

SINGER[®]

SINGER PAKISTAN LIMITED

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

FOR THE FIRST QUARTER ENDED 31 MARCH

2 0 1 1

® This is a Registered Trade Mark of THE SINGER COMPANY LIMITED

Note: These Accounts are also available on Company's
Website www.singer.com.pk

SINGER PAKISTAN LIMITED

DIRECTORS' REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011

The Directors of the Company are pleased to present their report with un-audited condensed interim financial statements of the Company for the first quarter ended 31 March 2011.

Net sales for the first quarter increased to Rs. 524.3 million, an increase of 10.45% compared to corresponding period last year. The growth in sales was achieved mainly in appliances and Earned Carrying Charges. Gross margin was affected due to increase in raw material costs, which costs could not be passed on in full due to highly competitive appliances market.

Marketing, Selling and Distribution costs increased by 7.5% or Rs. 3.5 million over same period last year, mainly due to inflation. However, Administrative expenses decreased by Rs. 0.4 million, due to costs control.

Finance costs increased to Rs. 46.0 million from Rs. 41.0 million, an increase of 12.4% over same period last year, due to increase in mark-up rates and increased borrowings.

Profit after taxation increased by 6.4% over the same period of last year, mainly due to increase in revenue. Earnings per share for the first quarter is Re. 0.10 (Re. 0.10 in the same period last year).

The Company will continue to focus on introduction of new cost effective models, new products, advertising and sales promotion and increase in the productivity in a highly competitive market. However a lot will depend on the business environment in the country in 2011.

On behalf of the Board



SYED ALEEM HUSSAIN

Chief Executive Officer

Karachi: 30 April 2011

SINGER PAKISTAN LIMITED

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT 31 MARCH 2011

	Note	Un-audited 31 March 2011	Audited 31 December 2010
		(Rupees in '000)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital 40,000,000 (2010: 40,000,000) ordinary shares of Rs. 10 each		<u>400,000</u>	<u>400,000</u>
Issued, subscribed and paid-up capital		341,140	341,140
Capital reserve		5,000	5,000
Revenue reserve		122,337	122,337
Unappropriated profit		<u>36,999</u>	<u>32,420</u>
		505,476	500,897
Surplus on revaluation of fixed assets	5	304,568	305,615
Non-current liabilities			
Long term loans - secured		163,542	180,000
Liabilities against assets subject to finance lease		33,780	32,192
Long term deposits		29,243	28,913
Employee retirement benefits - obligation		3,681	3,929
Deferred tax		152,760	153,287
Deferred income		<u>3,943</u>	<u>4,175</u>
		386,949	402,496
Current liabilities			
Current portion of long term loans		87,083	83,958
Short term running finance - secured		830,153	817,857
Current portion of liabilities against assets subject to finance lease		14,790	19,576
Trade and other payables		395,262	370,829
Mark-up accrued on short term running finances and long term loans		<u>45,222</u>	<u>47,134</u>
		1,372,510	1,339,354
		<u>2,569,503</u>	<u>2,548,362</u>
Contingencies and commitments	6		
ASSETS			
Non-current assets			
Property, plant and equipment	7	663,968	661,989
Intangible assets		3,307	3,607
Employee retirement benefits - prepayments		18,845	18,795
Long term deposits		<u>27,803</u>	<u>32,104</u>
		713,923	716,495
Current assets			
Stores, spares and loose tools		6,191	5,851
Stock-in-trade		518,402	510,200
Trade debts		1,058,433	1,053,140
Advances, deposits and prepayments	8	42,211	36,731
Other receivables		12,728	18,916
Taxation - net		54,020	47,973
Cash and bank balances		<u>163,595</u>	<u>159,056</u>
		1,855,580	1,831,867
		<u>2,569,503</u>	<u>2,548,362</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive


Director

SINGER PAKISTAN LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2011

	Note	Three months ended 31 March 2011	Three months ended 31 March 2010
(Rupees in '000)			
Sales		561,916	497,539
Earned carrying charges		75,131	61,584
Sales tax / excise duty, commissions and discounts		(112,753)	(84,423)
Net sales	9	524,294	474,700
Cost of sales	10	(412,948)	(370,834)
Gross profit		111,346	103,866
Marketing, selling and distribution costs		(49,715)	(46,248)
Administrative expenses		(9,878)	(10,252)
Other operating expenses		(2,616)	(2,498)
Profit from operations		49,137	44,868
Finance costs		(46,069)	(41,002)
		3,068	3,866
Other income		2,243	1,018
Profit before taxation		5,311	4,884
Taxation		(1,779)	(1,563)
Profit after taxation		3,532	3,321
Other comprehensive income		-	-
Total comprehensive income		3,532	3,321
(Rupee)			
Earnings per share - basic and diluted	11	0.10	0.10

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive



Director

SINGER PAKISTAN LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2011

	Note	Three months ended 31 March 2011	Three months ended 31 March 2010
CASH FLOWS FROM OPERATING ACTIVITIES			
(Rupees in '000)			
Profit before taxation		5,311	4,884
Adjustment for non-cash charges and other items:			
- Depreciation on property, plant and equipment		7,025	4,624
- Amortisation of intangible assets		600	640
- Finance costs		46,069	41,002
- Amortisation of deferred income		(232)	(232)
- Gain on disposal of property, plant and equipment		(973)	-
- Provision for / (reversal of) staff retirement benefits		(50)	-
		<u>57,750</u>	<u>50,918</u>
Effect on cash flow due to working capital changes (Increase) / decrease in current assets			
Stores and spares		(340)	(199)
Stock-in-trade		(8,202)	9,702
Trade debts		(5,293)	(1,611)
Advances, deposits and prepayments		(5,480)	(5,834)
Other receivables		6,188	(6,232)
Increase / (decrease) in current liabilities			
Trade and other payables		24,433	(35,086)
		<u>11,306</u>	<u>(39,260)</u>
Net cash (used in) / generated from operations		<u>69,056</u>	<u>11,658</u>
Income tax paid		(8,353)	(5,940)
Finance costs paid		(46,134)	(35,168)
Payment of staff retirement benefits		(248)	(390)
Security deposits received		330	1,421
Long term deposits received		4,301	(140)
Net cash used in operating activities		<u>18,952</u>	<u>(28,559)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(9,106)	(2,390)
Proceeds from disposal of property, plant and equipment		4,333	-
Net cash used in investing activities		<u>(4,773)</u>	<u>(2,390)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loans - net		(13,333)	(24,062)
Lease rentals paid		(8,603)	(6,917)
Net cash flows from financing activities		<u>(21,936)</u>	<u>(30,979)</u>
Net decrease in cash and cash equivalents		<u>(7,757)</u>	<u>(61,928)</u>
Cash and cash equivalents at beginning of the period		<u>(658,801)</u>	<u>(530,244)</u>
Cash and cash equivalents at end of the period	12	<u>(666,558)</u>	<u>(592,172)</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive


Director

SINGER PAKISTAN LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2011

	Issued subscribed and paid-up capital	Capital reserve	Revenue reserve	Unappropriated profit	Total
	(Rupees in '000')				
Balance as at 31 December 2009	310,127	5,000	126,337	31,512	472,976
Transfer to revenue reserve	-	-	(4,000)	4,000	-
Distribution to owners					
Issue of bonus shares for the year ended 31 December 2009 @ 10 % per share	31,013	-	-	(31,013)	-
Total comprehensive income for the three months ended 31 March 2010 - Profit for the period	-	-	-	3,321	3,321
Balance as at 31 March 2010	341,140	5,000	122,337	7,820	476,297
Total comprehensive income for the nine months ended 31 December 2010 - Profit for the period	-	-	-	24,600	24,600
Balance as at 31 December 2010	341,140	5,000	122,337	32,420	500,897
Total comprehensive income for the three months ended 31 March 2011 - Profit for the period	-	-	-	3,532	3,532
Amortisation relating to surplus on revaluation of fixed assets-net of deferred tax during three months ended 31 March 2011	-	-	-	1047	1,047
Balance as at 31 March 2011	341,140	5,000	122,337	36,999	505,476

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive



Director

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2011

1. STATUS AND NATURE OF BUSINESS

Singer Pakistan Limited ("the Company") is incorporated in Pakistan as a public company limited by shares and is quoted on Karachi and Lahore Stock Exchanges. The Company is principally engaged in retailing and trading of domestic appliances, electrical and electronic items and other light engineering products, besides manufacturing and assembling of these products. The registered office of the Company is located at Plot No. 39, Sector19, Korangi Industrial Area, Karachi.

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

2. BASIS OF PREPARATION

These condensed interim financial statements of the Company for the period ended 31 March 2011 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under Companies Ordinance, 1984 have been followed.

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

These condensed interim financial statements do not include all the information required for full annual financial statements, and should be read in conjunction with the Company's annual financial statements as at and for the year ended 31 December 2010.

These condensed interim financial statements have been prepared under the historical cost convention except for recognition of certain employee retirement benefits at present value and leasehold land which is stated at revalued amount less any subsequent depreciation and impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements have been prepared using the same accounting policies which were applied in the preparation of the annual audited financial statements of the company for the year ended 31 December 2010.

4. ESTIMATES AND JUDGMENTS

The significant judgments, estimates and assumptions used by the management in preparation of these financial statements are same as those applied to the annual audited financial statements for the year ended 31 December 2010.

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2011

5. SURPLUS ON REVALUATION OF FIXED ASSETS	Un-audited March 31 2011	Audited December 31 2010
	(Rupees in '000)	
Surplus on revaluation of leasehold land	305,615	453,099
Amortisation-net of deferred tax during the period	(1,047)	-
Deferred tax	-	(147,484)
Closing Balance	<u>304,568</u>	<u>305,615</u>

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There are certain pending lawsuits initiated by and against the Company concerning shop leases and ex-employees. However, based on the consultation with the legal advisors, management believes that no significant liability is likely to arise in these cases. Guarantees have been extended by various commercial banks amounting to Rs. 0.966 million (31 December 2010: Rs. 0.966 million).

6.2 Commitments

	Un-audited 31 March 2011	Un-audited 31 December 2010
	(Rupees in '000)	
Software development	<u>26,447</u>	<u>26,530</u>
Outstanding letters of credit	<u>193,759</u>	<u>222,715</u>

7. PROPERTY, PLANT AND EQUIPMENT

The following is a statement of property, plant and equipment:

Operating assets	623,761	629,062
Capital work-in-progress	40,207	32,927
	<u>663,968</u>	<u>661,989</u>

7.1 Following is the cost of property, plant and equipment that have been added and disposed off during the period ended 31 March 2011:

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2011

	Additions	
	Three months ended 31 March 2011	Three months ended 31 March 2010
	(Rupees in '000)	
Owned		
Building on leasehold land	1,585	-
Leasehold improvements	-	673
Furniture and equipment	240	36
Computers	-	156
	1,825	865
Leased		
Furniture and equipment	1,360	-
Plant and machinery	2,198	-
	3,558	-
Capital work in progress - net	7,280	1,282

	Disposal (NBV)	
	Three months ended 31 March 2011	Three months ended 31 March 2010
	(Rupees in '000)	
Owned		
Leasehold improvements	962	-
Plant and machinery	1,895	-
Vehicles	503	-

7.2 During the three months ended 31 March 2011, additions of Rs Nil (31 March 2010: Rs 0.243 million) were made to intangible assets.

8. TRADE DEBTS	Un-audited 31 March 2011	Audited 31 December 2010
	(Rupees in '000)	
Considered good		
Hire purchase		
- Retail	730,951	718,954
- Institutional	333,290	333,006
	1,064,241	1,051,960
Unearned carrying charges	(58,270)	(83,405)
	1,005,971	968,555
Dealers	52,462	84,585
	1,058,433	1,053,140
Considered doubtful	12,288	12,068
	1,070,721	1,065,208
Provision for doubtful debts	(12,288)	(12,068)
	1,058,433	1,053,140

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2011

	Three months ended 31 March 2011 (Rupees in '000)	Three months ended 31 March 2010
9. NET SALES		
Sales		
- Local	547,380	486,264
- Export	<u>14,536</u>	<u>11,275</u>
	561,916	497,539
Earned carrying charges	<u>75,131</u>	<u>61,584</u>
	637,047	559,123
Sales tax / excise duty	<u>(72,440)</u>	<u>(48,057)</u>
Commissions / discounts	<u>(40,313)</u>	<u>(36,366)</u>
	(112,753)	(84,423)
	<u>524,294</u>	<u>474,700</u>
	<u>524,294</u>	<u>474,700</u>
10. COST OF SALES		
	Three months ended 31 March 2011 (Rupees in '000)	Three months ended 31 March 2010
Opening stock - finished goods	258,969	264,811
Purchases - finished goods	73,853	70,977
Cost of goods manufactured	<u>322,359</u>	<u>212,217</u>
	655,181	548,005
Closing stock - finished goods	<u>(242,233)</u>	<u>(177,171)</u>
	412,948	370,834
	<u>412,948</u>	<u>370,834</u>
11. EARNINGS PER SHARE - basic and diluted		
Profit after taxation	<u>3,532</u>	<u>3,321</u>
	----- (Number in '000) -----	
Weighted average number of ordinary shares	<u>34,114</u>	<u>34,114</u>
	----- (Rupee) -----	
Earnings per share - basic and diluted	<u>0.10</u>	<u>0.10</u>
11.1 There were no convertible dilutive potential ordinary shares in issue as at 31 March 2011 and 31 March 2010.		

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2011

12. CASH AND CASH EQUIVALENTS	Un-audited 31 March 2011	Un-audited 31 March 2010
	(Rupees in '000)	
Cash and bank balances	163,595	142,693
Short term running finances - secured	(830,153)	(734,865)
	(666,558)	(592,172)

13. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of parent company Singer (Pakistan) B.V., Netherlands - ultimate parent company Retail Holdings N.V., Netherlands, related foreign group companies, local associated companies, directors of the Company, companies where directors also hold directorships, key management personnel and employee retirement benefit funds. The transactions and outstanding balances with related parties are as follows:

Transactions	Three months ended 31 March 2011	Three months ended 31 March 2010
	(Rupees in '000)	
Purchase of goods, materials and services	13.1 <u>2,035</u>	<u>1,850</u>
Royalty	13.2 <u>6,934</u>	<u>5,337</u>
Interest expense	13.3 <u>800</u>	<u>1,488</u>
Employee retirement benefits	13.4 <u>971</u>	<u>1,106</u>
Remuneration of key management personnel	13.5 <u>6,251</u>	<u>9,932</u>

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2011

Balances	Un-audited 31 March 2011	Audited 31 December 2010
	(Rupees in '000)	
Payable against purchase of goods, materials and services	13.1 <u>3,147</u>	<u>8,503</u>
Royalty payable	13.2 <u>46,033</u>	<u>44,338</u>
Accrued interest expense	13.3 <u>-</u>	<u>1,675</u>
Employee retirement benefits - net receivables	13.4 <u>(15,164)</u>	<u>(14,866)</u>
Dividend on non-remittable shares	<u>517</u>	<u>517</u>
Short term running finance - secured	<u>-</u>	<u>29,931</u>

13.1 Purchases of goods, materials and services are entered into on the basis of commercial terms and at market prices which are approved by the Board of Directors.

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

13.3 This represents interest expense accrued on running finance facility availed from an associated financial institution at negotiated rates.

13.4 Contributions to the employee retirement benefits plans are made in accordance with the terms of employee retirement benefit funds and actuarial advice.

13.5 There are no transactions with the key management personnel other than under their terms of employments / entitlements.

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2011

14. OPERATING SEGMENTS

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

14.1 Sales to domestic customers in Pakistan are 97.4% (2010: 97.7%) and to customers outside Pakistan are 2.6% (2010: 2.3%) of the revenue during the three months ended 31 March 2011.

14.2 All non-current assets of the Company at 31 March 2011 are located in Pakistan.

14.3 Sale to any single customer did not equal or exceed 10% of the Company's revenue during the three months ended 31 March 2011 and three months ended 31 March 2010.

15. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors in their meeting held on 30 April 2011.

16. GENERAL

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



Chief Financial Officer



Chief Executive



Director

BOOK POST

UNDER POSTAL CERTIFICATE

If undelivered, please return to:
SINGER PAKISTAN LIMITED
608, 6th Floor, Beaumont Plaza,
Beaumont Road, Near PIDC House, Karachi.