

SINGER®

SINGER PAKISTAN LIMITED

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

FOR THE SIX MONTHS PERIOD 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

SINGER PAKISTAN LIMITED

COMPANY INFORMATION

Board of Directors

Kamal Shah	Chairman
M. Mahmood Ahmed	Chief Executive Officer
Gavin J. Walker	
Badaruddin F. Vellani	
Jahangir Siddiqui	(alternate : Rasheed Y. Chinoy)
Abdul Hamid Dagia	
Fareed Khan	
Bashir Ahmed	

Chief Financial Officer

Nasir Hussain

Chief Internal Auditor

A. H. Dawood

Company Secretary

Najmul Hoda Khan

Audit Committee

Badaruddin F. Vellani	Chairman
Kamal Shah	Member
Jahangir Siddiqui	Member
(alternate : Rasheed Y. Chinoy)	
Abdul Hamid Dagia	Member
Fareed Khan	Member
Najmul Hoda Khan	Secretary

HR and Remuneration Committee

Kamal Shah	Chairman
M. Mahmood Ahmed	Member
Jahangir Siddiqui	Member
(alternate : Rasheed Y. Chinoy)	
Fareed Khan	Member
Najmul Hoda Khan	Secretary

Bankers

Al Baraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Al Falah Limited
Burj Bank Limited
Bankislami Pakistan Limited
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.

Web site

www.singer.com.pk

SINGER PAKISTAN LIMITED

DIRECTORS' REPORT FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014

The Board of Directors of your Company presents their report together with the reviewed condensed Interim Financial Statements of the Company for the first six months period ended 30 June 2014 along with auditors' review report thereon.

The business environment continues to be challenging due to tough competition in the Consumer appliances market, increase in sales tax and high turnover of field sales force.

During the first half of the year, net revenue of the Company declined to Rs. 941.12 million as against Rs. 1,189.48 million over same period last year, a decline of 20.9%.

Gross margin for the half year ended 30 June 2014 was Rs. 257.89 million as against Rs. 286.89 million for the same period last year mainly due to decline in net revenue, provision against inventory obsolescence, repair costs and shortages, and offset by reversal of royalty of current period and previous years as a result of one time waiver obtained by your Company.

Marketing, Selling and Distribution costs increased to Rs.153.01 million from Rs.122.67 million over the same period last year mainly due to inflation, increase in publicity & sales promotion, salaries and benefits, rent, rates & taxes.

Administration expenses increased to Rs. 27.55 million in the first half of 2014 as against Rs. 24.67 million over the same period last year mainly due to inflation. Other operating expenses increased to Rs.76.73 million during the first half of 2014 as against Rs. 15.03 million over same period last year mainly due to provisions taken for doubtful debts against trade debts and other receivables.

Loss after taxation for first half year of 2014 is Rs. 60.46 million as against profit of Rs. 26.19 million over the same period last year whereas loss per share in the first half of 2014 is Rs. (1.33) as against earning per share of Re. 0.58 for last year due to reasons explained above.

Net revenue in the second quarter of 2014 declined to Rs. 525.27 million as against Rs. 661.25 million for the same period in the previous year due to tough competition, increase in sales tax and high turnover of field force.

Marketing, Selling & Distribution expenses in the 2nd Quarter increased to Rs. 86.64 million as against Rs. 62.44 million same period last year mainly due to inflation, increase in publicity & sales promotion, salaries and benefits, rent, rates & taxes whereas Administrative expenses increased to Rs. 14.16 million as against Rs. 12.56 million mainly due to inflation. Other operating expenses in the 2nd Quarter increased to Rs. 32.19 million as against Rs. 7.97 million mainly due to provisions taken for doubtful debts against trade debts and other receivables.

Loss after taxation for 3 months ended 30 June 2014 was Rs. 21.36 million as against profit after taxation of Rs. 19.92 million in the previous year mainly due to reasons explained above.

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As advised in detail in the Company's annual report for the year ended 31 December 2013, Suit No. 1507 of 2012 and High Court Appeal No. D-173 of 2013, with respect to the issue of right shares by the Company, is pending before the Honorable High Court of Sind. Further, the Securities and Exchange Commission of Pakistan ("SECP") has informed the Company that it has not acceded to the Company's request for relaxation from the requirement of Rule 5(ii) of the Companies (Issue of Capital) Rules, 1996. The Company has filed an appeal to the Appellate Bench of the SECP which is currently pending for hearing.

The shareholders of the Company in the Extraordinary General Meeting held on Tuesday, 12 August 2014 have elected the following persons as Directors of the Company for a period of three years commencing from 12 August 2014:

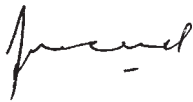
1. Mr. Kamal Shah
2. Mr. Gavin J. Walker
3. Mr. Badaruddin F. Vellani
4. Mr. Jahangir Siddiqui
5. Mr. Abdul Hamid Dagia
6. Mr. Fareed Khan
7. Mr. Bashir Ahmed

The Board has appointed Mr. Kamal Shah as the Chairman of the Board of Directors.

Mr. M. Mahmood Ahmed was appointed as the Chief Executive Officer of the Company by the Board of Directors, with effect from 19 May 2014, for a period of three years, after the resignation of Mr. S. Aleem Hussain, CEO.

The business environment prevailing in the Country is expected to remain challenging during the remaining part of the year. In spite of these circumstances, the Management would be putting its best efforts to ensure growth and improve results, subject to business environment.

On behalf of the Board



M. MAHMOOD AHMED
Chief Executive Officer

Karachi: 29 August 2014



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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 2014 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 condensed interim financial information for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed 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 condensed 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 condensed 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 condensed interim financial information 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 2014 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed by us and we do not express a conclusion on them.

Date: 29 August 2014

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 Cooperative ('KPMG International'), a Swiss entity.

SINGER PAKISTAN LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT 30 JUNE 2014

	Note	Un-audited 30 June 2014	Audited 31 December 2013
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital 70,000,000 (2013: 70,000,000) ordinary shares of Rs. 10 each	5	<u>700,000</u>	<u>700,000</u>
Issued, subscribed and paid-up capital		454,056	454,056
Capital reserve		5,000	5,000
Revenue reserve		117,837	117,837
Accumulated (loss) / unappropriated profit		<u>(19,017)</u>	<u>38,830</u>
		557,876	615,723
Surplus on revaluation of property, plant and equipment - net of deferred tax		293,982	296,594
Non-current liabilities			
Long term loans	6	120,000	73,750
Liabilities against assets subject to finance lease		12,079	14,867
Long term deposits		39,043	40,348
Employee retirement benefits - obligation		21,015	19,380
Deferred tax	13.2	137,114	168,086
Deferred income		-	464
		<u>329,251</u>	<u>316,895</u>
Current liabilities			
Trade and other payables	7	580,545	442,738
Mark-up accrued on short term running finance and long term loans		43,241	41,308
Short term running finance - secured		1,182,602	1,289,482
Current portion of long term loans		69,375	84,375
Current portion of liabilities against assets subject to finance lease		6,794	6,517
Current portion of deferred income		928	928
		<u>1,883,485</u>	<u>1,865,348</u>
Contingencies and commitments	8	<u>3,064,594</u>	<u>3,094,560</u>
ASSETS			
Non-current assets			
Property, plant and equipment	9	626,135	642,318
Intangible assets	9.4	31,766	33,596
Employee retirement benefits - prepayments		184	3,548
Long term deposits		<u>31,114</u>	<u>31,962</u>
		689,199	711,424
Current assets			
Stores, spares and loose tools	10	6,640	6,123
Stock-in-trade		476,455	631,308
Trade debts	11	1,448,877	1,396,131
Advances, deposits and prepayments		34,034	25,547
Other receivables	12	79,712	17,334
Taxation - net	13	134,533	113,360
Investments	14	56,900	57,900
Cash and bank balances		<u>138,244</u>	<u>135,433</u>
		2,375,395	2,383,136
		<u>3,064,594</u>	<u>3,094,560</u>

The annexed notes 1 to 23 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 2014

	Note	Three months ended 30 June 2014	Six months ended 30 June 2014	Three months ended 30 June 2013	Six months ended 30 June 2013
----- (Rupees in '000) -----					
Sales		557,441	994,835	689,304	1,228,439
Earned carrying charges		86,329	155,753	102,986	196,742
Sales tax, excise duty, commissions and discounts		(118,496)	(209,464)	(131,038)	(235,697)
Net revenue	15	<u>525,274</u>	<u>941,124</u>	661,252	1,189,484
Cost of sales	16	<u>(378,167)</u>	<u>(683,227)</u>	(506,824)	(902,587)
Gross margin		147,107	257,897	154,428	286,897
Marketing, selling and distribution cost		(86,645)	(153,010)	(62,443)	(122,670)
Administrative expenses		(14,164)	(27,550)	(12,563)	(24,670)
Other operating expenses	17	(32,192)	(76,733)	(7,968)	(15,030)
		<u>(133,001)</u>	<u>(257,293)</u>	(82,974)	(162,370)
Profit from operations before finance cost		14,106	604	71,454	124,527
Finance cost		(49,664)	(97,374)	(46,494)	(92,888)
		<u>(35,558)</u>	<u>(96,770)</u>	24,960	31,639
Other income		4,250	7,959	3,714	6,687
(Loss) / profit before taxation		<u>(31,308)</u>	<u>(88,811)</u>	28,674	38,326
Taxation	13.2	9,950	28,351	(8,759)	(12,137)
(Loss) / profit after taxation		<u>(21,358)</u>	<u>(60,460)</u>	19,915	26,189
----- (Rupee) -----					
(Loss) / earnings per share - basic and diluted	18	<u>(0.47)</u>	<u>(1.33)</u>	0.44	0.58

The annexed notes 1 to 23 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 2014

Note	Three months ended 30 June 2014	Six months ended 30 June 2014	Three months ended 30 June 2013	Six months ended 30 June 2013
	----- (Rupees in '000) -----			
Net (loss) / profit for the period	(21,358)	(60,460)	19,915	26,189
Other comprehensive income:				
Items not to be reclassified to profit or loss in subsequent period				
- Actuarial loss arising on defined benefit plans (net of tax)	-	-	(1,648)	(3,297)
Comprehensive (loss) / income transferred to the equity	<u>(21,358)</u>	<u>(60,460)</u>	<u>18,267</u>	<u>22,892</u>
Item to be reclassified to profit or loss in subsequent period	-	-	-	-
Total comprehensive (loss) / income	<u><u>(21,358)</u></u>	<u><u>(60,460)</u></u>	<u><u>18,267</u></u>	<u><u>22,892</u></u>

The annexed notes 1 to 23 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 2014

	Note	Six months ended 30 June 2014	Six months ended 30 June 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
(Rupees in '000)			
(Loss) / Profit before taxation		(88,811)	38,326
Adjustment for:			
- Depreciation on property, plant and equipment		18,295	15,139
- Amortisation of intangible assets		1,940	238
- Finance cost		97,374	92,888
- Amortisation of deferred income		(464)	(464)
- Gain on disposal of property, plant and equipment		(768)	-
- Provision for staff retirement benefits		4,017	3,385
		31,583	149,512
Working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		(517)	(151)
Stock-in-trade		154,853	50,512
Trade debts		(52,746)	(167,572)
Advances, deposits and prepayments		(8,487)	(10,807)
Other receivables		(62,378)	4,289
Increase in current liabilities			
Trade and other payables		137,807	95,355
		168,532	(28,374)
Net cash inflow from operation		200,115	121,138
Income tax paid		(23,794)	(27,404)
Finance cost paid		(94,361)	(97,935)
Employee retirement benefits		982	(881)
Security deposits - net		(1,305)	1,302
Long term deposits - net		848	(1,061)
Net cash inflow / (outflow) from operating activities		82,485	(4,841)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(2,706)	(4,159)
Sale proceeds from disposal of property, plant and equipment		3,340	-
Investments made during the period - net		1,000	(2,188)
Net cash inflow / (outflow) from investing activities		1,634	(6,347)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loans - net		31,250	(45,834)
Lease rentals paid		(5,678)	(6,964)
Net cash inflow / (outflow) from financing activities		25,572	(52,798)
Net increase / (decrease) in cash and cash equivalents		109,691	(63,986)
Cash and cash equivalents at beginning of the period		(1,154,049)	(998,636)
Cash and cash equivalents at end of the period	19	(1,044,358)	(1,062,622)

The annexed notes 1 to 23 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 2014

	Issued subscribed and paid-up capital	Capital reserve	Revenue reserve	Unappropriated profit	Total
	(Rupees in '000)				
Balance as at 31 December 2012	412,778	5,000	117,837	41,674	577,289
Transactions with owners, recorded directly in equity					
Issue of bonus shares for the year ended 31 December 2012 @ 10 %	41,278	-	-	(41,278)	-
Total comprehensive income for the six months ended 30 June 2013					
Profit for the period	-	-	-	26,189	26,189
Net actuarial loss recognised in 'Other Comprehensive Income' net of tax	-	-	-	(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
Balance as at 30 June 2013	454,056	5,000	117,837	25,414	602,307
Total comprehensive income for the six months ended 31 December 2013					
Profit for the period	-	-	-	10,070	10,070
Net actuarial gain recognised in 'Other Comprehensive Income' net of tax	-	-	-	1,299	1,299
	-	-	-	11,369	11,369
Transfer from surplus on revaluation of property, plant and equipment for the period - net of tax	-	-	-	2,047	2,047
Balance as at 31 December 2013	454,056	5,000	117,837	38,830	615,723
Total comprehensive loss for the six months ended 30 June 2014 - loss for the period	-	-	-	(60,460)	(60,460)
Transfer from surplus on revaluation of property, plant and equipment for the period - net of tax	-	-	-	2,613	2,613
Balance as at 30 June 2014	454,056	5,000	117,837	(19,017)	557,876

The annexed notes 1 to 23 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 2014

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 2014 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 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 2013.

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 2013, whereas comparative condensed interim profit or loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the six months ended 30 June 2014.

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 2013.

4. ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The significant judgments, estimates and assumptions used by the management in preparation of these condensed interim financial information are same as those applied to the annual audited financial statements for the year ended 31 December 2013.

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 2013.

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014

5. AUTHORISED CAPITAL

This represents 70,000,000 (2013: 70,000,000) ordinary shares of Rs. 10 each amounting to Rs. 700 million (2013: Rs. 700 million).

6. LONG TERM LOANS

During the period the Company obtained a loan of Rs. 75 million from a Commercial Bank at 32.7 paise per thousand per day repayable in five years including a grace period of one year. Repayments would start from July 2015 in sixteen quarterly installments and is secured against the first pari passu charge, over the present and future fixed assets of the Company.

7. TRADE AND OTHER PAYABLES

7.1 The changes in trade and other payables mainly comprise of increase in bills payable by Rs. 142.26 million.

7.2 The Company accrues royalty to Singer Asia Limited, Cayman Island (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. Singer Asia, based on Company's request, has granted a onetime waiver for the payment of Royalty from the year 2010 till the end of 2014. The amount reversed on account of Royalty in these accounts in cost of sales is Rs. 96.95 million.

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

8.1.1 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. Furthermore, guarantees have been extended by certain commercial banks on behalf of the company amounting to Rs. 0.181 million (31 December 2013: Rs. 0.181 million).

8.1.2 As mentioned in detail in the Company's Annual Report for the year ended 31 December 2013, Suit No. 1507 of 2012 and High Court Appeal No. D-173 of 2013, with respect to the issue of right shares by the Company, are pending before the Honorable High Court of Sindh. Further, the Securities and Exchange Commission of Pakistan ("SECP") has informed the Company that it has not acceded to the Company's request for relaxation from the requirement of Rule 5(ii) of the Companies (Issue of Capital) Rules, 1996. The Company has filed an appeal to the Appellate Bench of the SECP which is currently pending for hearing.

8.1.3 During the year, the Company filed a Constitutional petition before the Sindh High court at Karachi, challenging the vires of Rule 58T of the Sales Tax Special Procedure Rules relating to 2 percent Extra Sales tax on certain home appliances. This was based on the advice of the tax and legal advisors that the said vires are not applicable on the Company. The case is pending before the Honorable Court. An interim order has been received in favor of the Company. Amount involved is Rs. 8 million approximately and based on the opinion of the lawyer, the Company is confident that no liability is expected to occur on this account as decided in similar other cases.

8.1.4 Refer note 13.1 also.

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014

	(Un-audited) 30 June 2014	(Audited) 31 December 2013
(Rupees in '000)		
8.2 Commitments		
Capital expenditure (software development)	<u>16,682</u>	17,804
Outstanding letters of credit	<u>84,944</u>	<u>69,142</u>
Lease rental on Ijarah lease	<u>2,435</u>	<u>-</u>
9. PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS		
9.1 Details of the balances as at the period end was as follows:		
Operating fixed assets	625,801	641,984
Capital work-in-progress	334	334
	<u>626,135</u>	<u>642,318</u>
9.2 Following is the cost of property, plant and equipment that have been added during the six months ended 30 June 2014:		
	Six months ended 30 June 2014	Six months ended 30 June 2013
	(Rupees in '000)	
Owned		
Leasehold improvements	1,310	745
Furniture and equipment	426	274
Plant and machinery	425	2,002
Computers	428	829
	<u>2,589</u>	<u>3,850</u>
Leased		
Vehicles	2,088	2,970
	<u>2,088</u>	<u>2,970</u>

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014

9.3 Following is the net book value of property, plant and equipment disposed off during the six months ended 30 June 2014.

	Disposal NBV	
	Six months ended 30 June 2014	Six months ended 30 June 2013
Owned	(Rupees in '000)	
Plant and machinery	357	-
Vehicles	2,179	532
Computers & software	36	-
Furniture and equipment	-	49

9.4 During the six months ended 30 June 2014, additions of Rs 0.118 million (30 June 2013: Rs 0.309 million) were made to intangible assets.

10. INVENTORY

The Company has recognised a charge of Rs. 71.5 million on account of inventory shortages and obsolescence in the cost of sales.

	(Un-audited) 30 June 2014	(Audited) 31 December 2013
	(Rupees in '000)	
11. TRADE DEBTS		
Considered good		
Hire purchase		
- Retail	1,230,687	1,121,115
- Institutional	273,778	220,331
	1,504,465	1,341,446
Unearned carrying charges	(89,888)	(52,809)
	1,414,577	1,288,637
Dealers	34,300	107,494
	1,448,877	1,396,131
Considered doubtful	43,858	22,700
	1,492,735	1,418,831
Provision for doubtful debts	(43,858)	(22,700)
	1,448,877	1,396,131

11.1 The Company has recognised a provision of Rs. 43.839 million net of securities available with the Company (2013: Rs. 3.168 million) for doubtful debts while an amount of Rs. 22.681 million (2013: Rs.Nil) was written off during the period against provision.

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014

12. OTHER RECEIVABLES

Other receivables mainly comprise of claims from customs and insurance companies. It also includes amounts recoverable from current and former field employees which have been necessitated through an on going review process against which a provision of Rs. 27.705 million has been made during the period net of securities available with the Company.

13. TAXATION

13.1 Section 11 3(2)(c) was interpreted by a Divisional Bench of the Sindh High Court (SHC) in the Income Tax Reference Application (ITRA) No. 132 of 2011 dated 7 May 2013, whereby it was held that the benefit of carry forward of Minimum Tax is only available in the situation where the actual tax payable (on the basis of net income) in a tax year is less than Minimum Tax.

Based on practice being adopted in similar cases by other companies, opinion of certain lawyers in similar cases and Company's tax advisors view due to these opinions, the Company's management is of the view, that the above order is not correct and would not be maintained by the Supreme Court. Therefore, the Company intends to carry forward the minimum turnover tax as and when paid. Accordingly provision of Rs. 9.16 million has not been made in these accounts.

13.2 During the current period the Company recognised net deferred tax asset of Rs. 28.35 million. It mainly includes deferred tax amount of Rs. 7.6 million on taxable losses and Rs. 16.37 million recognised on provision for bad and doubtful debts.

14. 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 9% to 9.25% (31 December 2013: 7.35 % to 9.0%) per annum, maturing on various dates till 29 October 2014.

15. NET REVENUE

	Three months ended 30 June 2014	Six months ended 30 June 2014	Three months ended 30 June 2013	Six months ended 30 June 2013
	----- (Rupees in '000) -----			
Sales				
- Local	557,441	994,835	688,951	1,228,086
- Export	-	-	353	353
	<u>557,441</u>	<u>994,835</u>	<u>689,304</u>	<u>1,228,439</u>
Earned carrying charges	<u>86,329</u>	<u>155,753</u>	<u>102,986</u>	<u>196,742</u>
	<u>643,770</u>	<u>1,150,588</u>	<u>792,290</u>	<u>1,425,181</u>
Sales tax and excise duty	(70,605)	(123,206)	(84,122)	(147,600)
Commissions and discounts	(47,891)	(86,258)	(46,916)	(88,097)
	<u>(118,496)</u>	<u>(209,464)</u>	<u>(131,038)</u>	<u>(235,697)</u>
	<u>525,274</u>	<u>941,124</u>	<u>661,252</u>	<u>1,189,484</u>

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014

	Three months ended 30 June 2014	Six months ended 30 June 2014	Three months ended 30 June 2013	Six months ended 30 June 2013
----- (Rupees in '000) -----				
16. COST OF SALES				
Opening stock - finished goods				
- own manufactured	337,455	357,644	363,756	393,963
- purchased for resale	43,295	76,338	46,690	62,276
 Purchases - finished goods	 8,317	 35,119	 125,460	 206,445
Cost of goods manufactured	286,633	511,659	393,792	662,777
	<u>675,700</u>	<u>980,760</u>	<u>929,698</u>	<u>1,325,461</u>
 Closing stock - finished goods				
- own manufactured	(255,273)	(255,273)	(339,445)	(339,445)
- purchased for resale	(42,260)	(42,260)	(83,429)	(83,429)
	<u>378,167</u>	<u>683,227</u>	<u>506,824</u>	<u>902,587</u>

17. OTHER OPERATING EXPENSES

These include provision for bad and doubtful debts amounting to Rs. 71.54 million (30 June 2013: Rs. 3.17 million).

18. (LOSS) / EARNINGS PER SHARE - basic and diluted

(Loss) / profit after taxation	<u>(21,358)</u>	<u>(60,460)</u>	<u>19,915</u>	<u>26,189</u>
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----- (Number in '000) -----

Weighted average number of ordinary shares	18.1	<u>45,406</u>	<u>45,406</u>	<u>45,406</u>	<u>45,406</u>
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----- (Rupee) -----

(Loss) / earnings per share - basic and diluted	<u>(0.47)</u>	<u>(1.33)</u>	<u>0.44</u>	<u>0.58</u>
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18.1 There were no convertible dilutive potential ordinary shares in issue as at 30 June 2014 and 30 June 2013.

19. CASH AND CASH EQUIVALENTS

	30 June 2014 (Un-audited)	30 June 2013 (Un-audited)
(Rupees in '000)		
Cash and bank balances	138,244	143,721
Investments	-	9,174
Short term running finance - secured	<u>(1,182,602)</u>	<u>(1,215,517)</u>
	<u>(1,044,358)</u>	<u>(1,062,622)</u>

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014

20. 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 statements are as follows:

Transactions	Note	Six months ended	
		30 June 2014 (Un-audited)	30 June 2013 (Un-audited)
		----- (Rupees in '000) -----	
Purchases of goods, materials and services	20.1	5,969	3,687
Royalty (reversed) / accrued	7.2	(96,951)	14,970
Employee retirement benefits	20.2	5,385	5,761
Remuneration of key management personnel	20.3	20,180	18,446
		30 June 2014 (Un-audited)	31 December 2013 (Audited)
		(Rupees in '000)	
Balance (payable) / receivable			
Payable against purchases of goods, materials and services	20.1	(2,462)	(7,791)
Advance against purchases of goods, materials and services	20.1	1,273	1,273
Royalty	7.2	-	(97,138)
Employee retirement benefits - Gratuity Scheme	20.2	(13,943)	(11,538)
- Pension Scheme		184	3,548
Dividend on non-remittable shares		(517)	(517)

20.1 Purchases of goods, materials and services are entered into at agreed prices.

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

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

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014

21. OPERATING SEGMENTS

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

21.1 Sales to domestic customers in Pakistan are 100% (30 June 2013: 99.97%) and to customers outside Pakistan are nil (30 June 2013: 0.03%) of the revenue during the six months ended 30 June 2014.

21.2 All non-current assets of the Company at 30 June 2014 are located in Pakistan.

21.3 Sale to any single customer did not equal or exceed 10% of the Company's revenue during the six months ended 30 June 2014 and six months ended 30 June 2013.

22. DATE OF AUTHORISATION

These condensed interim financial statements was authorised for issue by the Board of Directors in their meeting held on 29 August 2014.

23. GENERAL

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

23.2 Provision for bad debts amounting to Rs. 3.17 million included in the comparative figures in marketing, selling and distribution expenses have been included in other operating expenses for better presentation.


Chief Executive


Chief Financial Officer


Director

BOOK POST

UNDER POSTAL CERTIFICATE

If undelivered, please return to:
SINGER PAKISTAN LIMITED
Plot No. 39, Sector 19,
Korangi Industrial Area, Karachi.