. Other Operating Expenses increased by Rs. 2.1 million mainly due to legal and professional expenses and profit-based statutory costs.

The Company availed the benefit of reduction in discount rates and the finance costs decreased significantly by Rs.13.04 million as compared to the same period last year.

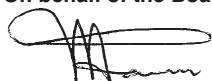
Sales remained under pressure in the second quarter due to the reasons mentioned above. However, gross margin percentage for the second quarter ended 30 June 2013 improved slightly. Profit after taxation for the second quarter improved to Rs.19.91 million or by 9.6% against Rs.18.18 million over the same period last year.

Profit after taxation for the first half year ended increased significantly by 16.9% whereas Earnings per Share improved to Re. 0.58 against Re. 0.49 in the same period last year.

As advised in our Annual Report for the year ended 2012 in detail, the Honorable High Court of Sindh has temporarily restrained the Company from issuing right shares and has ordered the Company to maintain status quo as two Directors of the Company have filed a suit in the Court in this regard. The Company has filed its response and has requested the Court to allow the Company to proceed with the rights issue. Currently, the Court has designated the suit file as 'Green File' which means a suit in which an injunction is operating and directions have been issued that such injunction applications are to be disposed-off at the earliest.

The Company in the remaining half of the year will continue to focus on introduction of diversified and cost effective products and models and will also maintain its strategy of innovative advertising and consumer promotions. However, a lot will depend on the business environment prevailing in the Country which is expected to remain challenging during the remaining part of the year. The recent heavy monsoon rains and floods in some parts of the Country will also keep the sale of appliances under pressure.

**On behalf of the Board**



**SYED ALEEM HUSSAIN**  
Chief Executive Officer

**Karachi:** 29 August 2013



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Chartered Accountants Fax : +92 (21) 3568 5095  
Sheikh Sultan Trust Building No.2 Internet : www.kpmg.com.pk  
Beaumont Road Karachi 75530  
Pakistan

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

### *Introduction*

We have reviewed the accompanying condensed interim balance sheet of **Singer Pakistan Limited** ("the Company") as at 30 June 2013, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the period ended 30 June 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### *Other Matters*

The figures for the quarter ended 30 June 2013 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

**Date:** 29 August 2013

**Karachi**

  
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
**Aryn Pirani**

KPMG Taseer Hadi & Co., a partnership firm registered in Pakistan  
and a member firm of the KPMG network of independent member  
firms affiliated with KPMG International, a Swiss cooperative

# SINGER PAKISTAN LIMITED

## CONDENSED INTERIM BALANCE SHEET AS AT 30 JUNE 2013

	Note	Un-audited 30 June 2013	Audited 31 December 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital 70,000,000 (2012: 70,000,000) ordinary shares of Rs. 10 each	5.1	<u>700,000</u>	<u>700,000</u>
Issued, subscribed and paid-up capital	5.2	<u>454,056</u>	412,778
Capital reserve		5,000	5,000
Revenue reserve		117,837	117,837
Unappropriated profit		<u>25,414</u>	41,674
		<b>602,307</b>	<b>577,289</b>
Surplus on revaluation of property, plant and equipment		<b>295,551</b>	291,337
<b>Non-current liabilities</b>			
Long term loans		<u>110,625</u>	<u>145,625</u>
Liabilities against assets subject to finance lease		13,902	14,614
Long term deposits		38,313	37,011
Employee retirement benefits - obligation		14,882	16,483
Deferred tax		152,488	153,057
Deferred income		<u>1,856</u>	<u>2,320</u>
		<b>332,066</b>	<b>369,110</b>
<b>Current liabilities</b>			
Trade and other payables	6	<u>490,446</u>	<u>395,091</u>
Mark-up accrued on short term running finance and long term loans		40,662	47,053
Short term running finance - secured		1,215,517	1,140,798
Current portion of long term loans		70,000	80,834
Current portion of liabilities against assets subject to finance lease		<u>7,230</u>	<u>9,168</u>
		<b>1,823,855</b>	<b>1,672,944</b>
<b>Contingencies and commitments</b>	7	<u><b>3,053,779</b></u>	<u><b>2,910,680</b></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	<u>644,098</u>	652,417
Intangible assets		1,824	1,753
Employee retirement benefits - prepayments		19	9,001
Long term deposits		<u>31,626</u>	<u>30,565</u>
		<b>677,567</b>	<b>693,736</b>
<b>Current assets</b>			
Stores, spares and loose tools		7,411	7,260
Stock-in-trade		660,114	710,626
Trade debts	9	1,330,325	1,162,753
Advances, deposits and prepayments		54,484	43,677
Other receivables		18,335	22,624
Taxation - net		105,479	82,861
Investments	10	56,343	44,981
Cash and bank balances		<u>143,721</u>	<u>142,162</u>
		<b>2,376,212</b>	<b>2,216,944</b>
		<u><b>3,053,779</b></u>	<u><b>2,910,680</b></u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

# SINGER PAKISTAN LIMITED

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013

	Note	Three months ended 30 June 2013	Six months ended 30 June 2013	Three months ended 30 June 2012	Six months ended 30 June 2012
----- (Rupees in '000) -----					
Sales		689,304	1,228,439	756,451	1,365,865
Earned carrying charges		102,986	196,742	97,149	188,882
Sales tax / excise duty, commissions and discounts		(131,038)	(235,697)	(129,747)	(247,227)
<b>Net revenue</b>	11	<b>661,252</b>	<b>1,189,484</b>	723,853	1,307,520
Cost of sales	12	(506,824)	(902,587)	(556,128)	(1,007,216)
<b>Gross margin</b>		<b>154,428</b>	<b>286,897</b>	167,725	300,304
Marketing, selling and distribution cost		(63,191)	(125,838)	(69,847)	(131,742)
Administrative expenses		(12,563)	(24,670)	(11,076)	(22,051)
Other operating expenses		(7,220)	(11,862)	(6,032)	(9,775)
		(82,974)	(162,370)	(86,955)	(163,568)
<b>Profit from operations before finance cost</b>		<b>71,454</b>	<b>124,527</b>	80,770	136,736
Finance cost		(46,494)	(92,888)	(54,872)	(105,929)
		24,960	31,639	25,898	30,807
Other income		3,714	6,687	2,135	3,732
<b>Profit before taxation</b>		<b>28,674</b>	<b>38,326</b>	28,033	34,539
Taxation		(8,759)	(12,137)	(9,857)	(12,134)
<b>Profit after taxation</b>		<b>19,915</b>	<b>26,189</b>	18,176	22,405
----- (Rupee) -----					
<b>Earnings per share - basic and diluted</b>	13	<b>0.44</b>	<b>0.58</b>	(Restated) 0.40	(Restated) 0.49

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

# SINGER PAKISTAN LIMITED

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013

	Note	Three months ended 30 June 2013	Six months ended 30 June 2013	Three months ended 30 June 2012	Six months ended 30 June 2012
		----- (Rupees in '000) -----			
Net profit for the period		19,915	26,189	18,176	22,405
<b>Other comprehensive income:</b>					
<i>Items not to be reclassified to profit or loss in subsequent period</i>					
- Actuarial loss arising on defined benefit plans (net of tax)	3.1	(1,648)	(3,297)	-	-
<b>Comprehensive income transferred to the equity</b>		<u>18,267</u>	<u>22,892</u>	<u>18,176</u>	<u>22,405</u>
<b>Components of comprehensive income not reflected in the equity</b>					
Items to be reclassified to profit or loss in subsequent period		-	-	-	-
<b>Total comprehensive income</b>		<u><u>18,267</u></u>	<u><u>22,892</u></u>	<u><u>18,176</u></u>	<u><u>22,405</u></u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director



# SINGER PAKISTAN LIMITED

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013

	Note	Six months ended 30 June 2013	Six months ended 30 June 2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Rupees in '000)			
Profit before taxation		38,326	34,539
<b>Adjustment for:</b>			
- Depreciation on property, plant and equipment		15,139	17,978
- Amortisation of intangible assets		238	1,062
- Finance cost		92,888	105,929
- Amortisation of deferred income		(464)	(464)
- Gain on disposal of property, plant and equipment		-	(68)
- Provision for staff retirement benefits		3,385	2,569
		<u>149,512</u>	<u>161,545</u>
<b>Working capital changes</b>			
(Increase) / decrease in current assets			
Stores, spares and loose tools		(151)	(1,618)
Stock-in-trade		50,512	(66,790)
Trade debts		(167,572)	(188,131)
Advances, deposits and prepayments		(10,807)	(8,372)
Other receivables		4,289	(2,599)
<i>Increase in current liabilities</i>			
Trade and other payables		95,355	100,141
		<u>(28,374)</u>	<u>(167,369)</u>
Net cash inflow / (outflow) from operations		121,138	(5,824)
Income tax paid		(27,404)	(18,531)
Finance cost paid		(97,935)	(100,154)
Payment of staff retirement benefits		(881)	(190)
Security deposits received		1,302	441
Long term deposits - net		(1,061)	770
Net cash outflow from operating activities		<u>(4,841)</u>	<u>(123,488)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(4,159)	(7,588)
Sale proceeds from disposal of property, plant and equipment		-	649
Investments made during the period - net		(2,188)	-
Net cash outflow from investing activities		<u>(6,347)</u>	<u>(6,939)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term loans - net		(45,834)	417
Lease rentals paid		(6,964)	(13,637)
Net cash outflow from financing activities		<u>(52,798)</u>	<u>(13,220)</u>
Net decrease in cash and cash equivalents		<u>(63,986)</u>	<u>(143,647)</u>
Cash and cash equivalents at beginning of the period		(998,636)	(804,148)
Cash and cash equivalents at end of the period	14	<u>(1,062,622)</u>	<u>(947,795)</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

  
Chief Executive

  
Chief Financial Officer

  
Director

# SINGER PAKISTAN LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013

	Issued subscribed and paid-up capital	Capital reserve	Revenue reserve	Unappropriated profit	Total
	(Rupees in '000)				
Balance as at 31 December 2011	375,253	5,000	120,337	35,171	535,761
Transfer from revenue reserve	-	-	(2,500)	2,500	-
<b>Transactions with owners, recorded directly in equity</b>					
Issue of bonus shares for the year ended 31 December 2011 @ 10 %	37,525	-	-	(37,525)	-
<b>Changes in equity for the six months period ended 30 June 2012</b>					
Total comprehensive income for the six months ended 30 June 2012 - profit for the period	-	-	-	22,405	22,405
Transfer from surplus on revaluation of property, plant and equipment for the period - net of tax	-	-	-	2,123	2,123
Balance as at 30 June 2012	412,778	5,000	117,837	24,674	560,289
<b>Changes in equity for the six months period ended 31 December 2012</b>					
Total comprehensive income for the six months period ended 31 December 2012					
- Profit after tax for the six months period ended 31 December 2012	-	-	-	19,747	19,747
- Remeasurement of defined benefit plan - net of tax (refer note 3.1)	-	-	-	(4,786)	(4,786)
	-	-	-	14,961	14,961
Transfer from surplus on revaluation of property, plant and equipment for the period - net of tax	-	-	-	2,039	2,039
Balance as at 31 December 2012	412,778	5,000	117,837	41,674	577,289
Transfer from revenue reserve	-	-	-	-	-
<b>Transactions with owners, recorded directly in equity</b>					
Issue of bonus shares for the year ended 31 December 2012 @ 10 %	41,278	-	-	(41,278)	-
<b>Changes in equity for the six months period ended 30 June 2013</b>					
Total comprehensive income for the six months period ended 30 June 2013					
- Profit after tax for the six months period ended 30 June 2013	-	-	-	26,189	26,189
- Remeasurement of defined benefit plan - net of tax (refer note 3.1)	-	-	-	(3,297)	(3,297)
	-	-	-	22,892	22,892
Transfer from surplus on revaluation of property, plant and equipment for the period - net of tax	-	-	-	2,126	2,126
<b>Balance as at 30 June 2013</b>	<b>454,056</b>	<b>5,000</b>	<b>117,837</b>	<b>25,414</b>	<b>602,307</b>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 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 manufacturing and assembling of the same. The registered office of the Company is located at Plot No. 39, Sector 19, Korangi Industrial Area, Karachi.

The Company is a subsidiary of Singer (Pakistan) B.V., Netherlands, whereas its ultimate parent company is Retail Holdings N.V., Netherlands.

### 2. BASIS OF PREPARATION

These condensed interim financial statements of the Company for the six months ended 30 June 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

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

These condensed interim financial statements do not include all the information required for full annual financial statements, and should be read in conjunction with the Company's annual financial statements as at and for the year ended 31 December 2012.

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

The comparative balance sheet presented in these condensed interim financial statements has been extracted from the audited financial statements of the Company for the year ended 31 December 2012, whereas comparative condensed interim profit or loss account, condensed interim statement of cash flow and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the six months ended 30 June 2012.

### 3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements have been prepared using the same accounting policies which were applied in the preparation of the annual audited financial statements of the Company for the year ended 31 December 2012 except for change in accounting policy due to adoption of revised IAS 19 "Employee Benefit" as fully explained in note 3.1 to these condensed interim financial information.

**3.1** During the period the Company has adopted IAS-19 (Revised). The significant changes to IAS 19 are as follows:

- For defined benefit plans, the option to recognition of all actuarial gains and losses immediately in the profit and loss account under allowed alternate treatment (i.e., the full recognition approach) has been removed. As revised, actuarial gains and losses are recognized in other comprehensive income when they occur. Amounts recorded in the profit and loss account are limited to current 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.

# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 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. The revision has no effect on these condensed interim financial information.

The adoption of the said amendments has resulted in a change in the Company's accounting policy relating to recognition of actuarial gains and losses (note 3.3 to the annual audited financial statements for the year ended 31 December 2012). 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 charged the actuarial gains and losses in the profit and loss accounts.

The Company during the period arranged a revised actuarial valuation as of 30 June 2013, the restatement of which have been incorporated in these condensed interim financial information. Had the above referred change not been made, the Company's equity and liability in respect of defined benefit plan as at 30 June 2013 would have been the same as recorded, however, profit after tax for the half year ended 30 June 2013 would have been lower by 3.297 million (30 June 2012: Rs. nil).

However, the above change in accounting policy have had no effect in the figures of the profit and loss account for the quarter and six months period ended 30 June 2012.

- 3.2** During the current period, 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 approach. 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.

#### **4. ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT**

The significant judgments, estimates and assumptions used by the management in preparation of these condensed interim financial statements are same as those applied to the annual audited financial statements for the year ended 31 December 2012.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended 31 December 2012.

#### **5. SHARE CAPITAL**

##### **5.1 Authorised Capital**

This represents 70,000,000 (2012: 70,000,000) ordinary shares of Rs. 10 each amounting to Rs. 700 million (2012: Rs. 700 million)

##### **5.2 Issued, Subscribed and Paid up Capital**

The effect of increase in the paid up capital is only due to issuance of bonus shares for the year ended 31 December 2012 @ 10 % per share as approved in the Annual General Meeting dated 29 April 2013 of the company.

# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013

### 6. TRADE AND OTHER PAYABLES

During the period, trade and other payables net increased by Rs. 95.355 million which mainly comprise of an increase in bills payable and sales tax and excise duty payable amounting to Rs. 106.770 million and Rs. 25.759 million respectively and decrease in creditors amounting to Rs. 52.463 million.

### 7. CONTINGENCIES AND COMMITMENTS

#### 7.1 Contingencies

There are certain pending lawsuits initiated by and against the Company concerning shop leases and ex-employees. However, the management believes that no significant liability is likely to occur in these cases. Guarantees have been extended by certain commercial banks on behalf of the company amounting to Rs. 0.181 million (31 December 2012: Rs. 0.181 million).

**7.2** During the year 2012, the Company intended to issue right shares. However, two directors of the Company have dissented to the rights issue and have filed a suit against the Company in this respect. The management has responded to the petition and the matter is subjudice.

By its order passed ex-parte on 5 November 2012, the Court has temporarily restrained the Company from issuing right shares and has ordered the Company to maintain status quo. The Company has filed its response and has requested the Court to vacate the ad interim injunction already granted, and to allow the Company to proceed with the rights issue. The proceedings before the High Court are in progress.

#### 7.3 Commitments

	<b>30 June 2013 (Un-audited)</b>	31 December 2012 (Audited)
<b>(Rupees in '000)</b>		
Capital expenditure (software development and vehicles)	<u><b>16,831</b></u>	<u>28,930</u>
Outstanding letters of credit	<u><b>123,496</b></u>	<u>115,917</u>

### 8. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	608,383	616,702
Capital work-in-progress	<u><b>35,715</b></u>	<u>35,715</u>
	<u><b>644,098</b></u>	<u>652,417</u>

# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013

8.1 Following is the cost of property, plant and equipment that have been added during the six months ended 30 June 2013:

	Six months ended 30 June 2013 (Un-audited)	Six months ended 30 June 2012 (Un-audited)
<b>Owned</b>		
(Rupees in '000)		
Building on leasehold land	-	1,133
Leasehold improvements	745	1,024
Furniture and equipment	274	390
Plant and machinery	2,002	-
Computers	829	1,120
	<b>3,850</b>	<b>3,667</b>
<b>Leased</b>		
Vehicles	2,970	2,116
	<b>2,970</b>	<b>2,116</b>
<b>Capital work in progress-net</b>	<b>-</b>	<b>3,551</b>

Following is the net book value of property, plant and equipment disposed off during the six months ended 30 June 2013.

<b>Owned</b>		
Furniture and equipment	-	49
Vehicles	-	532

8.2 During the six months ended 30 June 2013, additions of Rs 0.309 million (30 June 2012: Rs 0.370 million) were made to intangible assets.

	30 June 2013 (Un-audited)	31 December 2012 (Audited)
<b>9. TRADE DEBTS</b>		
<b>Considered good</b>		
(Rupees in '000)		
Hire purchase		
- Retail	1,057,967	846,163
- Institutional	301,710	308,421
	<b>1,359,677</b>	1,154,584
Unearned carrying charges	<b>(103,821)</b>	(67,837)
	<b>1,255,856</b>	1,086,747
Dealers	74,469	76,006
	<b>1,330,325</b>	1,162,753
Considered doubtful	21,196	18,028
	<b>1,351,521</b>	1,180,781
Provision for doubtful debts	<b>(21,196)</b>	(18,028)
	<b>1,330,325</b>	<b>1,162,753</b>

# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013

### 10. INVESTMENTS

This represents term deposit receipts in respect of amounts retained from employees as security and required to be kept separately. This carries mark-up ranging from 8.35% to 11.93% (31 December 2012: 11.93 % to 12%) per annum, maturing on various dates by 25 December 2013.

### 11. NET REVENUE

	Note	Three months ended 30 June 2013	Six months ended 30 June 2013	Three months ended 30 June 2012	Six months ended 30 June 2012
----- (Rupees in '000) -----					
Sales					
- Local		688,951	1,228,086	752,590	1,347,436
- Export		353	353	3,861	18,429
		<u>689,304</u>	<u>1,228,439</u>	<u>756,451</u>	<u>1,365,865</u>
Earned carrying charges		102,986	196,742	97,149	188,882
		<u>792,290</u>	<u>1,425,181</u>	<u>853,600</u>	<u>1,554,747</u>
Sales tax and excise duty		(84,122)	(147,600)	(76,124)	(145,237)
Commissions and discounts		(46,916)	(88,097)	(53,623)	(101,990)
		<u>(131,038)</u>	<u>(235,697)</u>	<u>(129,747)</u>	<u>(247,227)</u>
		<u>661,252</u>	<u>1,189,484</u>	<u>723,853</u>	<u>1,307,520</u>

### 12. COST OF SALES

Opening stock - finished goods					
- own manufactured		363,756	393,963	210,750	219,481
- purchased for resale		46,690	62,276	76,882	79,096
Purchases - finished goods		125,460	206,445	171,197	290,050
Cost of goods manufactured		393,792	662,777	456,735	778,025
		<u>929,698</u>	<u>1,325,461</u>	<u>915,564</u>	<u>1,366,652</u>
Closing stock - finished goods					
- own manufactured		(339,445)	(339,445)	(264,645)	(264,645)
- purchased for resale		(83,429)	(83,429)	(94,791)	(94,791)
		<u>506,824</u>	<u>902,587</u>	<u>556,128</u>	<u>1,007,216</u>

### 13. EARNINGS PER SHARE - basic and diluted

Profit after taxation		19,915	26,189	18,176	22,405
----- (Number in '000) -----					
Weighted average number of ordinary shares	13.1	45,406	45,406	45,406	45,406
----- (Rupee) -----					
Earnings per share - basic and diluted		0.44	0.58	0.40	0.49

# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013

**13.1** The number of shares for the prior periods have been adjusted for the effect of bonus shares issued during the current period. As a result of which prior period earnings per share (basic and diluted) has been restated.

**13.2** There were no convertible dilutive potential ordinary shares in issue as at 30 June 2013 and 30 June 2012.

14. CASH AND CASH EQUIVALENTS	30 June 2013 (Un-audited)	30 June 2012 (Un-audited)
	(Rupees in '000)	
Cash and bank balances	143,721	142,566
Investments	9,174	44,780
Short term running finance - secured	<u>(1,215,517)</u>	<u>(1,135,141)</u>
	<u>(1,062,622)</u>	<u>(947,795)</u>

### 15. 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 30 June with related parties other than those which have been disclosed elsewhere in these condensed interim financial information are as follows:

	Note	Six months ended	
		30 June 2013 (Un-audited)	30 June 2012 (Un-audited)
		----- (Rupees in '000) -----	
<b>Transactions</b>			
Purchases of goods, materials and services	15.1	<u>3,687</u>	<u>3,097</u>
Royalty	15.2	<u>14,970</u>	<u>16,132</u>
Employee retirement benefits	15.3	<u>5,761</u>	<u>4,850</u>
Remuneration of key management personnel	15.4	<u>18,446</u>	<u>17,413</u>
		<b>30 June 2013 (Un-audited)</b>	<b>31 December 2012 (Audited)</b>
		(Rupees in '000)	
<b>Balances</b>			
Payable against purchases of goods, materials and services	15.1	<u>1,245</u>	<u>10,935</u>
Royalty payable	15.2	<u>86,719</u>	<u>83,889</u>
Employee retirement benefits - Gratuity Scheme	15.3	<u>(14,882)</u>	<u>(16,483)</u>
- Pension Scheme		<u>19</u>	<u>9,001</u>
Dividend on non-remittable shares		<u>517</u>	<u>517</u>



# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013

15.1 Purchases of goods, materials and services are entered into on the basis of agreed terms.

15.2 The Company accrues royalty to Singer Asia Limited, Cayman Islands (a subsidiary of Retail Holdings N.V., Netherlands) based on sales of the Company in accordance with the royalty agreement duly registered with the State Bank of Pakistan.

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

15.4 There are no transactions with the key management personnel other than under their terms of employments / entitlements which are carried out in accordance with the term of their employment.

### 16. OPERATING SEGMENTS

These condensed interim financial statements have been prepared on the basis of single reportable segment.

16.1 Sales to domestic customers in Pakistan are 99.97% (2012: 98.7%) and to customers outside Pakistan are 0.03% (2012: 1.3%) of the revenue during the six months ended 30 June 2013.

16.2 All non-current assets of the Company at 30 June 2013 are located in Pakistan.

16.3 Sale to any single customer did not equal or exceed 10% of the Company's revenue during the six months ended 30 June 2013 and six months ended 30 June 2012.

### 17. DATE OF AUTHORISATION

These condensed interim financial statements was authorised for issue by the Board of Directors in their meeting held on 29 August 2013.

### 18. GENERAL

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

  
Chief Executive

  
Chief Financial Officer

  
Director

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If undelivered, please return to:  
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