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SINGER PAKISTAN LIMITED

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

FOR THE SIX MONTHS PERIOD ENDED 30TH JUNE 2017

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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

Umair Khan
Chairman

Haroon Ahmad Khan
Chief Executive Officer

Moazzam Ahmad Khan
Nighat Haroon Khan
Brig (Retd.) Mukhtar Ahmed
Mohammad Saqib Jillani
Yousuf Muhammad Farooq

Chief Financial Officer

Nadeem M. Butt

Chief Internal Auditor

Khurram Ali

Company Secretary

Tauseef Ahmed Zakai

Audit Committee

Moazzam Ahmad Khan	Chairman
Umair Khan	Member
Nighat Haroon Khan	Member

HR and Remuneration Committee

Brig (Retd.) Mukhtar Ahmed	Chairman
Moazzam Ahmad Khan	Member
Nighat Haroon Khan	Member
Yousuf Muhammad Farooq	Member

Bankers

Al Baraka Bank (Pakistan) Limited
Askari Bank Limited
Dubai Islamic Bank Pakistan Limited
aysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
National Bank of Pakistan
The Bank of Punjab
United Bank Limited
Sindh 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 Shakra-e-Faisal,
Karachi-74400, Pakistan.

Registered and Head Office

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

Website:

www.singer.com.pk

سنگر پاکستان لمیٹڈ

مشترکہ مالی بیانات پر ڈائریکٹرز کی رپورٹ

برائے ششماہی اختتام ۳۰ جون ۲۰۱۷

کمپنی کے ڈائریکٹرز ۳۰ جون ۲۰۱۷ کو ختم ہونے والی ششماہی پر نصف سال کی رپورٹ پیش کرتے ہوئے مسرت محسوس کرتے ہیں جسکے ساتھ ہی اس دورانیہ کے غیر آڈٹ شدہ وسط مدتی متفقہ مالی بیانات بھی اختصار کے ساتھ منسلک ہیں۔

مشترکہ مالیاتی گوشواروں پر نتائج کا جائزہ:

زیر نظر ششماہی کے اختتام (30 جون 2017) پر مالیاتی کارکردگی درج ذیل ہے جبکہ سال گذشتہ کے دوران اسی دورانیہ کا تقابلی جائزہ بھی پیش کیا جا رہا ہے۔

دوسری ششماہی سال ۲۰۱۶ پاکستانی روپیہ ملین میں	پہلی ششماہی سال ۲۰۱۶ پاکستانی روپیہ ملین میں	دوسری ششماہی سال ۲۰۱۷ پاکستانی روپیہ ملین میں	پہلی ششماہی سال ۲۰۱۷ پاکستانی روپیہ ملین میں	
624	914	716	1,264	مجموعی فروخت
164	212	212	396	کل منافع
26%	23%	30%	31%	مجموعی منافع % مجموعی فروخت
47	(18)	46	109	ٹیکس سے پہلے خالص منافع / (نقصان)
(14)	1	(26)	(43)	ٹیکس
33	(17)	20	66	ٹیکس کے بعد خالص منافع / (نقصان)
0.72	(0.37)	0.43	1.44	آمدنی / (نقصان) فی حصص ٹیکس کے بعد

کل فروخت:

کل فروخت سے حاصل رقم 1,264 ملین روپے رہی اس طرح 350 ملین (+38%) کی بہتری ریکارڈ کی گئی سال گزشتہ میں اسی دورانیہ میں کل فروخت سے حاصل رقم 914 ملین روپے تھی۔

کل منافع:

زیر نظر دورانیہ میں کل منافع 396 ملین روپے رہا جبکہ سال گذشتہ کے اسی دورانیہ میں کل منافع 212 ملین روپے تھا۔

ٹیکس سے قبل منافع / (نقصان):

کمپنی نے 30 جون 2017 کو ختم ہونے والی پہلی ششماہی کے دوران 109 ملین روپے کا منافع حاصل کیا ہے جبکہ 2016 کی پہلی ششماہی میں 18 ملین روپے کا نقصان ہوا تھا۔

ٹیکس کے بعد خالص منافع / (نقصان):

زیر نظر مدت میں ٹیکس کے بعد خالص منافع 66 ملین روپے رہا جبکہ 2016 کی اسی مدت کے دوران 17 ملین روپے کا نقصان ہوا تھا۔

منافع / (نقصان) فی شیئر:

2017 کی پہلی ششماہی کے دوران 1.44 روپے فی شیئر منافع حاصل ہوا جبکہ 2016 میں اسی دورانیہ میں 0.37 روپے فی شیئر نقصان ہوا تھا۔

یہ مثبت نتائج ریفریچر میٹرز کی نئی رینج اور دیگر مصنوعات کے نئے ماڈلز پر بھرپور اور مسلسل انتظامی توجہ کے عکاس ہیں جو فروخت میں اضافے کے ساتھ ساتھ بہتر منافع کا سبب بنے ان اقدامات میں لاگت میں کمی، قسطوں کی سیز میں مارک اپ کی مسابقت، دستیاب ذرائع کا بہتر اور درست استعمال شامل ہیں نیز سرمایہ کاری کے اثاثوں کی تجدید بھی اس عمل کا حصہ ہے۔ بہر حال! ڈیلرز کی

معرفت ریفریجریٹرز کی فروخت کے حجم میں مطلوب اضافہ ممکن نہ ہو سکا، باوجودیکہ اضافی ڈسکاؤنٹس اور ڈیلرز کو ادائیگی میں سہولیات فراہم کی گئیں جسکی وجہ سخت مسابقت اور سیلز ٹیم کے سیٹ اپ میں سخت مشکلات کا سامنا ہے۔ مزید برآں فروخت میں اضافے کیلئے کمپنی نے 2016 کی دوسری ششماہی میں قسطوں پر صفر فیصد (0%) مارک اپ اسکیم متعارف کروائی جسکے نتیجے میں قسطوں پر کم مارک اپ حاصل ہوا۔ انتظامیہ ہر صورت ڈیلرز نیٹ ورک کو مستحکم کرے گی تاکہ ڈیلرز نیٹ ورک سے فروخت میں اضافہ کیا جائے۔ کمپنی کی توجہ بڑے ریٹیل نیٹ ورک کو زیادہ سے زیادہ بڑھانے پر بھی ہے جو فی الوقت 140 سیلز پوائنٹس پر مشتمل ہے مزید برآں سیلز بڑھانے اور نتائج کو بہتر کرنے کیلئے مزید دیگر برانڈ متعارف کروانے کا منصوبہ بھی شامل ہے۔

مستقبل کیلئے پیش بندی:

کنزیومر فائینانسنگ کی سہولت کے ساتھ مارکیٹ میں آنے والے نئے مسابقت کنندگان کی وجہ سے کنزیومر اپلائنسز سیکٹر میں کاروباری حالات نہایت سخت اور مسابقتاں رہے ہیں بہر حال! آپکی کمپنی کی انتظامیہ مستقل سرمایہ کاری، طریقہ کار میں بہتری اور بہتر سہولت کے ذریعے کاروبار اور اپنے قابل قدر حصص یافتگان کی تعداد میں اضافے کا عزم مصمم رکھتی ہے۔

وہ ایونٹس جو بعد از بیلنس شیٹ ہیں:

بورڈ آف ڈائریکٹرز نے اپنی میننگ منعقدہ 18 اگست 2017 میں چیف ایگزیکٹو آفیسر اور ایک ڈائریکٹر پر مشتمل کمیٹی کی منظوری دی جو کمپنی کی فیکٹری کی زمین اور اسکی عمارت کی فروخت کی تکمیل کریگی۔ بورڈ نے مذکورہ کمیٹی کو اس فروخت اور کرایہ داری سے متعلق مذکورہ گاہک سے سیلز ڈیڈ اور ریونٹ ایگریمنٹ کرنے کی بھی منظوری دی تاکہ کمپنی کو فیکٹری کی زمین اور بلڈنگ میں بلا تعطل کاروبار کرنے اور مصنوعات تیار کرنے میں کوئی دشواری نہ ہو۔ اس کرایہ داری کے ایگریمنٹ پر دستخط بلڈنگ اور زمین کی فروخت کے ساتھ ساتھ متوقع ہیں۔

اس سے حاصل شدہ رقم کی خاصی مقدار کمپنی کے قرضہ جات کی ادائیگی میں خرچ ہوگی جس سے کمپنی کو

قرض کی مد میں ہونے والی لاگت میں کمی واقع ہوگی۔ اس فروخت کی ایڈجسٹمنٹ 30 جون 2017 کے مالیاتی گوشواروں کے بعد ہوگی۔

بورڈ آف ڈائریکٹرز:

ایک غیر معمولی جنرل میٹنگ جمعہ بتاریخ 11 اگست 2017 کو منعقد ہوئی جس میں ریٹائر ہونے والے مندرجہ ذیل ڈائریکٹرز کی جگہ 11 اگست 2017 سے تین سال کی مدت کیلئے 7 ڈائریکٹرز کا انتخاب کیا گیا۔

- | | |
|------------------------------|--|
| ۱۔ جناب عمیر خان صاحب | ۲۔ جناب ہارون احمد خان صاحب |
| ۳۔ جناب ظفر الدین محمود صاحب | ۴۔ بریگیڈیئر مختار احمد (ریٹائرڈ) صاحب |
| ۵۔ جناب عدنان آفتاب صاحب | ۶۔ جناب معظم احمد خان صاحب |
| ۷۔ جناب رشید وائی چنائی صاحب | |

ابتدا میں دس شرکانے اپنے نام ڈائریکٹرز کے انتخاب کیلئے پیش کیے تھے، بعد ازاں تین شرکانے اپنے نام واپس لے لیے اور مندرجہ ذیل افراد بلا مقابلہ کمپنی کے ڈائریکٹرز منتخب ہو گئے۔

- | | |
|--|-------------------------------|
| ۱۔ جناب عمیر خان صاحب | ۲۔ جناب ہارون احمد خان صاحب |
| ۳۔ جناب معظم احمد خان صاحب | ۴۔ محترمہ نگہت ہارون صاحبہ |
| ۵۔ بریگیڈیئر مختار احمد (ریٹائرڈ) صاحب | ۶۔ جناب محمد صاقب جیلانی صاحب |
| ۷۔ جناب یوسف محمد فاروق صاحب | |

بورڈ نے جناب ہارون احمد خان صاحب کو دوبارہ چیف ایگزیکٹو آفیسر اور جناب عمیر خان صاحب کو بورڈ آف ڈائریکٹرز کا چیئر مین منتخب کیا۔

ڈیویڈنڈز:

کمپنی کو ماضی میں جو نقصانات اٹھانا پڑے اسکو مد نظر رکھتے ہوئے بورڈ آف ڈائریکٹرز نے کسی قسم کے ڈیویڈنڈ یا بونس شیئرز کی سفارش برائے منظوری شیئرز ہولڈرز سے نہیں کی۔

اکنالجمینٹ:

بورڈ کی خواہش ہے کہ ریٹائر ہونے والے ڈائریکٹرز کی توصیف رکارڈ پر لائی جائے خاص طور پر جناب رشید وائی چنائی جو نصف صدی تک کمپنی بورڈ کے ممبر رہے۔ انکی خدمات اور خصوصی طور پر چنائی صاحب کے اہل خاندان کا کمپنی سے تعلق ہمیشہ یاد رکھا جائیگا۔

ہم اپنے تمام کرم فرماؤں کے شکر گزار ہیں اور توقع رکھتے ہیں کہ انکا تعاون آئندہ بھی جاری رہیگا۔

بورڈ کی وساطت سے

— سید ابراہیم علی

بارون اے۔ خان

چیف ایگزیکٹو آفیسر

کراچی: ۳۰ اگست ۲۰۱۷

SINGER PAKISTAN LIMITED

Report of the Directors on Consolidated Financial Statements

For the Six Months Ended 30th June 2017

The Directors of the Company are pleased to present their half year report and the un-audited condensed interim consolidated financial statements of the Company for the six months period ended 30 June 2017.

Overview of Results on Consolidated Financial Statements

The consolidated financial performance for the six months period ended 30th June 2017 and the comparative period of the previous year is summarized as follows:

	2017 PKR Million	2017 PKR Million	2016 PKR Million	2016 PKR Million
	1HY	2 Qtr.	1HY	2 Qtr.
Gross Sales	1,264	716	914	624
Gross Profit	396	212	212	164
G. Profit % to G. Sales	31%	30%	23%	26%
Net Profit / (Loss) before Tax	109	46	(18)	47
Taxation	(43)	(26)	1	(14)
Net Profit / (Loss) after tax	66	20	(17)	33
Earnings / (Loss) Per Share after tax	1.44	0.43	(0.37)	0.72

Gross Sales:

During the period, gross sales revenue stood at Rs. 1,264 million and witnessed a growth of 350 million (+38%) compared to Rs. 914 million of the corresponding period of the last year.

Gross Profit:

Gross Profit for the period stood at Rs. 396 million compared to Rs. 212 of the corresponding period of the last year.

Net Profit / (Loss) before tax

The company made a net profit before tax of Rs 109 million for the six months ended 30 June 2017 compared to a loss of (Rs. 18 million) for the corresponding period of 2016.

Net Profit / (Loss) after tax

Net profit after tax stands at Rs. 66 million for the period against a loss of (Rs. 17 million) for the corresponding period of 2016.

Earnings / (Loss) per Share

Earnings per Share achieved is Rs. 1.44 as compared to Loss per Share of Rs. 0.37 of corresponding period of last year.

The positivity reflected in the results has been achieved through continued management focus on improving new range of refrigerators and other product models resulting in to growth in sales volume coupled with better gross margins through cost savings, offering competitive markup on installment sales, better resource planning, improved capacity utilization and revaluation of the investment assets. However, growth in sales volume of refrigerators through dealer's network could not achieve desired levels despite providing additional discounts and credit due to intense competition and teething problems in setting up sales team network. Furthermore, in order to push sales, the Company offered installment sales on 0% markup during the 2nd half of 2016 which resulted in lower earned mark up on installments sales during the period under review. The management shall remain focused to strengthen the dealer's network to achieve growth in the dealer sales. The management is also focusing to maximize the potential of company's large retail network of 140 shops and is introducing more multi brand products to improve sales revenue and operating results.

Future Outlook:

The Business environment remained challenging in the Consumer Appliances sector due to severe competition and entry of new retailers with consumer financing. However, the Management of your company remains committed to continue adding value to the business and to our valued shareholders by continually investing, innovating and improving our operations.

Post Balance Sheet Non-Adjusting Event

The Board of Directors in their meeting held on 18 August 2017 approved in principal the sale of the Company's factory land and buildings thereon and to simultaneously enter in to a lease / rental agreement with the prospective purchaser of the said property for the continuation of uninterrupted use of the required area of factory land and buildings for business / manufacturing activities of the Company. Above rent agreement is expected to be signed simultaneously with sale of the land and buildings.

Proceeds thereof is expected to be substantially used for the settlement and the reduction of the Company's borrowings enabling the Company to reduce its borrowing cost. Adjustment for the sale would be made in the financial statements subsequent to 30 June 2017.

Board of Directors

Board of Directors

An Extra Ordinary General Meeting was held on Friday, 11th August 2017 to elect seven directors for a period of three years commencing from 11th August, 2017 in place of retiring directors namely:

- | | |
|----------------------------|--------------------------------|
| 1. Mr. Umair Khan | 2. Mr. Haroon Ahmad Khan |
| 3. Mr. Zafar Uddin Mehmood | 4. Brig. Mukhtar Ahmed (Retd.) |
| 5. Mr. Adnan Aftab | 6. Mr. Moazzam Ahmad Khan |
| 7. Mr. Rasheed Y. Chinoy | |

Initially ten persons filed notices of their intention to offer themselves for this election of directors, however later three contestants withdrew their intention to contest and the following persons elected unopposed as Directors of the company:

1. Mr. Umair Khan
2. Mr. Haroon Ahmad Khan
3. Mr. Moazzam Ahmad Khan
4. Mrs. Nighat Haroon Khan
5. Brig. Mukhtar Ahmed (Retd.)
6. Mr. Mohammad Saqib Jillani
7. Mr. Yousuf Muhammad Farooq

The Board has re-appointed Mr. Haroon Ahmad Khan as Chief Executive Officer and Mr. Umair Khan as the Chairman of the board of directors.

Dividends

Taking in to consideration accumulated losses sustained by the Company in the Past, the Directors of the Company has not recommended any payment towards dividend and bonus shares, for approval by the shareholders.

Acknowledgement

The Board wishes to bring on record its appreciation for the services of the retiring directors especially Mr. Rasheed Y. Chinoy who has been on the Company's Board for almost 50 years. His services and especially Chinoy family's association with the company will always be remembered.

We also take this opportunity to thank all our stakeholders and look forward to their continued patronage.

On behalf of the Board



Haroon A. Khan
Chief Executive Officer
Karachi: 27 April 2017

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The Condensed Interim Consolidated
Financial Statements

SINGER PAKISTAN LIMITED

Condensed Interim Consolidated Balance Sheet

As at 30 June 2017

	Note	Un-audited 30 June 2017	Audited 31 December 2016		Note	Un-audited 30 June 2017	Audited 31 December 2016
				----- (Rupees in '000) -----			
EQUITY AND LIABILITIES				ASSETS			
Share capital and reserves				Non-current assets			
Authorised capital 70,000,000 (2016: 70,000,000) ordinary shares of Rs. 10 each	6.1	<u>700,000</u>	<u>700,000</u>	Property, plant and equipment	12	1,881,806	1,657,732
Issued, subscribed and paid-up capital		454,056	454,056	Intangible assets		20,490	22,345
Capital reserve		5,000	5,000	Investment property	13	348,000	317,200
Revenue reserve		-	-	Long term deposits		21,465	18,514
Accumulated loss		(80,304)	(150,507)			2,271,761	2,015,791
		378,752	308,549	Current assets			
Surplus on revaluation of property, plant and equipment - net of tax	12	1,183,639	1,095,855	Stores, spares and loose tools		3,526	5,112
Non-current liabilities				Stock-in-trade		755,104	509,039
Long term loans-secured	7	518,750	528,125	Trade debts	14		
Liabilities against assets subject to finance lease	8	35,611	10,944	- Retail		709,614	714,943
Deferred liability for employee retirement benefits obligation	9	63,415	51,612	- Wholesale		562,381	348,374
Deferred tax - net	15	283,966	216,560	Advances, deposits, prepayments and other receivables		28,765	32,876
Deferred income		1,405	2,340	Taxation - net	15	165,582	157,100
		903,147	809,581	Cash and bank balances		84,678	150,097
Current liabilities						2,309,650	1,917,541
Trade and other payables	10	630,646	474,796				
Mark-up accrued on short term loans, running finance and long term loans		40,222	40,005				
Short term running finance - secured	8	970,624	897,396				
Short term borrowings - secured	8	439,600	280,000				
Current portion of long term loans	7	18,750	18,750				
Current portion of liabilities against assets subject to finance lease	8	14,159	6,529				
Current portion of deferred income		1,871	1,871				
		2,115,872	1,719,347				
Contingencies and commitments							
	11	4,581,411	3,933,332			4,581,411	3,933,332

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.



Director



Chief Executive

SINGER PAKISTAN LIMITED

Condensed Interim Consolidated Profit and Loss Account (Un-audited)

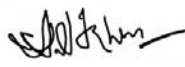
For the six months ended 30 June 2017

	Note	Six months ended		Three months ended	
		30 June 2017	30 June 2016	30 June 2017	30 June 2016
------(Rupees in '000)-----					
Sales		1,264,478	914,383	715,634	624,120
Sales tax and discount		(209,342)	(122,874)	(127,904)	(86,859)
		1,055,136	791,509	587,730	537,261
Cost of sales	16	(658,873)	(579,273)	(376,092)	(373,458)
Gross margin		396,263	212,236	211,638	163,803
Marketing, selling and distribution cost		(237,144)	(214,241)	(130,963)	(114,263)
Administrative expenses		(22,746)	(38,229)	(3,124)	(20,532)
Other expenses		(16,158)	(2,218)	(13,895)	759
Other income		36,803	19,247	7,902	16,125
		(239,245)	(235,441)	(140,080)	(117,911)
		157,018	(23,205)	71,558	45,892
Earned carrying charges		34,712	73,707	23,767	35,134
Finance cost	17	(82,808)	(67,967)	(49,040)	(34,358)
		(48,096)	5,740	(25,273)	776
Profit / (loss) before taxation		108,922	(17,465)	46,285	46,668
Taxation	15	(43,318)	670	(26,406)	(14,080)
Profit / (loss) for the year		65,604	(16,795)	19,879	32,588
------(Rupee)-----					
Loss per share - basic and diluted	18	1.44	(0.37)	0.44	0.72

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.



Director



Chief Executive

SINGER PAKISTAN LIMITED

Condensed Interim Consolidated Statement of Comprehensive Income (Un-audited)

For the six months ended 30 June 2017

	Six months ended		Three months ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	------(Rupees in '000)-----			
Net profit / (loss) for the period	65,604	(16,795)	19,879	32,588
Other comprehensive income	-	-	-	-
Item that will not be reclassified to profit and loss:				
Actuarial loss on employee retirement benefit	(2,947)	-	(2,947)	-
Total comprehensive income for the period	<u>62,658</u>	<u>(16,795)</u>	<u>16,932</u>	<u>32,588</u>

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.



Director



Chief Executive

SINGER PAKISTAN LIMITED

Condensed Interim Consolidated Cash Flow Statement (Un-audited)

For the six months ended 30 June 2017

Note	Six months ended 30 June 2017	Six months ended 30 June 2016
------(Rupees in '000)-----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	108,922	(17,465)
Adjustment for:		
- Depreciation on property, plant and equipment	43,058	24,337
- Amortisation of intangible assets	1,854	1,875
- Finance cost	82,808	67,967
- Amortisation of deferred income	(935)	(934)
- Unrealised gain on investment property at fair value	(30,800)	-
- Provision for employee retirement benefits	8,438	3,938
	213,345	79,718
Working capital changes		
(Increase) / decrease in current assets		
Stores, spares and loose tools	1,586	(128)
Stock-in-trade	(246,065)	(24,661)
Trade debts and other receivables	(208,677)	(122,310)
Advances, deposits, prepayments and other receivables	4,111	(12,399)
	218,458	(2,227)
Increase / (decrease) in current liabilities		
Trade and other payables	(230,587)	(161,725)
	(17,242)	(82,007)
Income tax paid	(25,249)	(12,663)
Finance cost paid	(82,591)	(64,129)
Employee retirement benefits paid	(846)	(832)
Long term deposits - net	(2,951)	3,893
Net cash flows from operating activities	(128,879)	(155,738)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure net	(91,038)	(16,191)
Investments matured during the period - net	-	21,000
Net cash flows from investing activities	(91,038)	4,809
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loans - net	(9,375)	449,728
Borrowing / (repayment) of short term finances	159,600	(22,900)
Lease rentals paid	(7,611)	(5,124)
Net cash flows from financing activities	142,614	421,704
Net (decrease) / increase in cash and cash equivalents	(77,303)	270,775
Cash and cash equivalents at beginning of the period	(808,643)	(951,877)
Cash and cash equivalents at end of the period	(885,946)	(681,102)

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The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.



Director



Chief Executive

SINGER PAKISTAN LIMITED

Condensed Interim Consolidated Statement of Changes in Equity (Un-audited)

For the six months ended 30 June 2017

	Note	Issued subscribed and paid-up capital	Capital reserve	Revenue reserve	Accumulated loss	Total
------(Rupees in '000)-----						
Balance as at 31 December 2015		454,056	5,000	117,837	(379,436)	197,457
Transfer from revenue reserve	6.2	-	-	(117,837)	117,837	-
Total comprehensive income for the six months period ended 30 June 2016						
Loss for the period		-	-	-	(16,795)	(16,795)
Net actuarial loss recognised directly in 'Other Comprehensive Income' net of tax (on defined benefit plans)		-	-	-	-	-
		-	-	-	(16,795)	(16,795)
Transfer from surplus on revaluation of property, plant and equipment for the period - net of tax		-	-	-	7,047	7,047
Balance as at 30 June 2016		454,056	5,000	-	(271,347)	187,709
Total comprehensive income for the six months period ended 31 December 2016						
Profit for the period		-	-	-	111,917	111,917
Net actuarial gain recognised directly in 'Other Comprehensive Income' net of tax		-	-	-	1,921	1,921
		-	-	-	113,838	113,838
Transfer from surplus on revaluation of property, plant and equipment for the period - net of tax		-	-	-	7,002	7,002
Balance as at 31 December 2016		454,056	5,000	-	(150,507)	308,549
Total comprehensive income for the six months ended 30 June 2017						
Profit for the period		-	-	-	65,604	65,604
Net actuarial loss recognised directly in 'Other Comprehensive Income' net of tax (on defined benefit plans)		-	-	-	(2,947)	(2,947)
		-	-	-	62,658	62,658
Transfer from surplus on revaluation of property, plant and equipment for the period - net of tax		-	-	-	7,545	7,545
Balance as at 30 June 2017		454,056	5,000	-	(80,304)	378,752

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.



Director



Chief Executive

SINGER PAKISTAN LIMITED

Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)

For the six months ended 30 June 2017

1. STATUS AND NATURE OF BUSINESS

- 1.1 The "Group" comprises of the Holding Company and the Subsidiary Company mentioned below.

Holding Company - Singer Pakistan Limited (SPL)

Singer Pakistan Limited ("the Company") is incorporated in Pakistan as a public company limited by shares and is quoted on Pakistan Stock Exchange. The Company is principally engaged in retailing and trading of domestic consumer appliances and other light engineering products, besides the manufacturing and assembling of the same. The registered office of the Company is located at Plot No. 39, Sector 19, Korangi Industrial Area, Karachi.

Subsidiary Company - Electronics Marketing Company (Private) Limited (EMC)

Electronics Marketing Company (Private) Limited ("the Company") was incorporated on 09 September 2016 as a private limited company under the Companies Ordinance, 1984. The Company is a wholly owned subsidiary company of Singer Pakistan Limited (the Holding Company). The Company has yet to commence its operations. The principal activity of the Company will be to carry out distribution/ wholesales business of all kinds of electronic appliances, its components and accessories, etc. The registered office of the Company is located at Plot 39, Sector 19, Korangi Industrial Area, Singer Roundabout, Karachi.

2. BASIS OF PREPARATION

- 2.1 These consolidated condensed interim financial statements of the Group for the six months ended 30 June 2017 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 repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under repealed Companies Ordinance, 1984 have been followed.
- 2.2 These are un-audited financial statements. However, a limited scope review has been carried out by the auditors in accordance with the requirements of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan. Further, the figures in the consolidated condensed interim financial information for the quarter ended 30 June 2016 and 30 June 2017 have not been reviewed by the auditors.
- 2.3 These consolidated condensed interim financial statements are unaudited and unreviewed and are being submitted to the shareholders as required under the Companies Ordinance, 1984.

- 2.4** These consolidated condensed interim financial statements do not include all the information required for full annual financial statements, and should be read in conjunction with the Group's annual financial statements as at and for the year ended 31 December 2016.
- 2.5** The comparative balance sheet presented in these consolidated condensed interim financial statements has been extracted from the audited financial statements of the Group for the year ended 31 December 2016, whereas comparative interim profit or loss account, interim statement of comprehensive income, interim statement of cash flow and interim statement of changes in equity have been extracted from the unaudited consolidated condensed interim financial statements for the six months ended 30 June 2016.
- 2.6** The consolidated condensed interim financial information are presented in Pakistan Rupees which is the functional currency of the Group and rounded off to the nearest thousand rupees except stated otherwise.
- 3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE**

New Standards, Interpretations and Amendments

Following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2017:

- Amendments to IAS 12 'Income Taxes';
- Amendments to IAS 7 'Statement of Cash Flows';
- Amendments to IFRS 2 'Share-based Payment';
- Amendments to IAS 40 'Investment Property' - Transfers of Investment Property;
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration';
- IFRIC 23 'Uncertainty over Income Tax Treatments'.

Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards: standards:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entities'; and
- Amendments to IAS 28 'Investments in Associates and Joint Ventures'.

Above amendments are not likely to have an impact on Group's financial statements.

Companies Act, 2017 was enacted on 30 May 2017 and is applicable with immediate effect. SECP through its press release and vide its circular 17 of 2017 has clarified that the companies whose financial year including the quarterly and other interim period, closes on or before 30 June 2017, shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The new requirement of the Companies Act, 2017 shall be applicable to the companies having their financial year closure after 30 June 2017.

Companies Act, 2017 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to the treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This would require change in accounting policy relating to surplus on revaluation of property,

plant and equipment to bring it in line with the requirements of IAS 16 – Property, plant and equipment. This would result in increase in equity by Rs. 1,183.639 million as of 30 June, 2017 (31 December, 2016: Rs. 1,095.855 million).

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated 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 Group for the year ended 31 December 2016.

5. ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The significant judgments, estimates and assumptions used by the management in preparation of these consolidated condensed interim financial information are the same as those applied to the annual audited financial statements for the year ended 31 December, 2016.

The Group'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, 2016.

6. SHARE CAPITAL

6.1 Authorised Capital

This represents 70,000,000 (2016: 70,000,000) ordinary shares of Rs. 10 each amounting to Rs. 700 million (2016: Rs. 700 million).

6.2 In previous year, revenue reserves was transferred to accumulated losses as per the approval of Board of Directors of the Group in their meeting held on 29 April, 2016.

7. LONG TERM LOANS - secured

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

	Security Note	Instalments payable	Repayment period	Amount of instalment (principal) (Rupees in '000)	Mark-up rate	Un-audited 30 June 2017	Audited 31 December 2016
						----- (Rupees in '000) -----	
Term loan 1	7.1	quarterly	Between 2018-2021	Refer note 7.4	3 Months KIBOR Plus 3.00%	500,000	500,000
Term loan 2	7.2	quarterly	Between 2014-2019	4,688	3 Months KIBOR Plus 1.75%	37,500	46,875
						537,500	546,875
Current portion of long term loans						(18,750)	(18,750)
						518,750	528,125

7.1 Equitable mortgage charge on owned shops of the Group and first pari passu charge on land, building, machinery and equipments located at the factory.

- 7.2** First pari passu charge on land, building, machinery and equipment located at the factory.
- 7.3** At the period end, the applicable mark-up rate was between 7.27% to 8.68% per annum (31 December 2016: 7.87% to 9.12%).
- 7.4** Term loan 1 from a Bank is repayable in different quarterly principal amounts between Rs. 40.3 million to Rs. 50.9 million from 30 September 2018 to 31 March 2021.

8. SHORT TERM BORROWINGS, RUNNING FINANCE AND LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

8.1 Running Finance

As compared to the year ended 31 December, 2016, the Group has obtained an additional facility of Rs. 25 million from a Commercial Bank, of which Rs. 23.614 million was utilized as of 30 June 2017. This facility carries mark-up at 3 months KIBOR + 2.5% and is secured against hypothecation over the present and future current assets. The facility is valid up to 31 January 2018 and is generally renewable.

8.2 Short term borrowings

8.2.1 During the current six months period, the Group borrowed Rs. 1 million and Rs. 14 million from the Singer Pakistan Limited Employees' Gratuity Fund and Singer Pakistan Limited Employees' Provident Fund respectively (31 December 2016: Borrowing of Rs. Nil) (related parties). This includes borrowing of Rs. 12.2 million by the Singer Pakistan Limited Employees' Provident Fund against a running finance facility available with them from a Bank for onwards payment to the Group. The said borrowing by the Singer Pakistan Limited Employees' Provident Fund is secured against lien over Pakistan Investment Bonds held by them and carries interest at 1 month KIBOR + 1% per annum. (This borrowing by the Group was on 22 March and 28 March 2017 and the remaining borrowing was on 22 June 2017).

Borrowing of Rs. 15 million by the Group from the above Funds carries interest rate at 8% per annum and as at the period end, Rs. 0.405 million had been accrued by the Group (so that the Provident Fund do not incur any loss on its own borrowings).

The Group's borrowing from the above funds were for the business need and subsequent to the period end, the entire amount including the interest amount was repaid by the Group in order to address the requirements of section 218 of Group Act, 2017. These are unsecured borrowings.

8.2.2 During the current six months period ended 30 June, 2017, the Group received Rs. 68 million from a private group. The principal amount is repayable in the quarterly instalments of Rs. 34 million each in August 2017 and November 2017. The borrowings carries fixed profit at 26.15% per annum payable on quarterly basis for each principal repayment mentioned above. This is an unsecured borrowing.

8.2.3 During the period, the Group borrowed Rs. 55 million (net of repayment of Rs. 26 million) from the Group's Chief Executive Officer and Rs. 15 million from the Deputy Chief Executive Officer (key management personnel and related parties). The borrowings are unsecured, interest free and are repayable on demand.

8.3 Liabilities against assets subject to finance lease

During the current six months period, the Group entered into lease arrangements of assets of Rs. 39.91 million. These obligations are payable in monthly instalments of Rs. 0.038 million to Rs. 0.763 million and carry mark-up rates at 6 months KIBOR plus 3% to 4% per annum.

8.4 There were no changes in any of the other facilities during the period.

9. DEFERRED LIABILITY FOR EMPLOYEE RETIREMENT BENEFITS OBLIGATION

These are on the basis of actuarial valuation carried out as of 30 June, 2017. Brief details are as follows:

	Pension Fund		Permanent employees (funded)		Gratuity Field staff (unfunded)		Total	
	Un-audited 30 June 2017	Audited 31 December 2016	2017	2016	2017	2016	2017	2016
Present value of defined benefit obligation	83,337	80,268	34,833	34,166	16,728	13,346	51,561	47,512
Fair value of plan assets	(58,333)	(61,782)	(13,150)	(14,386)	-	-	(13,150)	(14,386)
Liability on the balance sheet	<u>25,004</u>	<u>18,486</u>	<u>21,683</u>	<u>19,780</u>	<u>16,728</u>	<u>13,346</u>	<u>38,411</u>	<u>33,126</u>

10. TRADE AND OTHER PAYABLES

10.1 This includes advance of Rs. 68.503 million (net of repayment of Rs. 71.5 million) received during the period from a customer, a related party, against the sale of goods.

10. TRADE AND OTHER PAYABLES

11.1 Contingencies

For details of contingencies please refer to notes 13.1 of the annual financial statements for the year ended 31 December, 2016. However, the status of contingencies remains unchanged since that reporting.

11.2 Commitments

	(Un-audited) 30 June 2017	(Audited) 31 December 2016
Capital expenditure (software development)	-	14,028
Outstanding letters of credit (for inventory)	<u>223,068</u>	<u>171,820</u>
Commitment in respect of Ijarah rentals	<u>2,901</u>	<u>3,649</u>

12. PROPERTY, PLANT AND EQUIPMENT

	(Un-audited) 30 June 2017	(Audited) 31 December 2016
	(Rupees in '000)	
Operating fixed assets	1,881,806	1,585,584
Capital work-in-progress	-	72,148
	<u>1,881,806</u>	<u>1,657,732</u>

12.1 Following is the cost of property, plant and equipment that have been added/transferred during the six months ended 30 June 2017 (other than on account of the revaluation of land and building):

	Transfers to Leased Assets (sale and lease back)		
	Additions	Cost	Accumulated Depreciation
	----- (Rupees in '000) -----		
Owned			
Building on leasehold land	1,209	-	-
Leasehold improvements	108,258	-	-
Furniture and equipment	776	-	-
Plant and machinery	83,514	32,942	159
Vehicles	2,450	1,678	7
Computers	3,652	2,054	177
	<u>199,859</u>	<u>36,674</u>	<u>343</u>
Leased			
Plant and machinery	33,351	-	-
Vehicles	4,503	-	-
Computers	2,054	-	-
	<u>39,908</u>	<u>-</u>	<u>-</u>

12.2 Leasehold land and buildings on leasehold land of the Group were revalued on 30 June, 2017 by Asif Associates (Private) Limited on market value basis after making independent market inquiries from local property dealers and estate agents to ascertain the market price for properties of the same nature in the immediate neighbourhood and adjoining areas.

Revaluations of the above assets were last carried out in 2016 (land and buildings), 2015 (land and buildings), 2014 (land and buildings), 2013 (land only) and 2010 (land only). The resulting surplus has been credited to the revaluation surplus account. The impact of revaluation for the period amounting to Rs. 136.18 million has been incorporated in the financial statement. Total surplus on account of the revaluation as of 30 June, 2017 amount to Rs. 1,183.639 million.

Details of the revaluations are as follows:

	Carrying value as of 30 June 2017 (before revaluation for the current period)	Revaluation surplus during the period	Revalued amount as of 30 June 2017
	----- (Rupees in '000) -----		
Land	1,083,146	133,854	1,217,000
Buildings	192,170	2,330	194,500
	<u>1,275,316</u>	<u>136,184</u>	<u>1,411,500</u>

13. INVESTMENT PROPERTY

Property, comprising land or a building or part thereof, held to earn rentals or for capital appreciation or both are classified as investment property. These are not held for use in the production or supply of goods or services or for administrative purposes. The Group's business model i.e. the Group's intentions regarding the use of a property is the primary criterion for classification as an investment property.

The Group has sublet certain portion of land and building thereon in the factory to a third party. Changes in fair values are recognised as gain in Profit and Loss and included in 'Other Income'. The investment property comprises of land and building, comprising 68,000 square feet out of total 339,993 square feet (20% of the Group's total factory area).

The fair value of investment property as of 30 June, 2017 have been determined by an external independent property valuer M/s Asif Associates (Private) Limited based on independent inquiries from active local realtors, recent experience in the location and the records of the valuer. The fair value measurement of the Investment Property has been categorized as a level 3 fair value based on the input to the valuation technique used. Difference of Rs. 30.8 million between the fair value and carrying amount has been recognized in the profit and loss account of the period. Earlier the valuations were carried out on 5 July, 2016 and 27 July, 2017.

There has been no additions / deletions in this assets during the year.

During the year, the Group received an amount of Rs. 2.1 million as advance rental payment, which has been amortized during the year and included in Profit and Loss as "Other Income".

14. TRADE DEBTS	Note	(Un-audited) 30 June 2017	(Audited) 31 December 2016
14.1 Retail Network			
Considered good - unsecured			
Hire purchase			
- Retail	14.3	611,695	600,965
- Institutional (employees of the corporate entities)		160,778	143,438
		772,473	744,403
Unearned carrying charges		(62,859)	(29,460)
		709,614	714,943
Considered doubtful			
		166,993	159,376
		876,607	874,319
Provision for doubtful debts and other receivables	14.4	(166,993)	(159,376)
		709,614	714,943

14.2 Wholesale		(Un-audited) 30 June 2017	(Audited) 31 December 2016
Considered good - unsecured			
Dealers			
Considered doubtful	14.4	562,381	348,374
		19,266	18,204
		581,647	366,578
Provision for doubtful debts		(19,266)	(18,204)
		562,381	348,374

14.3 Balance of Rs. 7.872 million (2016: Rs. 92.382 million) due from the current and former employees net of the securities held by the Group earlier shown as a separate line item, have been included in the balance.

14.4 This includes provision of Rs. 7.617 million during the period against the retail debtors and Rs. 1.062 million during the period against the wholesales debtors. No reversals or written off were made during the period.

15. INCOME TAX AND DEFERRED TAX

15.1 INCOME TAX

(Un-audited) 30 June 2017	(Un-audited) 30 June 2016
---------------------------------	---------------------------------

(Rupees in '000)

15.1.1 Details of the tax charge for the period is as follows:

Current year	2,357	1,320
Prior year	5,347	-
Deferred	26,551	(1,990)
	<u>34,255</u>	<u>(670)</u>

15.1.2 During the year ended 31 December, 2016, the Group had incurred taxable losses. However, provision for minimum turnover tax charge of Rs. 13.182 million under the Income Tax Ordinance, 2001, was not made in the financial statements for the year ended 31 December, 2016 since the Group expects to adjust the same against its future tax liability under normal tax regime within the time limit as specified for adjustments of minimum tax in the Income Tax Ordinance, 2001. For the current period ended 30 June, 2017 provision for Alternate Corporate Tax (being higher than the minimum tax) amounting to Rs. 12.123 million has also not been made in these financial statements on the same basis.

15.1.3 The income tax assessments of the Group have been finalised up to and including the tax year 2007. The Group had applied for Income tax refund for the tax years from 2006 to 2011. Income tax refund orders were earlier determined 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 from 2009 to 2012 and raised additional income tax demand of Rs. 19.98 million. However, the Group had filed an application for the rectification of orders after which the net tax additional demand was reduced to Rs. 2.02 million (after the 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.

Group has received appellate orders for the tax years from 2009 to 2012, dated 29 June, 2015, where the CIR (appeals) has set aside certain issues for reassessment, deleted certain items and maintained certain disallowances. The financial impact of the items set aside for reassessment and continued disallowances amount to Rs. 46.25 million. Appeal has been filed with Appellate Tribunal Inland revenue against these issues. However, the Group based on the merits of matters 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 other tax years, the Group has filed appeals with Appellate Tribunal Inland Revenue authorities for disallowances. However, no adverse liability is expected to occur in any of these cases.

15.1.4 The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public Group other than a scheduled bank or modaraba, which was amended through Finance Act, 2017 and applicable for tax year 2017 and onwards. The amendment has imposed tax at seven and a half percent of the

accounting profit before tax on every public Group other than a scheduled bank or a modaraba, that derives profit for a tax year but does not distribute at least 40 percent of its after tax profit within six months of the end of the tax year through cash or bonus shares.

The Group intends to distribute sufficient dividend for the accounting year ending 31 December, 2017 (if it earns profit by the year then ended) to comply with the above stated requirement. Accordingly, no provision for taxation has been recognised in these consolidated condensed interim financial information.

Above referred section 5A of the Income Tax Ordinance, 2001 was revised in the current year (through Finance Act 2017) whereby from the tax year 2017 (Group's accounting year ended 31 December, 2017), tax is liable to be paid at 7.5% of the profit for the year, if no dividend at least at 40% of the after tax profit is declared. Under the earlier section, tax was not mandatorily leviable in case the Group's reserves were not in excess of the paid up capital (which was the case with the Group as it had accumulated losses). Provision for the above referred tax amounting to Rs. 9.347 million has not been paid as the Group's management is of the view that the amendment was made after the closure of Group's financial year ended 31 December, 2016 and for certain other legal reasons. The Group intends to file a case against the above amendment including to obtain a stay and for this, which it expects to be received.

15.2 DEFERRED TAX LIABILITY - net

Deferred tax asset and liability comprises of taxable and deductible temporary differences in respect of the following:

	Balance as at 1 January 2016	Recognized in profit and loss account	Recognised in surplus on revaluation of property, plant and equipment	"Balance as at 31 December 2016"	Recognized in profit and loss account	Recognised in surplus on revaluation of property, plant and equipment	"Balance as at 30 June 2017"
----- (Rupees in '000) -----							
Taxable temporary differences on:							
- accelerated tax depreciation	30,346	46,044	-	76,390	26,012	-	102,402
- surplus on revaluation of property, plant and equipment	337,216	(5,196)	34,585	366,605	(3,233)	40,855	404,227
	<u>367,562</u>	<u>40,848</u>	<u>34,585</u>	<u>442,995</u>	<u>22,779</u>	<u>40,855</u>	<u>506,629</u>
Deductible temporary differences on:							
- provision for defined benefit plans	(4,277)	498	-	(3,779)	(287)	-	(4,066)
- provision against slow moving and obsolete stock	(11,275)	3,323	-	(7,952)	1,635	-	(6,317)
- provision for doubtful debts and other receivables	(74,595)	24,306	-	(50,289)	(2,672)	-	(52,961)
- provision for warranty obligations	(1,755)	50	-	(1,705)	(7)	-	(1,712)
- tax losses (note 15.2.1)	(102,513)	(60,197)	-	(162,710)	5,103	-	(157,607)
	(194,415)	(32,020)	-	(226,435)	3,772	-	(222,663)
Deferred tax liability / (assets) - net	<u>173,147</u>	<u>8,828</u>	<u>34,585</u>	<u>216,560</u>	<u>26,551</u>	<u>40,855</u>	<u>283,966</u>

15.2.1 This includes deferred tax of Rs. 34.73 million (2016: Rs. 16.05 million) recorded on unabsorbed tax depreciation and amortisation.

15.2.2 The management has recorded deferred tax asset based on financial projections indicating the absorption of deferred tax asset over a number of future years against future expected taxable profits. The financial projections involve certain key assumptions such as sales price and composition, raw materials, labour prices and distribution channels, etc. Any significant change in the key assumptions may have an effect on the absorption of the deferred tax asset. Nonetheless, the management is confident of the achievement of its targeted results.

16. COST OF SALES	Six months ended		Three months ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	----- (Rupees in '000) -----			
Opening stock - finished goods		-		-
- own manufactured	285,313	176,014	421,728	184,726
- purchased for resale	52,324	60,723	51,525	29,902
Purchases - finished goods	126,237	158,232	90,827	104,914
Cost of goods manufactured	684,800	388,793	356,370	258,405
	1,148,674	783,762	920,450	577,947
Closing stock - finished goods		-		-
- own manufactured	(450,004)	(174,697)	(504,561)	(174,697)
- purchased for resale	(39,797)	(29,792)	(39,797)	(29,792)
	658,873	579,273	376,092	373,458

17. FINANCE COST

Mark-up on long term loans	24,259	14,023	10,963	10,550
Mark-up on short term borrowings	11,676	11,309	9,427	10,630
Mark-up on short term running finances under mark-up arrangements	39,941	36,648	25,428	10,655
Finance lease charges	1,408	1,268	973	595
Bank charges, etc.	5,524	4,721	2,250	1,928
	82,808	67,969	49,041	34,358

18. EARNINGS PER SHARE - basic and diluted

Profit / (Loss) for the period	65,604	(16,795)	19,879	32,588
	----- (Number in '000) -----			
Weighted average number of ordinary shares	45,406	45,406	45,406	45,406
	----- (Rupees) -----			
Earnings per share - basic and diluted	1.44	(0.37)	0.44	0.72

18.1 There were no convertible dilutive potential ordinary shares in issue as at 30 June, 2017 and 30 June, 2016.

19. CASH AND CASH EQUIVALENTS	(Un-audited) 30 June 2017	(Un-audited) 30 June 2016
	------(Rupees in '000)-----	
Cash and bank balances	84,678	76,489
Short term running finance - secured	(970,624)	(757,591)
	<u>(885,946)</u>	<u>(681,102)</u>

20. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, companies with common directorships, major shareholders, directors, key management personnel of the Group and employee retirement benefit funds. The aggregate value of transactions and outstanding balances as at 30 June, 2017 with related parties other than those which have been disclosed elsewhere in this condensed interim financial information are as follows:

Transactions	Note	Six months ended 30 June 2017	30 June 2016
		-----(Rupees in '000)----	
Purchases of goods	20.1	<u>47,148</u>	13,986
Services obtained	20.1	-	1,480
Employee retirement benefits (charge for the year including in Other Comprehensive Income)			
- Gratuity Schemes	20.2	<u>5,631</u>	4,412
- Pension Scheme	20.2	<u>6,518</u>	-
- Provident Fund	20.2	<u>17,442</u>	-
Receipts from Employee retirement benefits			
- Gratuity Fund	8.2.1	<u>1,000</u>	-
- Provident Fund	8.2.1	<u>14,000</u>	-
Loan received from a director and a key management person	8.2.3	<u>96,000</u>	28,000
Advance received from an associated Group against sale of goods		<u>140,000</u>	-
Sale of goods to an associated Group against advance		<u>71,496</u>	-
Repayment of loan to a director		<u>(26,000)</u>	-
Remuneration of key management personnel	20.3	<u>30,463</u>	27,865

	Note	(Un-audited) 30 June 2017	(Audited) 31 December 2016
Balance payable / receivable			
----(Rupees in '000)----			
Trade liability	20.1	<u>47,148</u>	<u>-</u>
Employee retirement benefits - Gratuity Schemes	8.2.1 & 22.2	<u>39,411</u>	<u>19,780</u>
Employee retirement benefits - Pension Scheme	22.2	<u>25,004</u>	<u>18,486</u>
Employee retirement benefits - Provident Fund	22.2	<u>15,413</u>	<u>965</u>
Payable to a director and an Executive	8.2.3	<u>70,000</u>	<u>-</u>
Advance from an associated Group against the sale of goods	10.1	<u>68,504</u>	<u>-</u>

20.1 Purchases of goods, materials, services and sales are at agreed rates.

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. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).

- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

The following table shows the carrying amounts and fair values of financial instruments and non- financial instruments including their levels in the fair value hierarchy:

30 June, 2017 (Un-audited)

	Carrying Amount			Fair value
	Loans and receivables	Other financial assets	Total	Total
------(Rupees in '000)-----				
Financial instruments				
Financial assets not measured at fair value				
Long term deposits	21,465	-	21,465	-
Trade debts	1,271,994	-	1,271,994	-
Deposit and other receivables	90,639	-	90,639	-
Cash and Bank balance	6,089	78,589	84,678	-
	1,390,187	78,589	1,468,776	-

	Carrying Amount			Fair value
	Loans and receivables	Other financial liabilities	Total	Total
------(Rupees in '000)-----				
Financial liabilities not measured at fair value				
Long term loans - secured	-	537,500	537,500	-
Liabilities against assets subject to finance lease	-	49,770	49,770	-
Trade and other payables	-	472,803	472,803	-
Mark-up accrued on short term finances and long term loans	-	40,222	40,222	-
Short term finance - secured	-	970,624	970,624	-
Short term borrowings	-	439,600	439,600	-
	-	2,510,519	2,510,519	-

31 December, 2016 (Audited)

	Carrying Amount			Fair value
	Loans and receivables	Other financial assets	Total	Total
	------(Rupees in '000)-----			
Financial instruments				
Financial assets not measured at fair value				
Long term deposits	18,514	-	18,514	-
Trade debts	1,063,317	-	1,063,317	-
Deposit and other receivables	16,585	-	16,585	-
Investments (including mark up thereon)	-	-	-	-
Cash and Bank balance	65,624	82,468	148,092	-
	<u>1,164,040</u>	<u>82,468</u>	<u>1,246,508</u>	<u>-</u>

31 December, 2016 (Audited)

	Carrying Amount			Fair value
	Loans and receivables	Other financial liabilities	Total	Total
	------(Rupees in '000)-----			
Financial liabilities not measured at fair value				
Long term loans - secured	-	546,875	546,875	-
Liabilities against assets subject to finance lease	-	17,473	17,473	-
Trade and other payables	-	401,765	401,765	-
Mark-up accrued on short term finances and long term loans	-	40,005	40,005	-
Short term finance - secured	-	1,177,396	1,177,396	-
	<u>-</u>	<u>2,183,514</u>	<u>2,183,514</u>	<u>-</u>

The Company has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair values.

Non financial assets measured at fair value	Date of valuation	Valuation approach and inputs used	Inter-relationship between significant unobservable input and fair value measurement
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Revalued Property, plant and equipment and investment property

-	Land and Building	<p>30 June, 2017</p> <p>The valuation model is based on price per square metre. In determining the valuation for land and building the valuer refers to numerous independent market inquiries from local estate agents / realtors in the vicinity to establish the present market value. The fair valuation of land and building are considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets.</p>	<p>The fair value are subject to change owing to changes in input. However, management does not expect there to be a material sensitivity to the fair value arising from the non-observable inputs</p>
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22. OPERATING SEGMENTS

- 22.1** These consolidated condensed interim financial information have been prepared on the basis of single reportable segment.
- 22.2** Sales to domestic customers in Pakistan are 100.0% (2016: 100.0%) and to customers outside Pakistan are Nil (2016: Nil) of the revenue during the six months ended 30 June, 2017.
- 22.3** All non-current assets of the Company at 30 June, 2017 are located in Pakistan.
- 22.4** Sales to one customer, a related party (subsidiary), of the Company represented approximately Rs. 272 million (2016: nil) of the Company's total sales.

23. POST BALANCE SHEET NON ADJUSTING EVENT AND GOING CONCERN ASSUMPTION

The Board of Directors in their meeting held on 18 August, 2017 authorised a Committee of the Chief Executive Officer and a Director to finalise the sale of the Company's factory land and buildings thereon. The Board has also authorised the said Committee to simultaneously enter into lease / rental agreement with the prospective purchaser of the said property for the continuation of uninterrupted use of the required area of factory land and buildings for business / manufacturing activities of the Company.

Above rent agreement is expected to be signed simultaneously with sale of the land and buildings. Proceeds thereof is expected to be substantially used for the settlement and the reduction of the Company's borrowings enabling the Company to reduce its borrowing cost. Adjustment for the intention to sale would be made in the financial statements subsequent to 30 June, 2017.

Notwithstanding the above, the Company is of the view that the Company will continue as a going concern despite the sale of the factory land and buildings due to the expectation of the lease / rental agreement mentioned above and in case of the need be, in future, the Company may also relocate its manufacturing and business facilities to an alternate location.

24. GENERAL

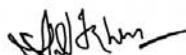
Figures have been rounded off to nearest thousand unless stated otherwise.

25. DATE OF AUTHORISATION

These condensed interim financial statements was authorised for issue by the Board of Directors in their meeting held on 30 August, 2017.



Director



Chief Executive

SINGER[®]

The Condensed Un-Consolidated Interim
Financial Statements (Un-audited)



سنگر پاکستان لمیٹڈ

غیر مشترکہ مالی بیانات پر ڈائریکٹرز کی رپورٹ

برائے ششماہی اختتام ۳۰ جون ۲۰۱۷

کمپنی کے ڈائریکٹرز ۳۰ جون ۲۰۱۷ کو ختم ہونے والی ششماہی پر نصف سال کی رپورٹ پیش کرتے ہوئے مسرت محسوس کرتے ہیں جسکے ساتھ ہی اس دورانیہ کے غیر آڈٹ شدہ وسط مدتی متفقہ مالی بیانات بھی اختصار کے ساتھ منسلک ہیں۔

غیر مشترکہ مالیاتی گوشواروں پر نتائج کا جائزہ:

زیر نظر ششماہی کے اختتام (30 جون 2017) پر مالیاتی کارکردگی درج ذیل ہے جبکہ سال گذشتہ کے دوران اسی دورانیہ کا تقابلی جائزہ بھی پیش کیا جا رہا ہے۔

دوسری ششماہی سال ۲۰۱۶ پاکستانی روپیہ ملین میں	پہلی ششماہی سال ۲۰۱۶ پاکستانی روپیہ ملین میں	دوسری ششماہی سال ۲۰۱۷ پاکستانی روپیہ ملین میں	پہلی ششماہی سال ۲۰۱۷ پاکستانی روپیہ ملین میں	
613	914	618	1,094	مجموعی فروخت
164	212	155	284	کل منافع
27%	23%	25%	26%	مجموعی منافع % مجموعی فروخت
47	(18)	30	79	ٹیکس سے پہلے خالص منافع / (نقصان)
(14)	1	(20)	(34)	ٹیکس
33	(17)	10	45	ٹیکس کے بعد خالص منافع / (نقصان)
0.72	(0.37)	0.17	0.98	آمدنی / (نقصان) فی حصص ٹیکس کے بعد

کل فروخت:

کل فروخت سے حاصل رقم 1,094 ملین روپے رہی اس طرح 180 ملین (+20%) کی بہتری ریکارڈ کی گئی سال گزشتہ میں اسی دورانیہ میں کل فروخت سے حاصل رقم 914 ملین روپے تھی۔

کل منافع:

زیر نظر دورانیہ میں کل منافع 284 ملین روپے رہا جبکہ سال گذشتہ کے اسی دورانیہ میں کل منافع 212 ملین روپے تھا۔

ٹیکس سے قبل منافع / (نقصان):

کمپنی نے 30 جون 2017 کو ختم ہونے والی پہلی ششماہی کے دوران 79 ملین روپے کا منافع حاصل کیا ہے جبکہ 2016 کی پہلی ششماہی میں 18 ملین روپے کا نقصان ہوا تھا۔

ٹیکس کے بعد خالص منافع / (نقصان):

زیر نظر مدت میں ٹیکس کے بعد خالص منافع 45 ملین روپے رہا جبکہ 2016 کی اسی مدت کے دوران 17 ملین روپے کا نقصان ہوا تھا۔

منافع / (نقصان) فی شیئر:

2017 کی پہلی ششماہی کے دوران 0.98 روپے فی شیئر منافع حاصل ہوا جبکہ 2016 میں اسی دورانیہ میں 0.37 روپے فی شیئر نقصان ہوا تھا۔

یہ مثبت نتائج ریفریجریٹرز کی نئی رینج اور دیگر مصنوعات کے نئے ماڈلز پر بھرپور اور مسلسل انتظامی توجہ کے عکاس ہیں جو فروخت میں اضافے کے ساتھ ساتھ بہتر منافع کا سبب بنے ان اقدامات میں لاگت میں کمی، قسطوں کی سیز میں مارک اپ کی مسابقت، دستیاب ذرائع کا بہتر اور درست استعمال شامل ہیں نیز سرمایہ کاری کے اثاثوں کی تجدید بھی اس عمل کا حصہ ہے۔ بہر حال ڈیلرز کی

معرفت ریفریجریٹرز کی فروخت کے حجم میں مطلوب اضافہ ممکن نہ ہو سکا، باوجودیکہ اضافی ڈسکاؤنٹس اور ڈیلرز کو ادائیگی میں سہولیات فراہم کی گئیں جسکی وجہ سخت مسابقت اور سیلز ٹیم کے سیٹ اپ میں سخت مشکلات کا سامنا ہے۔ مزید برآں فروخت میں اضافے کیلئے کمپنی نے 2016 کی دوسری ششماہی میں قسطوں پر صفر فیصد (0%) مارک اپ اسکیم متعارف کروائی جسکے نتیجے میں قسطوں پر کم مارک اپ حاصل ہوا۔ انتظامیہ ہر صورت ڈیلرز نیٹ ورک کو مستحکم کرے گی تاکہ ڈیلرز نیٹ ورک سے فروخت میں اضافہ کیا جائے۔ کمپنی کی توجہ بڑے ریٹیل نیٹ ورک کو زیادہ سے زیادہ بڑھانے پر بھی ہے جو فی الوقت 140 سیلز پوائنٹس پر مشتمل ہے مزید برآں سیلز بڑھانے اور نتائج کو بہتر کرنے کیلئے مزید دیگر برانڈ متعارف کروانے کا منصوبہ بھی شامل ہے۔

مستقبل کیلئے پیش بندی:

کنزیومر فائینانسنگ کی سہولت کے ساتھ مارکیٹ میں آنے والے نئے مسابقت کنندگان کی وجہ سے کنزیومر اپلائنسز سیکٹر میں کاروباری حالات نہایت سخت اور مسابقتاں رہے ہیں بہر حال! آپکی کمپنی کی انتظامیہ مستقل سرمایہ کاری، طریقہ کار میں بہتری اور بہتر سہولت کے ذریعے کاروبار اور اپنے قابل قدر حصص یافتگان کی تعداد میں اضافے کا عزم مصمم رکھتی ہے۔

وہ ایونٹس جو بعد از بیلنس شیٹ ہیں:

بورڈ آف ڈائریکٹرز نے اپنی مینٹگ منعقدہ 18 اگست 2017 میں چیف ایگزیکٹو آفیسر اور ایک ڈائریکٹر پر مشتمل کمیٹی کی منظوری دی جو کمپنی کی فیکٹری کی زمین اور اسکی عمارت کی فروخت کی تکمیل کریگی۔ بورڈ نے مذکورہ کمیٹی کو اس فروخت اور کرایہ داری سے متعلق مذکورہ گاہک سے سیلز ڈیڈ اور ریونٹ ایگریمنٹ کرنے کی بھی منظوری دی تاکہ کمپنی کو فیکٹری کی زمین اور بلڈنگ میں بلا تعطل کاروبار کرنے اور مصنوعات تیار کرنے میں کوئی دشواری نہ ہو۔ اس کرایہ داری کے ایگریمنٹ پر دستخط بلڈنگ اور زمین کی فروخت کے ساتھ ساتھ متوقع ہیں۔

اس سے حاصل شدہ رقم کی خاصی مقدار کمپنی کے قرضہ جات کی ادائیگی میں خرچ ہوگی جس سے کمپنی کو

قرض کی مد میں ہونے والی لاگت میں کمی واقع ہوگی۔ اس فروخت کی ایڈجسٹمنٹ 30 جون 2017 کے مالیاتی گوشواروں کے بعد ہوگی۔

بورڈ آف ڈائریکٹرز:

ایک غیر معمولی جنرل میٹنگ جمعہ بتاریخ 11 اگست 2017 کو منعقد ہوئی جس میں ریٹائر ہونے والے مندرجہ ذیل ڈائریکٹرز کی جگہ 11 اگست 2017 سے تین سال کی مدت کیلئے 7 ڈائریکٹرز کا انتخاب کیا گیا۔

- | | |
|------------------------------|--|
| ۱۔ جناب عمیر خان صاحب | ۲۔ جناب ہارون احمد خان صاحب |
| ۳۔ جناب ظفر الدین محمود صاحب | ۴۔ بریگیڈیئر مختار احمد (ریٹائرڈ) صاحب |
| ۵۔ جناب عدنان آفتاب صاحب | ۶۔ جناب معظم احمد خان صاحب |
| ۷۔ جناب رشید وائی چنائی صاحب | |

ابتدا میں دس شرکانے اپنے نام ڈائریکٹرز کے انتخاب کیلئے پیش کیے تھے، بعد ازاں تین شرکانے اپنے نام واپس لے لیے اور مندرجہ ذیل افراد بلا مقابلہ کمپنی کے ڈائریکٹرز منتخب ہو گئے۔

- | | |
|--|-------------------------------|
| ۱۔ جناب عمیر خان صاحب | ۲۔ جناب ہارون احمد خان صاحب |
| ۳۔ جناب معظم احمد خان صاحب | ۴۔ محترمہ نگہت ہارون صاحبہ |
| ۵۔ بریگیڈیئر مختار احمد (ریٹائرڈ) صاحب | ۶۔ جناب محمد صاقب جیلانی صاحب |
| ۷۔ جناب یوسف محمد فاروق صاحب | |

بورڈ نے جناب ہارون احمد خان صاحب کو دوبارہ چیف ایگزیکٹو آفیسر اور جناب عمیر خان صاحب کو بورڈ آف ڈائریکٹرز کا چیئر مین منتخب کیا۔

ڈیویڈنڈز:

کمپنی کو ماضی میں جو نقصانات اٹھانا پڑے اسکو مد نظر رکھتے ہوئے بورڈ آف ڈائریکٹرز نے کسی قسم کے ڈیویڈنڈ یا بونس شیئرز کی سفارش برائے منظوری شیئرز ہولڈرز سے نہیں کی۔

اکنٹالجمینٹ:

بورڈ کی خواہش ہے کہ ریٹائر ہونے والے ڈائریکٹرز کی توصیف رکارڈ پر لائی جائے خاص طور پر جناب رشید وائی چنائی جو نصف صدی تک کمپنی بورڈ کے ممبر رہے۔ انکی خدمات اور خصوصی طور پر چنائی صاحب کے اہل خاندان کا کمپنی سے تعلق ہمیشہ یاد رکھا جائیگا۔

ہم اپنے تمام کرم فرماؤں کے شکر گزار ہیں اور توقع رکھتے ہیں کہ انکا تعاون آئندہ بھی جاری رہیگا۔

بورڈ کی وساطت سے

—

ہارون اے۔ خان

چیف ایگزیکٹو آفیسر

کراچی: ۳۰ اگست ۲۰۱۷

SINGER PAKISTAN LIMITED

Report of the Directors on Consolidated Financial Statements

For the Six Months Ended 30th June 2017

The Directors of the Company are pleased to present their half year report and the un-audited condensed interim consolidated financial statements of the Company for the six months period ended 30 June, 2017.

Overview of Results on Consolidated Financial Statements

The consolidated financial performance for the six months period ended 30th June, 2017 and the comparative period of the previous year is summarized as follows:

	2017 PKR Million	2017 PKR Million	2016 PKR Million	2016 PKR Million
	1HY	2 Qtr.	1HY	2 Qtr.
Gross Sales	1,094	618	914	613
Gross Profit	284	155	212	164
G. Profit % to G. Sales	26%	25%	23%	27%
Net Profit / (Loss) before Tax	79	30	(18)	47
Taxation	(34)	(20)	1	(14)
Net Profit / (Loss) after tax	45	10	(17)	33
Earnings / (Loss) Per Share after tax	0.98	0.17	(0.37)	0.72

Gross Sales:

During the period, gross sales revenue stood at Rs. 1,094 million and witnessed a growth of 180 million (+20%) compared to Rs. 914 million of the corresponding period of the last year.

Gross Profit:

Gross Profit for the period stood at Rs. 284 million compared to Rs. 212 million of the corresponding period of the last year.

Net Profit / (Loss) before tax

The company made a net profit before tax of Rs 79 million for the six months ended 30 June, 2017 compared to a loss of Rs. 18 million for the corresponding period of 2016.

Net Profit / (Loss) after tax

Net profit after tax stands at Rs. 45 million for the period against a loss of Rs. 17 million for the corresponding period of 2016.

Earnings / (Loss) per Share

Earnings per Share achieved is Rs. 0.98 as compared to Loss per Share of Rs. 0.37 of corresponding period of last year.

The positivity reflected in the results has been achieved through continued management focus on improving new range of refrigerators and other product models resulting in to growth in sales volume coupled with better gross margins through cost savings, offering competitive markup on installment sales, better resource planning, improved capacity utilization and revaluation of the investment assets. However, growth in sales volume of refrigerators through dealer's network could not achieve desired levels despite providing additional discounts and credit due to intense competition and teething problems in setting up sales team network. Furthermore, in order to push sales, the Company offered installment sales on 0% markup during the 2nd half of 2016 which resulted in lower earned mark up on installments sales during the period under review. The management shall remain focused to strengthen the dealer's network to achieve growth in the dealer sales. The management is also focusing to maximize the potential of company's large retail network of 140 shops and is introducing more multi brand products to improve sales revenue and operating results.

Future Outlook:

The Business environment remained challenging in the Consumer Appliances sector due to severe competition and entry of new retailers with consumer financing. However, the Management of your company remains committed to continue adding value to the business and to our valued shareholders by continually investing, innovating and improving our operations.

Post Balance Sheet Non-Adjusting Event

The Board of Directors in their meeting held on 18 August, 2017 approved in principal the sale of the Company's factory land and buildings thereon and to simultaneously enter in to a lease / rental agreement with the prospective purchaser of the said property for the continuation of uninterrupted use of the required area of factory land and buildings for business / manufacturing activities of the Company. Above rent agreement is expected to be signed simultaneously with sale of the land and buildings.

Proceeds thereof is expected to be substantially used for the settlement and the reduction of the Company's borrowings enabling the Company to reduce its borrowing cost. Adjustment for the sale would be made in the financial statements subsequent to 30 June, 2017.

Board of Directors

An Extra Ordinary General Meeting was held on Friday, 11th August, 2017 to elect seven directors for a period of three years commencing from 11th August, 2017 in place of retiring directors namely:

- | | |
|----------------------------|--------------------------------|
| 1. Mr. Umair Khan | 2. Mr. Haroon Ahmad Khan |
| 3. Mr. Zafar Uddin Mehmood | 4. Brig. Mukhtar Ahmed (Retd.) |
| 5. Mr. Adnan Aftab | 6. Mr. Moazzam Ahmad Khan |
| 7. Mr. Rasheed Y. Chinoy | |

Initially ten persons filed notices of their intention to offer themselves for this election of directors, however later three contestants withdrew their intention to contest and the following persons elected unopposed as Directors of the company:

1. Mr. Umair Khan
2. Mr. Haroon Ahmad Khan
3. Mr. Moazzam Ahmad Khan
4. Mrs. Nighat Haroon Khan
5. Brig. Mukhtar Ahmed (Retd.)
6. Mr. Mohammad Saqib Jillani
7. Mr. Yousuf Muhammad Farooq

The Board has re-appointed Mr. Haroon Ahmad Khan as Chief Executive Officer and Mr. Umair Khan as the Chairman of the board of directors.

Dividends

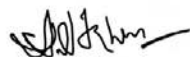
Taking in to consideration accumulated losses sustained by the Company in the Past, the Directors of the Company has not recommended any payment towards dividend and bonus shares, for approval by the shareholders.

Acknowledgement

The Board wishes to bring on record its appreciation for the services of the retiring directors especially Mr. Rasheed Y. Chinoy who has been on the Company's Board for almost 50 years. His services and especially Chinoy family's association with the company will always be remembered.

We also take this opportunity to thank all our stakeholders and look forward to their continued patronage.

On behalf of the Board



Haroon A. Khan
Chief Executive Officer
Karachi: 27 April 2017



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

Telephone: +92 (21) 3568 5847
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Internet: www.kpmg.com.pk

Auditor's 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 2017 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 (herein-after referred 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.

Emphasis of matter

We draw attention to note 8.2.1 regarding the financial transaction of Rs. 15 million with Singer Pakistan Limited Employees Provident Fund and Singer Pakistan Limited Employees Gratuity Fund. Our opinion is not qualified in respect of this matter.

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.

Date: 30 August, 2017
Karachi

KPMh Taseer Hadi & Co.
KPMG Taseer Hadi & Co.
Chartered Accountants.
Amyr Pirani

SINGER PAKISTAN LIMITED

Condensed Interim Balance Sheet

As at 30 June 2017

	Note	Un-audited 30 June 2017	Audited 31 December 2016		Note	Un-audited 30 June 2017	Audited 31 December 2016
				----(Rupees in '000)----			
EQUITY AND LIABILITIES				ASSETS			
Share capital and reserves				Non-current assets			
Authorised capital 70,000,000 (2016: 70,000,000) ordinary shares of Rs. 10 each	6.1	<u>700,000</u>	<u>700,000</u>	Property, plant and equipment	12	1,881,806	1,657,732
Issued, subscribed and paid-up capital		454,056	454,056	Intangible assets		20,490	22,345
Capital reserve		5,000	5,000	Investment property	13	348,000	317,200
Revenue reserve		-	-	Investment in subsidiary company	14	2,000	2,000
Accumulated loss		(101,195)	(150,252)	Long term deposits		21,465	18,514
		357,861	308,804			2,273,761	2,017,791
Surplus on revaluation of property, plant and equipment - net of tax	12	1,183,639	1,095,855	Current assets			
Non-current liabilities				Stores, spares and loose tools		3,526	5,112
Long term loans-secured	7	518,750	528,125	Stock-in-trade		755,104	509,039
Liabilities against assets subject to finance lease	8	35,611	10,944	Trade debts	15		
Deferred liability for employee retirement benefits obligation	9	63,415	51,612	- Retail		709,614	714,943
Deferred tax - net	15	283,966	216,560	- Wholesale		453,353	348,374
Deferred income		1,405	2,340	Advances, deposits, prepayments and other receivables	16	105,158	33,036
		903,147	809,581	Taxation - net	17	174,645	157,100
Current liabilities				Cash and bank balances		83,778	148,092
Trade and other payables	10	629,066	474,696			2,285,178	1,915,696
Mark-up accrued on short term loans, running finance and long term loans		40,222	40,005				
Short term running finance - secured	8	970,624	897,396				
Short term borrowings - secured	8	439,600	280,000				
Current portion of long term loans	7	18,750	18,750				
Current portion of liabilities against assets subject to finance lease	8	14,159	6,529				
Current portion of deferred income		1,871	1,871				
		2,114,292	1,719,247				
Contingencies and commitments							
	11	4,558,939	3,933,487			4,558,939	3,933,487

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.



Director



Chief Executive

SINGER PAKISTAN LIMITED

Condensed Interim Profit and Loss Account (Un-audited)

For the six months ended 30 June 2017

	Note	Six months ended		Three months ended	
		30 June 2017	30 June 2016	30 June 2017	30 June 2016
----- (Rupees in '000) -----					
Sales		1,093,840	914,383	617,857	624,120
Sales tax and discount		<u>(150,742)</u>	<u>(122,874)</u>	<u>(85,941)</u>	<u>(86,859)</u>
		943,098	791,509	531,916	537,261
Cost of sales	18	(658,873)	(579,273)	(381,592)	(373,458)
Gross margin		284,225	212,236	150,324	163,803
Marketing, selling and distribution cost		<u>(156,114)</u>	<u>(214,241)</u>	<u>(85,436)</u>	<u>(114,263)</u>
Administrative expenses		<u>(21,947)</u>	<u>(38,229)</u>	<u>(8,885)</u>	<u>(20,532)</u>
Other expenses		<u>(16,158)</u>	<u>(2,218)</u>	<u>(14,395)</u>	<u>759</u>
Other income		<u>36,803</u>	<u>19,247</u>	<u>7,902</u>	<u>16,125</u>
		<u>(157,416)</u>	<u>(235,441)</u>	<u>(100,814)</u>	<u>(117,911)</u>
		126,809	(23,205)	49,510	45,892
Earned carrying charges		<u>34,712</u>	<u>73,707</u>	<u>23,767</u>	<u>35,134</u>
Finance cost	19	<u>(82,808)</u>	<u>(67,969)</u>	<u>(49,041)</u>	<u>(34,358)</u>
		(48,096)	5,738	(25,274)	776
Profit / (loss) before taxation		78,713	(17,467)	24,236	46,668
Taxation	17	<u>(34,255)</u>	<u>670</u>	<u>(21,031)</u>	<u>(14,080)</u>
Profit / (loss) for the year		44,458	(16,797)	3,205	32,588
----- (Rupee) -----					
Loss per share - basic and diluted	20	0.98	(0.37)	0.07	0.72

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.



Director



Chief Executive

SINGER PAKISTAN LIMITED

Condensed Interim Statement of Comprehensive Income (Un-audited)

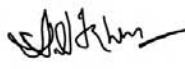
For the six months ended 30 June 2017

	Six months ended		Three months ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	------(Rupees in '000)-----			
Net profit / (loss) for the period	44,458	(16,797)	3,205	32,588
Other comprehensive income	-	-	-	-
Item that will not be reclassified to profit and loss:				
Actuarial loss on employee retirement benefit	(2,947)	-	(2,947)	-
Total comprehensive income for the period	<u>41,511</u>	<u>(16,797)</u>	<u>258</u>	<u>32,588</u>

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.



Director



Chief Executive

SINGER PAKISTAN LIMITED

Condensed Interim Cash Flow Statement (Un-audited)

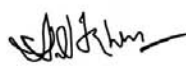
For the six months ended 30 June 2017

Note	Six months ended 30 June 2017	Six months ended 30 June 2016
	------(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	78,713	(17,467)
Adjustment for:		
- Depreciation on property, plant and equipment	43,058	24,337
- Amortisation of intangible assets	1,855	1,875
- Finance cost	82,808	67,967
- Amortisation of deferred income	(935)	(934)
- Unrealised gain on investment property at fair value	(30,800)	-
- Provision for employee retirement benefits	9,703	3,938
	184,402	79,716
Working capital changes		
(Increase) / decrease in current assets		
Stores, spares and loose tools	1,586	(128)
Stock-in-trade	(246,065)	(24,661)
Trade debts and other receivables	(99,650)	(122,310)
Advances, deposits, prepayments and other receivables	(72,122)	(12,399)
Increase / (decrease) in current liabilities		
Trade and other payables	215,712	(2,227)
	(200,538)	(161,725)
	(16,137)	(82,009)
Income tax paid	(25,249)	(12,663)
Finance cost paid	(82,591)	(64,129)
Employee retirement benefits paid	(846)	(832)
Long term deposits - net	(2,951)	3,893
Net cash flows from operating activities	(127,774)	(155,740)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure net	(91,038)	(16,189)
Investments matured during the period - net	-	21,000
Net cash flows from investing activities	(91,038)	4,811
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loans - net	(9,375)	449,728
Borrowing / (repayment) of short term finances	159,600	(22,900)
Lease rentals paid	(7,611)	(5,124)
Net cash flows from financing activities	142,614	421,704
Net (decrease) / increase in cash and cash equivalents	(76,198)	270,775
Cash and cash equivalents at beginning of the period	(810,648)	(951,877)
Cash and cash equivalents at end of the period	21 (886,846)	(681,102)

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.



Director



Chief Executive

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

New Standards, Interpretations and Amendments

Following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July, 2017:

- Amendments to IAS 12 'Income Taxes';
- Amendments to IAS 7 'Statement of Cash Flows';
- Amendments to IFRS 2 'Share-based Payment';
- Amendments to IAS 40 'Investment Property' - Transfers of Investment Property ;
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration';
- IFRIC 23 'Uncertainty over Income Tax Treatments'.

Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entities'; and
- Amendments to IAS 28 'Investments in Associates and Joint Ventures'.

Above amendments are not likely to have an impact on Company's financial statements.

Companies Act, 2017 was enacted on 30 May, 2017 and is applicable with immediate effect. SECP through its press release and vide its circular 17 of 2017 has clarified that the companies whose financial year including the quarterly and other interim period, closes on or before 30 June, 2017, shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The new requirement of the Companies Act, 2017 shall be applicable to the companies having their financial year closure after 30 June, 2017.

Companies Act, 2017 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to the treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This would require change in accounting policy relating to surplus on revaluation of property, plant and equipment to bring it in line with the requirements of IAS 16 – Property, plant and equipment. This would result in increase in equity by Rs. 1,183.639 million as of 30 June, 2017 (31 December 2016: Rs. 1,095.855 million).

4. 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, 2016.

5. 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 the same as those applied to the annual audited financial statements for the year ended 31 December, 2016.

SINGER PAKISTAN LIMITED

Notes to the Condensed Interim Financial Statements (Un-audited)

For the six months ended 30 June 2017

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 Pakistan Stock Exchange. The Company is principally engaged in retailing and trading of domestic consumer appliances and other light engineering products, besides the manufacturing and assembling of the same. The registered office of the Company is located at Plot No. 39, Sector 19, Korangi Industrial Area, Karachi.

2. BASIS OF PREPARATION

- 2.1** These condensed interim financial statements of the Company for the six months ended 30 June, 2017 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 repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under repealed Companies Ordinance, 1984 have been followed.
- 2.2** These are un-audited financial statements. However, a limited scope review has been carried out by the auditors in accordance with the requirements of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan. Further, the figures in the condensed interim financial information for the quarter ended 30 June, 2016 and 30 June, 2017 have not been reviewed by the auditors.
- 2.3** These condensed interim financial statements are unaudited and are being submitted to the shareholders as required under the Companies Ordinance, 1984.
- 2.4** 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, 2016.
- 2.5** 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, 2016, whereas comparative interim profit or loss account, interim statement of comprehensive income, interim statement of cash flow and interim statement of changes in equity have been extracted from the unaudited condensed interim financial statements for the six months ended 30 June, 2016.
- 2.6** The condensed interim financial information are presented in Pakistan Rupees which is the functional currency of the Company and rounded off to the nearest thousand rupees except stated otherwise.

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

New Standards, Interpretations and Amendments

Following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July, 2017:

- Amendments to IAS 12 'Income Taxes';
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Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entities'; and
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Above amendments are not likely to have an impact on Company's financial statements.

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Companies Act, 2017 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to the treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This would require change in accounting policy relating to surplus on revaluation of property, plant and equipment to bring it in line with the requirements of IAS 16 – Property, plant and equipment. This would result in increase in equity by Rs. 1,183.639 million as of 30 June, 2017 (31 December 2016: Rs. 1,095.855 million).

4. 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, 2016.

5. 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 the same as those applied to the annual audited financial statements for the year ended 31 December, 2016.

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, 2016.

6. SHARE CAPITAL

6.1 Authorised Capital

This represents 70,000,000 (2016: 70,000,000) ordinary shares of Rs. 10 each amounting to Rs. 700 million (2016: Rs. 700 million).

6.2 In previous year, revenue reserves was transferred to accumulated losses as per the approval of Board of Directors of the Group in their meeting held on 29 April, 2016.

7. LONG TERM LOANS - secured

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

	Security Note	Instalments payable	Repayment period	Amount of instalment (principal) (Rupees in '000)	Mark-up rate	Un-audited 30 June 2017	Audited 31 December 2016
						----- (Rupees in '000) -----	
Term loan 1	7.1	quarterly	Between 2018-2021	Refer note 7.4	3 Months KIBOR Plus 3.00%	500,000	500,000
Term loan 2	7.2	quarterly	Between 2014-2019	4,688	3 Months KIBOR Plus 1.75%	37,500	46,875
						537,500	546,875
Current portion of long term loans						(18,750)	(18,750)
						518,750	528,125

7.1 Equitable mortgage charge on owned shops of the Company and first pari passu charge on land, building, machinery and equipments located at the factory.

7.2 First pari passu charge on land, building, machinery and equipment located at the factory.

7.3 At the period end, the applicable mark-up rate was between 7.27% to 8.68% per annum (31 December 2016: 7.87% to 9.12%).

7.4 Term loan 1 from a Bank is repayable in different quarterly principal amounts between Rs. 40.3 million to Rs. 50.9 million from 30 September, 2018 to 31 March, 2021.

8. SHORT TERM BORROWINGS, RUNNING FINANCE AND LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

8.1 Running Finance

As compared to the year ended 31 December, 2016, the Company has obtained an additional facility of Rs. 25 million from a Commercial Bank, of which Rs. 23.614 million was utilized as of 30 June, 2017. This facility carries mark-up at 3 months KIBOR + 2.5% and is secured against hypothecation over the present and future current assets. The facility is valid up to 31 January, 2018 and is generally renewable.

8.2 Short term borrowings

8.2.1 During the current six months period, the Company borrowed Rs. 1 million and Rs. 14 million from the Singer Pakistan Limited Employees' Gratuity Fund and Singer Pakistan Limited Employees' Provident Fund respectively (31 December 2016: Borrowing of Rs. Nil) (related parties). This includes borrowing of Rs. 12.2 million by the Singer Pakistan Limited Employees' Provident Fund against a running finance facility available with them from a Bank for onwards payment to the Company. The said borrowing by the Singer Pakistan Limited Employees' Provident Fund is secured against lien over Pakistan Investment Bonds held by them and carries interest at 1 month KIBOR + 1% per annum. (This borrowing by the Company was on 22 March and 28 March, 2017 and the remaining borrowing was on 22 June, 2017).

Borrowing of Rs. 15 million by the Company from the above Funds carries interest rate at 8% per annum and as at the period end, Rs. 0.405 million had been accrued by the Company (so that the Provident Fund do not incur any loss on its own borrowings).

The Company's borrowing from the above funds were for the business need and subsequent to the period end, the entire amount including the interest amount was repaid by the Company in order to address the requirements of section 218 of Company Act, 2017. These are unsecured borrowings.

8.2.2 During the current six months period ended 30 June 2017, the Company received Rs. 68 million from a private group. The principal amount is repayable in the quarterly instalments of Rs. 34 million each in August 2017 and November 2017. The borrowings carries fixed profit at 26.15% per annum payable on quarterly basis for each principal repayment mentioned above. This is an unsecured borrowing.

8.2.3 During the period, the Company borrowed Rs. 55 million (net of repayment of Rs. 26 million) from the Company's Chief Executive Officer and Rs. 15 million from the Deputy Chief Executive Officer (key management personnel and related parties). The borrowings are unsecured, interest free and are repayable on demand.

8.3 Liabilities against assets subject to finance lease

During the current six months period, the Company entered into lease arrangements of assets of Rs. 39.91 million. These obligations are payable in monthly instalments of Rs. 0.038 million to Rs. 0.763 million and carry mark-up rates at 6 months KIBOR plus 3% to 4% per annum.

8.4 There were no changes in any of the other facilities during the period.

9. DEFERRED LIABILITY FOR EMPLOYEE RETIREMENT BENEFITS OBLIGATION

These are on the basis of actuarial valuation carried out as of 30 June, 2017. Brief details are as follows:

	Pension Fund		Permanent employees (funded)		Gratuity Field staff (unfunded)		Total	
	Un-audited 30 June	Audited 31 December	2017	2016	2017	2016	2017	2016
	2017	2016	2017	2016	2017	2016	2017	2016
Present value of defined benefit obligation	83,337	80,268	34,833	34,166	16,728	13,346	51,561	47,512
Fair value of plan assets	(58,333)	(61,782)	(13,150)	(14,386)	-	-	(13,150)	(14,386)
Liability on the balance sheet	25,004	18,486	21,683	19,780	16,728	13,346	38,411	33,126

10. TRADE AND OTHER PAYABLES

10.1 This includes advance of Rs. 68.503 million (net of repayment of Rs. 71.5 million) received during the period from a customer, a related party, against the sale of goods.

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

For details of contingencies please refer to notes 13.1 and 13.2 of the annual financial statements for the year ended 31 December, 2016. However, the status of contingencies remains unchanged since that reporting.

11.2 Commitments

	(Un-audited) 30 June 2017	(Audited) 31 December 2016
	(Rupees in '000)	
Capital expenditure (software development)	-	14,028
Outstanding letters of credit (for inventory)	223,068	171,820
Commitment in respect of Ijarah rentals	2,901	3,649

12. PROPERTY, PLANT AND EQUIPMENT	(Un-audited) 30 June 2017	(Audited) 31 December 2016
	(Rupees in '000)	
Operating fixed assets	1,881,806	1,585,584
Capital work-in-progress	-	72,148
	<u>1,881,806</u>	<u>1,657,732</u>

12.1 Following is the cost of property, plant and equipment that have been added / transferred during the six months ended 30 June, 2017 (other than on account of the revaluation of land and building):

	Transfers to Leased Assets (sale and lease back)		
	Additions	Cost	Accumulated Depreciation
	----- (Rupees in '000) -----		
Owned			
Building on leasehold land	1,209	-	-
Leasehold improvements	108,258	-	-
Furniture and equipment	776	-	-
Plant and machinery	83,514	32,942	159
Vehicles	2,450	1,678	7
Computers	3,652	2,054	177
	<u>199,859</u>	<u>36,674</u>	<u>343</u>
Leased			
Plant and machinery	33,351	-	-
Vehicles	4,503	-	-
Computers	2,054	-	-
	<u>39,908</u>	<u>-</u>	<u>-</u>

12.2 Leasehold land and buildings on leasehold land of the Company were revalued on 30 June 2017 by Asif Associates (Private) Limited on market value basis after making independent market inquiries from local property dealers and estate agents to ascertain the market price for properties of the same nature in the immediate neighbourhood and adjoining areas.

Revaluations of the above assets were last carried out in 2016 (land and buildings), 2015 (land and buildings), 2014 (land and buildings), 2013 (land only) and 2010 (land only). The resulting surplus has been credited to the revaluation surplus account. The impact of revaluation for the period amounting to Rs. 136.18 million has been incorporated in the financial statement. Total surplus on account of the revaluation as of 30 June, 2017 amount to Rs. 1,183.639 million.

Details of the revaluations are as follows:

	Carrying value as of 30 June 2017 (before revaluation for the current period)	Revaluation surplus during the period	Revalued amount as of 30 June 2017
	----- (Rupees in '000) -----		
	1,083,146	133,854	1,217,000
Land	192,170	2,330	194,500
Buildings	1,275,316	136,184	1,411,500

13. INVESTMENT PROPERTY

Property, comprising land or a building or part thereof, held to earn rentals or for capital appreciation or both are classified as investment property. These are not held for use in the production or supply of goods or services or for administrative purposes. The Company's business model i.e. the Company's intentions regarding the use of a property is the primary criterion for classification as an investment property.

The Company has sublet certain portion of land and building thereon in the factory to a third party. Changes in fair values are recognised as gain in Profit and Loss and included in 'Other Income'. The investment property comprises of land and building, comprising 68,000 square feet out of total 339,993 square feet (20% of the Company's total factory area).

The fair value of investment property as of 30 June, 2017 have been determined by an external independent property valuer M/s Asif Associates (Private) Limited based on independent inquiries from active local realtors, recent experience in the location and the records of the valuer. The fair value measurement of the Investment Property has been categorized as a level 3 fair value based on the input to the valuation technique used. Difference of Rs. 30.8 million between the fair value and carrying amount has been recognized in the profit and loss account of the period. Earlier the valuations were carried out on 5 July, 2016 and 27 July, 2017.

There has been no additions / deletions in this assets during the year.

During the year, the Company received an amount of Rs. 2.1 million as advance rental payment, which has been amortized during the year and included in Profit and Loss as "Other Income".

14. INVESTMENT IN A SUBSIDIARY COMPANY

30 June 2017	31 December 2016	(Un-audited) 30 June 2017	(Audited) 31 December 2016
(Number of shares)		(Rupees in '000)	
200,000	200,000	2,000	2,000
200,000	200,000	2,000	2,000

14.1 The Company holds 100% ownership interest in Electronics Marketing company (Private) Limited (EMC). The subsidiary company was incorporated on 9 September, 2016. The principal activity of the Company is to carry out distribution/ wholesales business of all kinds of electronic appliances, its components and accessories, etc. The Chief Executive Officer of EMC is Mr. Nadeem Mahmood Butt. Net assets of the Subsidiary Company as at 30 June, 2017 was Rs. 78.1 million (as per the unaudited/unreviewed financial statements for the six months period then ended).

15. TRADE DEBTS

15.1 Retail Network

	Note	(Un-audited) 30 June 2017	(Audited) 31 December 2016
(Rupees in '000)			
Considered good - unsecured			
Hire purchase			
- Retail	15.3	611,695	600,965
- Institutional (employees of the corporate entities)		160,778	143,438
		<u>772,473</u>	<u>744,403</u>
Unearned carrying charges		(62,859)	(29,460)
		<u>709,614</u>	<u>714,943</u>
Considered doubtful			
		166,993	159,376
		876,607	874,319
Provision for doubtful debts and other receivables	15.4	(166,993)	(159,376)
		<u>709,614</u>	<u>714,943</u>

15.2 Wholesale

		(Un-audited) 30 June 2017	(Audited) 31 December 2016
(Rupees in '000)			
Considered good - unsecured			
Dealers			
Considered doubtful	15.4	562,381	348,374
		19,266	18,204
		581,647	366,578
Provision for doubtful debts		(19,266)	(18,204)
		<u>562,381</u>	<u>348,374</u>

15.3 Balance of Rs. 7.872 million (2016: Rs. 92.382 million) due from the current and former employees net of the securities held by the Company earlier shown as a separate line item, have been included in the balance.

15.4 This includes provision of Rs. 7.617 million during the period against the retail debtors and Rs. 1.062 million during the period against the wholesales debtors. No reversals or written off were made during the period.

16. ADVANCE, DEPOSITS, PREPAYMENTS and OTHER RECEIVABLES

This includes Rs. 75.58 million due from Electronic Marketing Company (Private) Limited, a wholly owned Subsidiary Company, on account of expenses allocated to them/ incurred on their behalf. The balance is unsecured and interest free.

17. INCOME TAX AND DEFERRED TAX

(Un-audited) 30 June 2017	(Un-audited) 30 June 2016
(Rupees in '000)	

17.1 INCOME TAX

17.1.1 Details of the tax charge for the period is as follows:

Current year	2,357	1,320
Prior year	5,347	-
Deferred	26,551	(1,990)
	<u>34,255</u>	<u>(670)</u>

17.1.2 During the year ended 31 December 2016, the Company had incurred taxable losses. However, provision for minimum turnover tax charge of Rs. 13.182 million under the Income Tax Ordinance, 2001, was not made in the financial statements for the year ended 31 December, 2016 since the Company expects to adjust the same against its future tax liability under normal tax regime within the time limit as specified for adjustments of minimum tax in the Income Tax Ordinance, 2001. For the current period ended 30 June, 2017 provision for Alternate Corporate Tax (being higher than the minimum tax) amounting to Rs. 12.123 million has also not been made in these financial statements on the same basis.

17.1.3 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 from 2006 to 2011. Income tax refund orders were earlier determined 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 from 2009 to 2012 and raised additional income tax demand of Rs. 19.98 million. However, the Company had filed an application for the rectification of orders after which the net tax additional demand was reduced to Rs. 2.02 million (after the 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 from 2009 to 2012, dated 29 June, 2015, where the CIR (appeals) has set aside certain issues for reassessment, deleted certain items and maintained certain disallowances. The financial impact of the items set aside for reassessment and continued disallowances amount to Rs. 46.25 million. Appeal has been filed with Appellate

Tribunal Inland revenue against these issues. However, the Company based on the merits of matters 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 other tax years, the Company has filed appeals with Appellate Tribunal Inland Revenue authorities for disallowances. However, no adverse liability is expected to occur in any of these cases.

- 17.1.4** The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, which was amended through Finance Act, 2017 and applicable for tax year 2017 and onwards. The amendment has imposed tax at seven and a half percent of the accounting profit before tax on every public company other than a scheduled bank or a modaraba, that derives profit for a tax year but does not distribute at least 40 percent of its after tax profit within six months of the end of the tax year through cash or bonus shares.

The Company intends to distribute sufficient dividend for the accounting year ending 31 December, 2017 (if it earns profit by the year then ended) to comply with the above stated requirement. Accordingly, no provision for taxation has been recognised in these condensed interim financial information.

Above referred section 5A of the Income Tax Ordinance, 2001 was revised in the current year (through Finance Act 2017) whereby from the tax year 2017 (Company's accounting year ended 31 December, 2017), tax is liable to be paid at 7.5% of the profit for the year, if no dividend at least at 40% of the after tax profit is declared. Under the earlier section, tax was not mandatorily leviable in case the Company's reserves were not in excess of the paid up capital (which was the case with the Company as it had accumulated losses). Provision for the above referred tax amounting to Rs. 9.347 million has not been paid as the Company's management is of the view that the amendment was made after the closure of Company's financial year ended 31 December, 2016 and for certain other legal reasons. The Company intends to file a case against the above amendment including to obtain a stay and for this, which it expects to be received.

17.2 DEFERRED TAX LIABILITY - net

Deferred tax asset and liability comprises of taxable and deductible temporary differences in respect of the following:

	Balance as at 1 January 2016	Recognized in profit and loss account	Recognised in surplus on revaluation of property, plant and equipment	"Balance as at 31 December 2016"	Recognized in profit and loss account	Recognised in surplus on revaluation of property, plant and equipment	"Balance as at 31 June 2017"
----- (Rupees in '000) -----							
Taxable temporary differences on:							
- accelerated tax depreciation	30,346	46,044	-	76,390	26,012	-	102,402
- surplus on revaluation of property, plant and equipment	337,216	(5,196)	34,585	366,605	(3,233)	40,855	404,227
	<u>367,562</u>	<u>40,848</u>	<u>34,585</u>	<u>442,995</u>	<u>22,779</u>	<u>40,855</u>	<u>506,629</u>
Deductible temporary differences on:							
- provision for defined benefit plans	(4,277)	498	-	(3,779)	(287)	-	(4,066)
- provision against slow moving and obsolete stock	(11,275)	3,323	-	(7,952)	1,635	-	(6,317)
- provision for doubtful debts and other receivables	(74,595)	24,306	-	(50,289)	(2,672)	-	(52,961)
- provision for warranty obligations	(1,755)	50	-	(1,705)	(7)	-	(1,712)
- tax losses (note 15.2.1)	(102,513)	(60,197)	-	(162,710)	5,103	-	(157,607)
	<u>(194,415)</u>	<u>(32,020)</u>	<u>-</u>	<u>(226,435)</u>	<u>3,772</u>	<u>-</u>	<u>(222,663)</u>
Deferred tax liability / (assets) - net	<u>173,147</u>	<u>8,828</u>	<u>34,585</u>	<u>216,560</u>	<u>26,551</u>	<u>40,855</u>	<u>283,966</u>

17.2.1 This includes deferred tax of Rs. 34.73 million (2016: Rs. 16.05 million) recorded on unabsorbed tax depreciation and amortisation.

17.2.2 The management has recorded deferred tax asset based on financial projections indicating the absorption of deferred tax asset over a number of future years against future expected taxable profits. The financial projections involve certain key assumptions such as sales price and composition, raw materials, labour prices and distribution channels, etc. Any significant change in the key assumptions may have an effect on the absorption of the deferred tax asset. Nonetheless, the management is confident of the achievement of its targeted results.

18. COST OF SALES	Six months ended		Three months ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	----- (Rupees in '000) -----			
Opening stock - finished goods		-		-
- own manufactured	285,313	176,014	421,728	184,726
- purchased for resale	52,324	60,723	51,525	29,902
Purchases - finished goods	126,237	158,232	90,827	104,914
Cost of goods manufactured	684,800	388,793	356,370	258,405
	1,148,674	783,762	920,450	577,947
Closing stock - finished goods		-		-
- own manufactured	(450,004)	(174,697)	(504,561)	(174,697)
- purchased for resale	(39,797)	(29,792)	(39,797)	(29,792)
	658,873	579,273	376,092	373,458

19. FINANCE COST

Mark-up on long term loans	24,259	14,023	10,963	10,550
Mark-up on short term borrowings	11,676	11,309	9,427	10,630
Mark-up on short term running finances under mark-up arrangements	39,941	36,648	25,428	10,655
Finance lease charges	1,408	1,268	973	595
Bank charges, etc.	5,524	4,721	2,250	1,928
	82,808	67,969	49,041	34,358

20. EARNINGS PER SHARE - basic and diluted

Profit / (Loss) for the period	44,458	(16,797)	3,205	32,588
	----- (Number in '000) -----			
Weighted average number of ordinary shares	45,406	45,406	45,406	45,406
	----- (Rupees) -----			
Earnings per share - basic and diluted	0.98	(0.37)	0.07	0.72

20.1 There were no convertible dilutive potential ordinary shares in issue as at 30 June 2017 and 30 June, 2016.

21. CASH AND CASH EQUIVALENTS

	(Un-audited) 30 June 2017	(Un-audited) 30 June 2016
	----- (Rupees in '000) -----	
Cash and bank balances	84,678	76,489
Short term running finance - secured	(970,624)	(757,591)
	(885,946)	(681,102)

22. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, companies with common directorships, major shareholders, directors, key management personnel of the company and employee retirement benefit funds. The aggregate value of transactions and outstanding balances as at 30 June, 2017 with related parties other than those which have been disclosed elsewhere in this condensed interim financial information are as follows:

Transactions	Note	Six months ended	
		30 June 2017	30 June 2016
----(Rupees in '000)----			
Purchases of goods	22.1	<u>47,148</u>	<u>13,986</u>
Services obtained	22.1	<u>-</u>	<u>1,480</u>
Sales of inventory to a subsidiary		<u>272,917</u>	<u>-</u>
Employee retirement benefits (charge for the year including in Other Comprehensive Income)			
- Gratuity Schemes	22.2	<u>5,631</u>	<u>4,412</u>
- Pension Scheme	22.2	<u>6,518</u>	<u>-</u>
- Provident Fund	22.2	<u>17,442</u>	<u>-</u>
Receipts from Employee retirement benefits			
- Gratuity Fund	8.2.1	<u>1,000</u>	<u>-</u>
- Provident Fund	8.2.1	<u>14,000</u>	<u>-</u>
Loan received from a director and a key management person	8.2.3	<u>96,000</u>	<u>28,000</u>
Advance received from an associated company against sale of goods		<u>140,000</u>	<u>-</u>
Sale of goods to an associated Company against advance		<u>71,496</u>	<u>-</u>
Repayment of loan to a director		<u>(26,000)</u>	<u>-</u>
Remuneration of key management personnel	22.3	<u>30,463</u>	<u>27,865</u>
Expenses incurred / paid on behalf of the subsidiary company - interest free, unsecured and considered good		<u>75,578</u>	<u>-</u>

	Note	(Un-audited) 30 June 2017	(Audited) 31 December 2016
Balance payable / receivable			
----(Rupees in '000)----			
Trade liability	22.1	<u>47,148</u>	<u>-</u>
Trade receivable from the subsidiary company		<u>168,360</u>	<u>-</u>
Employee retirement benefits - Gratuity Schemes	8.2.1 & 22.2	<u>39,411</u>	<u>19,780</u>
Employee retirement benefits - Pension Scheme	22.2	<u>25,004</u>	<u>18,486</u>
Employee retirement benefits - Provident Fund	22.2	<u>15,413</u>	<u>965</u>
Payable to a director and an Executive	8.2.3	<u>70,000</u>	<u>-</u>
Advance from an associated company against the sale of goods	10.1	<u>68,504</u>	<u>-</u>
Receivable from the subsidiary company	16	<u>75,578</u>	<u>(160)</u>

22.1 Purchases of goods, materials, services and sales are at agreed rates.

22.2 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.

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

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

The following table shows the carrying amounts and fair values of financial instruments and non-financial instruments including their levels in the fair value hierarchy:

30 June, 2017 (Un-audited)

	Carrying Amount		Fair value	
	Loans and receivables	Other financial assets	Total	Total
------(Rupees in '000)-----				
Financial instruments				
Financial assets not measured at fair value				
Long term deposits	21,465	-	21,465	-
Trade debts	1,162,967	-	1,162,967	-
Deposit and other receivables	90,639	-	90,639	-
Cash and Bank balance	5,189	78,589	83,778	-
	<u>1,280,260</u>	<u>78,589</u>	<u>1,358,849</u>	<u>-</u>

	Carrying Amount		Fair value	
	Loans and receivables	Other financial liabilities	Total	Total
------(Rupees in '000)-----				
Financial liabilities not measured at fair value				
Long term loans - secured	-	537,500	537,500	-
Liabilities against assets subject to finance lease	-	49,770	49,770	-
Trade and other payables	-	472,803	472,803	-
Mark-up accrued on short term finances and long term loans	-	40,222	40,222	-
Short term finance - secured	-	970,624	970,624	-
Short term borrowings	-	439,600	439,600	-
	<u>-</u>	<u>2,510,519</u>	<u>2,510,519</u>	<u>-</u>

31 December, 2016 (Audited)

	Carrying Amount			Fair value
	Loans and receivables	Other financial assets	Total	Total
	----- (Rupees in '000) -----			
Financial instruments				
Financial assets not measured at fair value				
Long term deposits	18,514	-	18,514	-
Trade debts	1,063,317	-	1,063,317	-
Deposit and other receivables	16,585	-	16,585	-
Investments (including mark up thereon)	65,624	82,468	148,092	-
Cash and Bank balance	<u>1,164,040</u>	<u>82,468</u>	<u>1,246,508</u>	<u>-</u>

	Carrying Amount			Fair value
	Loans and receivables	Other financial liabilities	Total	Total
	----- (Rupees in '000) -----			
31 December, 2016 (Audited)				
Financial liabilities not measured at fair value				
Long term loans - secured	-	546,875	546,875	-
Liabilities against assets subject to finance lease	-	17,473	17,473	-
Trade and other payables	-	401,765	401,765	-
Mark-up accrued on short term finances and long term loans	-	40,005	40,005	-
Short term finance - secured	-	1,177,396	1,177,396	-
	<u>-</u>	<u>2,183,514</u>	<u>2,183,514</u>	<u>-</u>

The Company has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair values.

Non financial assets measured at fair value	Date of valuation	Valuation approach and inputs used	Inter-relationship between significant unobservable input and fair value measurement
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Revalued Property, plant and equipment and investment property

- Land and Building	30 June, 2017	The valuation model is based on price per square metre. In determining the valuation for land and building the valuer refers to numerous independent market inquiries from local estate agents / realtors in the vicinity to establish the present market value. The fair valuation of land and building are considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets.	The fair value are subject to change owing to changes in input. However, management does not expect there to be a material sensitivity to the fair value arising from the non-observable inputs
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24. OPERATING SEGMENTS

- 24.1** These condensed interim financial information have been prepared on the basis of single reportable segment.
- 24.2** Sales to domestic customers in Pakistan are 100.0% (2016: 100.0%) and to customers outside Pakistan are Nil (2016: Nil) of the revenue during the six months ended 30 June 2017.
- 24.3** All non-current assets of the Company at 30 June, 2017 are located in Pakistan.
- 24.4** Sales to one customer, a related party (subsidiary), of the Company represented approximately Rs. 272 million (2016: nil) of the Company's total sales.

25. POST BALANCE SHEET NON ADJUSTING EVENT AND GOING CONCERN ASSUMPTION

The Board of Directors in their meeting held on 18 August, 2017 authorised a Committee of the Chief Executive Officer and a Director to finalise the sale of the Company's factory land and buildings thereon. The Board has also authorised the said Committee to simultaneously enter into lease / rental agreement with the prospective purchaser of the said property for the continuation of uninterrupted use of the required area of factory land and buildings for business / manufacturing activities of the Company.

Above rent agreement is expected to be signed simultaneously with sale of the land and buildings. Proceeds thereof is expected to be substantially used for the settlement and the reduction of the Company's borrowings enabling the Company to reduce its borrowing cost. Adjustment for the intention to sale would be made in the financial statements subsequent to 30 June, 2017.

Notwithstanding the above, the Company is of the view that the Company will continue as a going concern despite the sale of the factory land and buildings due to the expectation of the lease / rental agreement mentioned above and in case of the need be in future, the Company may also relocate its manufacturing and business facilities to an alternate location.

26. GENERAL

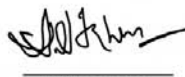
Figures have been rounded off to nearest thousand unless stated otherwise.

27. DATE OF AUTHORISATION

These condensed interim financial statements was authorised for issue by the Board of Directors in their meeting held on 30 August, 2017.



Director



Chief Executive

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