

# **SINGER<sup>®</sup>**

**SINGER PAKISTAN LIMITED**

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

**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE**

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# SINGER PAKISTAN LIMITED

<b>CONTENTS</b>	<b>PAGE</b>
Company Information	2
Directors' Report	3
Auditors' Report	4
Condensed Interim Balance Sheet	5
Condensed Interim Profit and Loss Account (Un-audited)	6
Condensed Interim Statement of Comprehensive Income (Un-audited)	7
Condensed Interim Cash Flow Statement (Un-audited)	8
Condensed Interim Statement of Changes in Equity (Un-audited)	9
Notes to the Condensed Interim Financial Statements (Un-audited)	10

**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  
M. Mahmood Ahmed  
Gavin J. Walker  
Badaruddin F. Vellani  
Mr. Rasheed Y. Chinoy  
Abdul Hamid Dagia  
Fareed Khan  
Bashir Ahmed

Chairman  
Chief Executive Officer  
(alternate : Qaiser Pervaiz)

### Chief Financial Officer

Qaiser Pervaiz

Chief Internal Auditor

A.H. Dawood

### Company Secretary

Salman Ahmed

### Audit Committee

Badaruddin F. Vellani  
Kamal Shah  
Rasheed Y. Chinoy  
Abdul Hamid Dagia  
Fareed Khan  
Salman Ahmed

Chairman  
Member  
Member  
Member  
Member  
Secretary

### HR and Remuneration Committee

Kamal Shah  
M. Mahmood Ahmed  
Rasheed Y. Chinoy  
Fareed Khan  
Salman Ahmed

Chairman  
Member  
Member  
Member  
Secretary

### Bankers

Al Baraka Bank (Pakistan) Limited  
Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Burj Bank 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  
Karachi.

### Web site

[www.singer.com.pk](http://www.singer.com.pk)

# SINGER PAKISTAN LIMITED

## DIRECTORS' REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2015

Directors of the Company present their Report together with unaudited condensed interim financial statements of the Company along with auditors review report thereon.

The business environment remained challenging in the Consumer Appliance sector due to severe competition and entry of new retailers with consumer financing. The Management is continuing its emphasis on cash sales and has strengthened controls on credit sales.

The management is pleased to report that in the second quarter, the Company has made a profit of Rs. 11.1 million before taxation as against loss of Rs. 31.31 million before taxation for the same period last year.

During the first half of the year Net Revenue of the Company is Rs. 876.17 million as against Rs. 941.12 million, a decline of 7%. Gross Margin for the half year ended 30 June, 2015 was Rs. 220.58 million as against Rs. 257.90 million during the same period last year.

Marketing, Selling and Distribution cost was Rs. 144.50 million as against Rs. 153.01 million, a decline of 5.6% due to controlled expenses. Administrative expenses increased to Rs. 29.43 million as against Rs. 27.55 million in the first half of 2015 mainly due to inflation. Other Operating Expenses reduced to Rs. 14.53 million during the first half of 2015 as against Rs. 76.73 million over the same period last year mainly due to low provisions for doubtful debts.

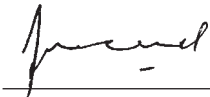
Loss after taxation for the first half of 2015 was Rs. 38.7 million as against loss of Rs. 60.46 million over the same period last year mainly due to reasons explained above. Loss per share in the first half of 2015 is Re. 0.85 as against Rs. 1.33 for the same period as last year for reasons explained above.

Net Revenue in the second quarter of 2015 was Rs. 504.60 million as against Rs. 525.27 million for the same period in the previous year due to emphasis on cash sales. However Profit After Taxation in the second quarter of 2015 was positive Rs. 0.14 million as against loss of Rs. 21.36 million for the same period last year.

In the second quarter Marketing, Sales and Distribution expenses was Rs. 75.28 million as against Rs. 86.65 million for the same period last year mainly due to control on expenses. Administrative Expenses increased in the second quarter of 2015 to Rs. 15.04 million as against Rs. 14.16 million due to inflation. Other Operating Expenses in the second quarter were Rs. 1.10 million as against Rs. 32.19 million mainly due to provision of low bad debts.

The business environment is expected to remain challenging during the remaining part of the year. The Management would continue its efforts to improve cash sales and provide stricter control on credit sales.

On behalf of the Board



**M. Mahmood Ahmed**  
Chief Executive Officer

**Karachi:** 27 August 2015



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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

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

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of Singer Pakistan Limited ("the Company") as at 30 June 2015 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 months 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 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 of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended 30 June 2015, have not been reviewed and we do not express a conclusion on them.

**Date:** 27 August 2015

**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 2015

	Note	Un-audited 30 June 2015	Audited 31 December 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital 70,000,000 (2014: 70,000,000) ordinary shares of Rs. 10 each	6	<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 losses		<u>(264,256)</u>	<u>(237,828)</u>
		312,637	339,065
Surplus on revaluation of assets (land and building) - net of tax	10.3.1	596,471	570,152
<b>Non-current liabilities</b>			
Long term loans - secured		56,250	81,875
Liabilities against assets subject to finance lease	7	21,612	8,626
Employee retirement benefits obligation		22,419	19,931
Deferred tax - net		101,316	159,912
Deferred income	7	5,147	-
		206,744	270,344
<b>Current liabilities</b>			
Trade and other payables	8	569,449	499,619
Mark-up accrued on short term running finance and long term loans		38,373	45,934
Short term running finance - secured		1,298,486	1,305,600
Current portion of long term loans		82,007	86,546
Current portion of liabilities against assets subject to finance lease	7	8,471	6,797
Current portion of deferred income	7	1,871	464
		1,998,657	1,944,960
<b>Contingencies and commitments</b>			
	9	3,114,509	3,124,521
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	1,004,717	1,032,370
Intangible assets		27,913	29,826
Long term deposits		30,797	26,802
		1,063,427	1,088,998
<b>Current assets</b>			
Stores, spares and loose tools		4,917	6,613
Stock-in-trade	11	414,376	428,200
Trade debts and other receivables	12	1,347,716	1,317,837
Advances, deposits, prepayments and other receivables		27,049	26,580
Taxation - net	13	131,437	124,251
Investments	14	49,000	51,500
Cash and bank balances		76,587	80,542
		2,051,082	2,035,523
		<u>3,114,509</u>	<u>3,124,521</u>

The annexed notes 1 to 22 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 2015

	Note	Three months ended 30 June 2015	Six months ended 30 June 2015	Three months ended 30 June 2014	Six months ended 30 June 2014
----- (Rupees in '000) -----					
Sales		526,806	909,260	557,441	994,835
Earned carrying charges		78,337	143,167	86,329	155,753
Sales tax, commissions and discounts		(100,545)	(176,257)	(118,496)	(209,464)
<b>Net revenue</b>	15	<b>504,598</b>	<b>876,170</b>	525,274	941,124
Cost of sales	16	(365,158)	(655,586)	(378,167)	(683,227)
Gross margin		139,440	220,584	147,107	257,897
Marketing, selling and distribution cost		(75,282)	(144,501)	(86,645)	(153,010)
Administrative expenses		(15,040)	(29,425)	(14,164)	(27,550)
Other operating expenses	17	(1,101)	(14,528)	(32,192)	(76,733)
		<u>(91,423)</u>	<u>(188,454)</u>	<u>(133,001)</u>	<u>(257,293)</u>
<b>Profit from operations before finance cost</b>		<b>48,017</b>	<b>32,130</b>	14,106	604
Finance cost		(41,474)	(85,936)	(49,664)	(97,374)
		<u>6,543</u>	<u>(53,806)</u>	(35,558)	(96,770)
Other income		4,554	7,787	4,250	7,959
Profit / (loss) before taxation		<u>11,097</u>	<u>(46,019)</u>	(31,308)	(88,811)
Taxation	13.3	(10,956)	7,321	9,950	28,351
Profit / (loss) after taxation		<u>141</u>	<u>(38,698)</u>	<u>(21,358)</u>	<u>(60,460)</u>
----- (Rupee) -----					
<b>Earning / (loss) per share - basic and diluted</b>	18	<b>0.003</b>	<b>(0.85)</b>	(0.47)	(1.33)

The annexed notes 1 to 22 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 2015

	Three months ended 30 June 2015	Six months ended 30 June 2015	Three months ended 30 June 2014	Six months ended 30 June 2014
	----- (Rupees in '000) -----			
Net profit / (loss) for the period	141	(38,698)	(21,358)	(60,460)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	<u>141</u>	<u>(38,698)</u>	<u>(21,358)</u>	<u>(60,460)</u>

Surplus arising on revaluation of land and buildings has been reported in accordance with the requirements of the Companies Ordinance, 1984 below equity and accordingly changes therein are reported directly into equity.

The annexed notes 1 to 22 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 2015

	Note	Six months ended 30 June 2015	Six months ended 30 June 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Rupees in '000)			
Loss before taxation		(46,019)	(88,811)
<b>Adjustment for:</b>			
- Depreciation on property, plant and equipment		23,940	18,295
- Amortisation of intangible assets		1,913	1,940
- Finance cost		85,936	97,374
- Amortisation of deferred income		(464)	(464)
- Gain on disposal of property, plant and equipment		(668)	(768)
- Provision for staff retirement benefits		2,848	4,017
		67,486	31,583
<b>Working capital changes</b>			
(Increase) / decrease in current assets			
Stores, spares and loose tools		1,696	(517)
Stock-in-trade		13,824	154,853
Trade debts and other receivables		(29,879)	(52,746)
Advances, deposits, prepayments and other receivables		(469)	(70,865)
Increase in current liabilities			
Trade and other payables		69,830	136,502
		55,002	167,227
		122,488	198,810
Income tax paid		(17,529)	(23,794)
Finance cost paid		(92,206)	(94,361)
Payment of staff retirement benefits		(360)	982
Long term deposits - net		(3,995)	848
Net cash flows from operating activities		8,398	82,485
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(1,465)	(2,706)
Sale proceeds from disposal of property, plant and equipment		29,055	3,340
Investments made during the period - net		2,500	1,000
Net cash flows from investing activities		30,090	1,634
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term loans - net		(30,164)	31,250
Lease rentals paid		(5,165)	(5,678)
Net cash flows from financing activities		(35,329)	25,572
Net increase in cash and cash equivalents		3,159	109,691
Cash and cash equivalents at beginning of the period		(1,225,058)	(1,154,049)
Cash and cash equivalents at end of the period	19	(1,221,899)	(1,044,358)

The annexed notes 1 to 22 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 2015

	Issued subscribed and paid-up capital	Capital reserve	Revenue reserve	Unappropriated profit / accumulated loss	Total
	(Rupees in '000)				
Balance as at 1 January 2014	454,056	5,000	117,837	38,830	615,723
Total comprehensive income for the six months period ended 30 June 2014 - loss for the period	-	-	-	(60,460)	(60,460)
Transfer from surplus on revaluation of assets (land and buildings) for the period - net of tax (incremental depreciation)	-	-	-	2,613	2,613
Balance as at 30 June 2014	454,056	5,000	117,837	(19,017)	557,876
Total comprehensive income for the six months period ended 31 December 2014 - loss for the period	-	-	-	(225,259)	(225,259)
Actuarial loss recognised directly in 'other comprehensive income' net of tax	-	-	-	4,081	4,081
	-	-	-	(221,178)	(221,178)
Transfer from surplus on revaluation of assets (land and buildings) for the period - net of tax (incremental depreciation)	-	-	-	2,367	2,367
Balance as at 31 December 2014	454,056	5,000	117,837	(237,828)	339,065
Total comprehensive income for the six months period ended 30 June 2015 - loss for the period	-	-	-	(38,698)	(38,698)
Transfer from surplus on revaluation of assets (on sale of a building) - net of tax - Note 10.3.1	-	-	-	6,014	6,014
Transfer from surplus on revaluation of assets (land and buildings) for the period - net of tax (incremental depreciation)	-	-	-	6,256	6,256
<b>Balance as at 30 June 2015</b>	<b>454,056</b>	<b>5,000</b>	<b>117,837</b>	<b>(264,256)</b>	<b>312,637</b>

The annexed notes 1 to 22 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 2015

### 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, Sector19, 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 period ended 30 June 2015 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 and the listing regulation of Karachi and Lahore stock exchange. However, a limited scope review has been carried out by the auditors. Further, the figure in the condensed interim financial statements for the quarter ended 30 June 2014 and 30 June 2015 have not been reviewed by the auditors.

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 does not include information required for full annual financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 31 December 2014.

The condensed interim financial statements are presented in Pakistan Rupees which is the functional currency of the Company and rounded off to the nearest thousand rupees except stated otherwise.

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

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 2014, whereas comparative condensed interim profit and 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 2014.

# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

### **New Standards, Interpretations and Amendments**

The Company has adapted the following accounting standards and the amendments and interpretations of IFRSs which became effective for the current period:

#### **Standard or Interpretation**

IFRS 11 - Joint Arrangements  
IFRS 12 - Disclosure of Interests in Other Entities  
IFRS 13 - Fair Value Measurements  
IAS 19 - Employee Benefit Plans: Employee Contribution  
IAS 27 - Separate Financial Statements

The above standards and amendments did not have any impact on the Company's financial information for the current period.

In addition to the above, certain improvements to various accounting standards have also been issued by the IASB. Such improvements are effective for the current accounting period but did not have any material impact on the Company's Financial Statements.

In addition, during the period, the Company entered into a sale and lease back arrangement as mentioned in note 7 to these condensed interim financial information and as such has adopted the following accounting policy:

If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount is deferred and amortised over the lease term. However, sale proceeds less than the carrying value is immediately recognised in the profit and loss account.

### **4. ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of the condensed interim financial statements requires management to make judgement, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments, made by the management in the preparation of condensed interim financial statements are same as those that were applied to the audited financial statements of the company for the year ended 31 December 2014.

### **5. FINANCIAL RISK MANAGEMENT**

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 2014.

### **6. AUTHORISED CAPITAL**

This represents 70,000,000 (2014: 70,000,000) ordinary shares of Rs. 10 each amounting to Rs. 700 million (2014: Rs. 700 million).

### **7. DEFERRED INCOME / LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

During the period the Company entered in a sale and lease back arrangement of specific items of plant and machinery resulting in deferred income (representing excess of sales proceed over the carrying amount of respective assets) of Rs. 7.486 million, out of which Rs. 1.871 million (31 December 2014: Rs. Nil) is classified in current liabilities, being the current portion of deferred income.

# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

The deferred income will be amortized and recognised in the profit and loss account over the lease term. During the year Rs. 0.468 million (30 June 2014: Rs. Nil) was amortized and recognised in the profit and loss account.

As per the term of the lease agreement, the amount is repayable in 48 monthly instalments of Rs. 0.39 million by 31 March 2019. The obligation carries mark-up at 6 month KIBOR plus 5% per annum.

### 8. TRADE AND OTHER PAYABLES

- 8.1 The changes in trade and other payables mainly comprise of increase in trade creditors by Rs. 69.83 million.
- 8.2 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 waiver for the payment of royalty for the year ending 2015, therefore the company has not accrued royalty charges for the six months period ended 30 June 2015.

### 9. CONTINGENCIES AND COMMITMENTS

#### 9.1 Contingencies

9.1.1 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.

9.1.2 The Company has 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 Honourable Court. An interim order has been received in favour of the Company. The Company is confident that no liability is expected to occur in addition to the recorded liability.

The Company had earlier received a sales tax recovery order from the sales tax authorities amounting to Rs. 190.6 million, against which the Company had filed an appeal with the Commissioner Inland Revenue Appeals (CIR Appeals). CIR (Appeals) has deleted one item while the remaining matters were set aside. Moreover, the management based on consultation with its tax advisor, is of the view that matter would be decided in favour of the Company. However, CIR has filed an appeal against Company on the matters of SRO 647/2007 regarding input tax adjustments against 90% output tax and payment of sales tax on instalment sales at the time of receipt of instalment instead at the time when instalment sales are actually being made for which no hearing has been taken place yet. Amount involved is Rs. 171.71 million. However, as mentioned above no potential liability is expected to occur.

9.1.3 During the period, the Company received a show cause notice from the Federal Board of Revenue (FBR) in respect of short payment of 2% extra sales tax under the Sales Tax Procedures Rules, 2007 as amended by SRO. 896(I)/2013 dated 4 October 2013 and deduction of input tax more than the limit defined under section 8 read with chapter IV of Sales Tax Rules, 2006. The tax authority in the said notice raised a demand of Rs. 19.91 million and 11.15 million for the period from 1 January 2014 to 30 September 2014 respectively. The Company has replied and submitted explanation with the tax authorities. Since then no further action has been initiated by the tax authorities. Besides the management is also of the view that no adverse implication is expected in addition to the recorded liabilities.

9.1.4 Refer note 13 also.

# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

	(Un-audited) 30 June 2015	(Audited) 31 December 2014
(Rupees in '000)		
<b>9.2 Commitments</b>		
Capital expenditure (software development)	<u>17,216</u>	<u>17,064</u>
Outstanding letters of credit (raw materials and components)	<u>45,258</u>	<u>41,905</u>
Lease rental on Ijarah lease	<u>5,780</u>	<u>7,019</u>
<b>10. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS</b>		
<b>10.1</b> Details of the balances as at the reporting date were as follows:		
Operating fixed assets	<u>1,001,974</u>	1,029,935
Capital work-in-progress	<u>2,743</u>	2,435
	<u>1,004,717</u>	<u>1,032,370</u>
<b>10.2</b> Following are the details of the cost of property, plant and equipment that have been added during the six months period ended 30 June 2015:		
	<b>Six months ended 30 June 2015</b>	<b>Six months ended 30 June 2014</b>
	(Rupees in '000)	
<b>Owned</b>		
Leasehold improvements	<u>299</u>	1,310
Furniture and equipment	<u>857</u>	426
Plant and machinery	-	425
Computers	-	428
	<u>1,156</u>	<u>2,589</u>
<b>Leased</b>		
Plant and machinery	<u>18,535</u>	-
Vehicles	-	2,088
	<u>18,535</u>	<u>2,088</u>
<b>Capital work in progress-net</b>	<u>308</u>	-
<b>10.3</b> Following are the details of net book value of property, plant and equipment disposed off during the six months period ended 30 June 2015.		

# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

	Six months ended 30 June 2015	Six months ended 30 June 2014
(Rupees in '000)		
<b>Owned</b>		
Building on leasehold land	12,342	-
Plant and machinery	11,049	357
Vehicles	320	2,179
Computers & software	-	36

**10.3.1** Surplus on the earlier revaluation of the building on its disposal amounting to Rs. 9.73 million have been transferred to equity. Net of tax, the amount is Rs. 6.04 million. In addition balance of surplus on revaluation of fixed assets net of deferred tax increased by Rs. 40.93 million due to change in tax rates.

### 11. STOCK IN TRADE

During the period the Company adjusted provision of Rs. 9.76 million (31 December 2014: provision of Rs. 7.50 million) due to sale resulting in the balance of provision against slow moving and damaged items of Rs. 3.96 million as at the period end (31 December 2014: Rs. 13.717 million).

### 12. TRADE DEBTS AND OTHER RECEIVABLES

	(Un-audited) 30 June 2015	(Audited) 31 December 2014
(Rupees in '000)		
<b>Considered good</b>		
Hire purchase		
- Retail	998,048	950,659
- Institutional	230,748	218,261
	1,228,796	1,168,920
Unearned carrying charges	(78,958)	(79,783)
	1,149,838	1,089,137
Dealers	29,238	48,777
	1,179,076	1,137,914
Other receivables	12.2      168,640	179,923
	1,347,716	1,317,837
Considered doubtful	209,900	207,520
	1,557,616	1,525,357
Provision for doubtful debts and other receivables	12.2 & 12.3      (209,900)	(207,520)
	1,347,716	1,317,837

# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

- 12.1** The remaining instalment period of above trade debts are generally for a period ranging from six months to twelve months carrying interest rates ranging between 7% to 32%.
- 12.2** Other receivables comprise of amounts recoverable from the current and former field employees amounting to Rs. 312.48 million (31 December 2014: Rs. 329.06 million) out of which 143.9 million (31 December 2014: Rs. 149.1 million) is considered as doubtful. Provision of Rs. 143.9 million has been made against this balance, net of securities and insurance claims available with the Company.
- 12.3** During the period the Company recognised a provision of Rs. 5.79 million net of securities available with the Company (2014: Rs. 71.54 million) for doubtful debts (net of adjustments of Rs. 5.20 million) while an amount of Rs. 3.41 million (2014: Rs. 22.68 million) was written off against provision.

### 13. TAXATION

- 13.1** A Divisional Bench of the Sindh High Court (SHC) in May 2013 had held that where no tax is payable due to tax losses, minimum tax cannot be carried forward for adjustment against the future tax liability.

The Company based on its tax advisor's advice considers that strong grounds are available whereby the aforesaid decision can be challenged and an appeal against the aforesaid decision has already been filed before the Supreme Court of Pakistan by other companies. In view of above, the Company is confident that the ultimate outcome in this regard would be favourable. Hence no provision in this respect amounting to Rs. 45.77 million (including Rs. 8.53 million for the current period) has been made in these condensed interim financial information.

- 13.2** 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 years 2006, 2007, 2008, 2009, 2010 and 2011. Income tax refund orders 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 section 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.

Company has received appellate orders for the tax years 2009, 2010, 2011, 2012, dated 29 June 2015 where CIR (appeals) has set aside certain issues for reassessment and deleted certain items. For these tax years while it has maintained the apportionment of expenses between FTR and NTR income, other income attributable to NTR income, bad debts written off against the NTR income, etc. appeal will be filed with Appellate Tribunal Inland Revenue against these issues. Additional tax demand is Rs. 52.26 million. However, the Company based on discussion with its tax advisors is of the view that ultimate decisions are expected in its favour and as such no provision there against has been made.

In respect of certain tax years, the Company will be filing appeals with Appellate Tribunal Inland Revenue authorities for disallowances. However, no adverse liability is expected to occur in any of the above cases.

- 13.3** During the current period the Company recognised net deferred tax asset of Rs. 11.01 million. It mainly includes deferred tax amount of Rs. 13.43 million on taxable losses and Rs. 0.52 million recognised on provision for bad and doubtful debts. Besides the earlier recorded deferred tax asset balance has been reduced by Rs. 4.7 million due to changes in tax rate.



# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

### 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 6.4% to 7.4% (31 December 2014: 9.25 % to 9.6%) per annum, maturing on various dates by 27 October 2015.

### 15. NET REVENUE

	Three months ended 30 June 2015	Six months ended 30 June 2015	Three months ended 30 June 2014	Six months ended 30 June 2014
----- (Rupees in '000) -----				
Sales				
- Local	526,806	909,260	557,441	994,835
- Export	-	-	-	-
	<u>526,806</u>	<u>909,260</u>	<u>557,441</u>	<u>994,835</u>
Earned carrying charges	78,337	143,167	86,329	155,753
	<u>605,143</u>	<u>1,052,427</u>	<u>643,770</u>	<u>1,150,588</u>
Sales tax and excise duty	(64,450)	(106,092)	(70,605)	(123,206)
Commissions and discounts	(36,095)	(70,165)	(47,891)	(86,258)
	<u>(100,545)</u>	<u>(176,257)</u>	<u>(118,496)</u>	<u>(209,464)</u>
	<u>504,598</u>	<u>876,170</u>	<u>525,274</u>	<u>941,124</u>

### 16. COST OF SALES

Opening stock - finished goods				
- own manufactured	254,371	243,845	337,455	357,644
- purchased for resale	37,812	46,037	43,295	76,338
Purchases - finished goods	64,327	167,910	8,317	35,119
Cost of goods manufactured	279,352	468,498	286,633	511,659
	<u>635,862</u>	<u>926,290</u>	<u>675,700</u>	<u>980,760</u>
Closing stock - finished goods				
- own manufactured	(230,907)	(230,907)	(255,273)	(255,273)
- purchased for resale	(39,797)	(39,797)	(42,260)	(42,260)
	<u>365,158</u>	<u>655,586</u>	<u>378,167</u>	<u>683,227</u>

### 17. OTHER OPERATING EXPENSES

These include provision for bad and doubtful debts amounting to Rs. 5.79 million (30 June 2014: Rs. 71.54 million).

# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

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

Profit / (loss) after taxation		<u>141</u>	<u>(38,698)</u>	<u>(21,358)</u>	<u>(60,460)</u>
		----- (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>
		----- (Rupee) -----			
Earning / (loss) per share - basic and diluted		<u>0.003</u>	<u>(0.85)</u>	<u>(0.47)</u>	<u>(1.33)</u>

18.1 There were no convertible dilutive potential ordinary shares in issue as at reporting date.

### 19. CASH AND CASH EQUIVALENTS

	30 June 2015 (Un-audited)	30 June 2014 (Un-audited)
(Rupees in '000)		
Cash and bank balances	<u>76,587</u>	138,244
Short term running finance - secured	<u>(1,298,486)</u>	(1,182,602)
	<u>(1,221,899)</u>	<u>(1,044,358)</u>

### 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:

		Six months ended	
		30 June 2015 (Un-audited)	30 June 2014 (Un-audited)
----- (Rupees in '000) -----			
<b>Transactions</b>			
Purchases of goods, materials and services	20.1	<u>7,792</u>	<u>5,969</u>
Royalty	8.2	<u>-</u>	<u>(96,951)</u>
(Encashment) / investment on term deposit placement and accrued interest thereon		<u>(18,500)</u>	<u>18,500</u>
Interest earned on term deposit placement		<u>433</u>	<u>-</u>
Employee retirement benefits	20.2	<u>3,779</u>	<u>5,385</u>
Remuneration of key management personnel	20.3	<u>19,458</u>	<u>20,180</u>

# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

		30 June 2015 (Un-audited)	31 December 2014 (Audited)
<b>Balance payable / (receivable)</b>		(Rupees in '000)	
Payable against purchases of goods, materials and services	20.1	<u>2,066</u>	<u>7,971</u>
Investment in term deposit placement		<u>-</u>	<u>18,500</u>
Employee retirement benefits - gratuity scheme	20.2	<u>8,852</u>	<u>7,866</u>
- pension scheme	20.2	<u>3,041</u>	<u>2,674</u>
- provident fund	20.2	<u>743</u>	<u>812</u>
Dividend on non-remittable shares		<u>517</u>	<u>517</u>

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

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

Contributions to Provident Fund are made in accordance with the service rules.

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

### 21. OPERATING SEGMENTS

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

**21.1** Sales to domestic customers in Pakistan are 100% (30 June 2014: 100%) and to customers outside Pakistan are nil (30 June 2014: nil) of the revenue during the six months period ended 30 June 2015.

**21.2** All non-current assets of the Company at 30 June 2015 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 period ended 30 June 2015.

### 22. DATE OF AUTHORISATION

These condensed interim financial statements was authorised for issue by the Board of Directors in their meeting held on 27 August 2015.

  
Chief Executive

  
Chief Financial Officer

  
Director

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**UNDER POSTAL CERTIFICATE**

If undelivered, please return to:  
**SINGER PAKISTAN LIMITED**  
Plot No. 39, Sector 19,  
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