

SINGER[®]

SINGER PAKISTAN LIMITED

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

FOR THE 1ST QUARTER ENDED 31 MARCH

2 0 1 2

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

SINGER PAKISTAN LIMITED

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

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

SINGER PAKISTAN LIMITED

COMPANY INFORMATION

Board of Directors

Kamal Shah
Syed Aleem Hussain
Gavin J. Walker
Badaruddin F. Vellani
Yussuff Rasheed Chinoy
Abdul Hamid Dagia
Nasir Hussain
Mahmood Ahmed

Chairman
Chief Executive Officer
(alternate : Fareed Khan)

(alternate : Rasheed Y. Chinoy)

Company Secretary

Nasir Hussain

Audit Committee

Badaruddin F. Vellani
Rasheed Y. Chinoy
Fareed Khan
A. H. Dawood

Chairman
Member
Member
Secretary

Bankers

Al Baraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Burj Bank Limited
Bank Islami Pakistan Limited
Citibank, N. A.
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
National Bank of Pakistan
Soneri Bank Limited
The Bank of Punjab
United Bank Limited

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Share Registrar

Gangjees Registrar Services (Pvt.) Limited
513, Clifton Centre, Khayaban-e-Roomi
Clifton, Block-5
Karachi

Registered and Head Office

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

Web site

www.singer.com.pk

SINGER PAKISTAN LIMITED

DIRECTORS' REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012

The Directors of your Company are pleased to present their report with un-audited condensed interim financial statements of the Company for the first quarter ended 31 March 2012.

Net revenue for the first quarter increased to Rs. 583.7 million, an increase of 11.3% compared to corresponding period last year. The growth in revenue was achieved mainly in appliances and Earned Carrying Charges.

Marketing, Selling and Distribution costs increased by Rs. 12.2 million over the same period last year, mainly due to inflation and to support the business growth. However, Administrative expenses increased by Rs. 1.1 million only due to inflation. Other Operating expenses also increased by Rs. 1.1 million mainly due to exchange loss and profit related costs.

Profit from Operations for the first quarter increased to Rs. 56 million i.e. by 13.9% due to the reasons mentioned above.

Finance costs increased by Rs. 5 million, an increase of 10.8% over same period last year, due to increase in borrowings to support the business growth.

Profit before taxation increased by 22.5% over the same period of last year, mainly due to increase in revenue. Profit after taxation also increased by 19.7%.

Earnings per share for the first quarter is Re. 0.11 (Re. 0.09 in the same period last year).

The Company will continue to focus on introduction of new cost effective models and opportunistic purchases of higher margin products. Due to highly competitive approach by competitors, your Company has compelled to increase the advertising & promotion spending but remained focussed on the targeted market. However, our strategies are mainly dependent on the business environment in the country in 2012.

On behalf of the Board



SYED ALEEM HUSSAIN
Chief Executive Officer

Karachi: 30 April 2012

SINGER PAKISTAN LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT 31 MARCH 2012

	Note	Un-audited 31 March 2012	Audited 31 December 2011
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital 40,000,000 (2011: 40,000,000) ordinary shares of Rs. 10 each	5	<u>400,000</u>	<u>400,000</u>
Issued, subscribed and paid-up capital		375,253	375,253
Capital reserve		5,000	5,000
Revenue reserve		120,337	120,337
Unappropriated profit		<u>40,461</u>	<u>35,171</u>
		541,051	535,761
Surplus on revaluation of property, plant and equipment		300,310	301,371
Non-current liabilities			
Long term loans - secured		186,875	198,334
Liabilities against assets subject to finance lease		17,448	19,214
Long term deposits		32,993	32,239
Employee retirement benefits - obligation		8,505	8,006
Deferred tax		145,292	147,787
Deferred income		3,015	3,247
		<u>394,128</u>	<u>408,827</u>
Current liabilities			
Trade and other payables		359,620	354,919
Mark-up accrued on short term running finance and long term loans		47,416	49,864
Short term running finance - secured		1,037,235	1,029,702
Current portion of long term loans		71,667	71,666
Current portion of liabilities against assets subject to finance lease		<u>15,330</u>	<u>18,848</u>
		1,531,268	1,524,999
		<u>2,766,757</u>	<u>2,770,958</u>
Contingencies and commitments			
	6		
ASSETS			
Non-current assets			
Property, plant and equipment	7	648,058	656,101
Intangible assets		1,135	1,759
Employee retirement benefits - prepayments		13,555	13,728
Long term deposits		<u>32,157</u>	<u>32,109</u>
		694,905	703,697
Current assets			
Stores, spares and loose tools		8,149	7,566
Stock-in-trade		540,779	570,600
Trade debts	8	1,171,246	1,150,541
Advances, deposits and prepayments		42,469	34,623
Other receivables		18,415	16,791
Taxation - net		65,403	61,586
Cash and bank balances		<u>225,391</u>	<u>225,554</u>
		2,071,852	2,067,261
		<u>2,766,757</u>	<u>2,770,958</u>

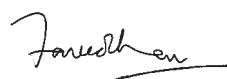
The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

SINGER PAKISTAN LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2012

	Note	Three months ended 31 March 2012	Three months ended 31 March 2011
(Rupees in '000)			
Sales		609,414	561,916
Earned carrying charges		91,733	75,131
Sales tax / excise duty, commissions and discounts		(117,480)	(112,753)
Net revenue	9	<u>583,667</u>	<u>524,294</u>
Cost of sales	10	(451,088)	(412,948)
Gross margin		<u>132,579</u>	<u>111,346</u>
Marketing, selling and distribution cost		(61,895)	(49,715)
Administrative expenses		(10,975)	(9,878)
Other operating expenses		(3,743)	(2,616)
		<u>(76,613)</u>	<u>(62,209)</u>
Profit from operations before finance cost		<u>55,966</u>	<u>49,137</u>
Finance cost		(51,057)	(46,069)
		<u>4,909</u>	<u>3,068</u>
Other income		1,597	2,243
Profit before taxation		<u>6,506</u>	<u>5,311</u>
Taxation		(2,277)	(1,779)
Profit after taxation		<u>4,229</u>	<u>3,532</u>
Other comprehensive income		-	-
Total comprehensive income		<u>4,229</u>	<u>3,532</u>
----- (Rupee) -----			
Earnings per share - basic and diluted	11	<u>0.11</u>	<u>0.09</u>

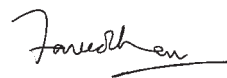
The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

SINGER PAKISTAN LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2012

Note	Three months ended 31 March 2012	Three months ended 31 March 2011
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,506	5,311
Adjustment for non-cash charges and other items:		
- Depreciation on property, plant and equipment	9,552	7,025
- Amortisation of intangible assets	624	600
- Finance cost	51,057	46,069
- Amortisation of deferred income	(232)	(232)
- Gain on disposal of property, plant and equipment	-	(973)
- Provision for / (reversal of) staff retirement benefits	764	(50)
	<u>68,271</u>	<u>57,750</u>
Effect on cash flow due to working capital changes (Increase) / decrease in current assets		
Stores and spares	(583)	(340)
Stock-in-trade	29,821	(8,202)
Trade debts	(20,705)	(5,293)
Advances, deposits and prepayments	(7,846)	(5,480)
Other receivables	(1,624)	6,188
Increase in current liabilities		
Trade and other payables	4,701	24,433
	<u>3,764</u>	<u>11,306</u>
Net cash generated from operations	<u>72,035</u>	<u>69,056</u>
Income tax paid	(8,589)	(8,353)
Finance cost paid	(52,284)	(46,134)
Payment of staff retirement benefits	(92)	(248)
Security deposits received	754	330
Long term deposits - net	(48)	4,301
Net cash generated from operating activities	<u>11,776</u>	<u>18,952</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(1,548)	(9,106)
Proceeds from disposal of property, plant and equipment	39	4,333
Net cash used in investing activities	<u>(1,509)</u>	<u>(4,773)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loans - net	(11,458)	(13,333)
Lease rentals paid	(6,505)	(8,603)
Net cash flows from financing activities	<u>(17,963)</u>	<u>(21,936)</u>
Net decrease in cash and cash equivalents	<u>(7,696)</u>	<u>(7,757)</u>
Cash and cash equivalents at beginning of the period	<u>(804,148)</u>	<u>(658,801)</u>
Cash and cash equivalents at end of the period	12 <u>(811,844)</u>	<u>(666,558)</u>

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


Chief Executive


Chief Financial Officer


Director

SINGER PAKISTAN LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2012

	Issued subscribed and paid-up capital	Capital reserve	Revenue reserve	Unappropriated profit	Total
	(Rupees in '000)				
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
Transfer from surplus on revaluation of property, plant and equipment for the period - net of tax	-	-	-	1,047	1,047
Balance as at 31 March 2011	341,140	5,000	122,337	36,999	505,476
Transfer from revenue reserve	-	-	(2,000)	2,000	-
Distribution to owners					
Issue of bonus shares for the year ended 31 December 2010 @ 10 %	34,113	-	-	(34,113)	-
Total comprehensive income for the nine months ended 31 December 2011 - Profit for the period	-	-	-	27,088	27,088
Transfer from surplus on revaluation of property, plant and equipment for the period - net of tax	-	-	-	3,197	3,197
Balance as at 31 December 2011	375,253	5,000	120,337	35,171	535,761
Total comprehensive income for the three months ended 31 March 2012 - Profit for the period	-	-	-	4,229	4,229
Transfer from surplus on revaluation of property, plant and equipment for the period - net of tax	-	-	-	1,061	1,061
Balance as at 31 March 2012	375,253	5,000	120,337	40,461	541,051

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


Chief Executive


Chief Financial Officer


Director

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2012

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 three months ended 31 March 2012 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 2011.

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 2011.

4. ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

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 2011.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2011.

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2012

5. AUTHORISED CAPITAL

This represents 40,000,000 (2011: 40,000,000) ordinary shares of Rs. 10 each amounting to Rs. 400 million (2011: Rs. 400 million)

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. 0.181 million (31 December 2011: Rs. 0.181 million).

6.2 Commitments

	Un-audited 31 March 2012	Audited 31 December 2011
	(Rupees in '000)	
Software development	<u>24,942</u>	<u>24,760</u>
Outstanding letters of credit	<u>163,961</u>	<u>109,013</u>

7. PROPERTY, PLANT AND EQUIPMENT

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

Operating assets	<u>612,559</u>	620,683
Capital work-in-progress	<u>35,499</u>	35,418
	<u>648,058</u>	<u>656,101</u>

7.1 Following is the cost of property, plant and equipment that have been added during the three months ended 31 March 2012:

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2012

	Three months ended 31 March 2012	Three months ended 31 March 2011
(Rupees in '000)		
Owned		
Building on leasehold land	-	1,585
Leasehold improvements	590	-
Furniture and equipment	301	240
Computers	576	-
	1,467	1,825
Leased		
Plant and machinery	-	1,919
Vehicles	-	4,031
	-	5,950
Capital work in progress-net	81	7,280

Following is the net book value of property, plant and equipment disposed off during the three months ended 31 March 2012.

Disposal (NBV)		
	Three months ended 31 March 2012	Three months ended 31 March 2011
(Rupees in '000)		
Owned		
Leasehold improvements	-	962
Furniture and equipment	39	-
Plant and machinery	-	1,895
Vehicles	-	503

- 7.2** During the three months ended 31 March 2012, additions of Rs Nil (31 March 2011: Rs 0.169 million) were made to intangible assets.

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2012

	Un-audited 31 March 2012	Audited 31 December 2011
8. TRADE DEBTS	(Rupees in '000)	
Considered good		
Hire purchase		
- Retail	718,538	695,927
- Institutional	438,340	419,935
	<u>1,156,878</u>	<u>1,115,862</u>
Unearned carrying charges	(73,737)	(72,005)
	<u>1,083,141</u>	<u>1,043,857</u>
Dealers	88,105	106,684
	<u>1,171,246</u>	<u>1,150,541</u>
Considered doubtful	12,808	11,407
	<u>1,184,054</u>	<u>1,161,948</u>
Provision for doubtful debts	(12,808)	(11,407)
	<u>1,171,246</u>	<u>1,150,541</u>
	Three months ended 31 March 2012	Three months ended 31 March 2011
	(Rupees in '000)	
9. NET REVENUE		
Sales		
- Local	594,846	547,380
- Export	14,568	14,536
	<u>609,414</u>	<u>561,916</u>
Earned carrying charges	91,733	75,131
	<u>701,147</u>	<u>637,047</u>
Sales tax / excise duty	(69,113)	(72,440)
Commissions / discounts	(48,367)	(40,313)
	<u>(117,480)</u>	<u>(112,753)</u>
	<u>583,667</u>	<u>524,294</u>

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2012

	Three months ended 31 March 2012	Three months ended 31 March 2011
	----- (Rupees in '000) -----	
10. COST OF SALES		
Opening stock - finished goods	298,577	258,969
Purchases - finished goods	118,853	73,853
Cost of goods manufactured	<u>321,290</u>	<u>322,359</u>
	738,720	655,181
Closing stock - finished goods	<u>(287,632)</u>	<u>(242,233)</u>
	<u>451,088</u>	<u>412,948</u>
 11. EARNINGS PER SHARE - basic and diluted		
Profit after taxation	<u>4,229</u>	<u>3,532</u>
	----- (Number in '000) -----	
Weighted average number of ordinary shares	<u>37,525</u>	<u>37,525</u>
	----- (Rupee) -----	
Earnings per share - basic and diluted	<u>0.11</u>	<u>0.09</u>
 11.1 There were no convertible dilutive potential ordinary shares in issue as at 31 March 2012 and 31 March 2011.		
	Un-audited 31 March 2012	Un-audited 31 March 2011
	(Rupees in '000)	
 12. CASH AND CASH EQUIVALENTS		
Cash and bank balances	225,391	163,595
Short term running finance - secured	<u>(1,037,235)</u>	<u>(830,153)</u>
	<u>(811,844)</u>	<u>(666,558)</u>

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2012

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:

		Three months ended 31 March 2012	Three months ended 31 March 2011
Transactions		----- (Rupees in '000) -----	
Purchases of goods, materials and services	13.1	<u>2,102</u>	<u>2,035</u>
Royalty	13.2	<u>7,527</u>	<u>6,934</u>
Interest expense	13.3	<u>-</u>	<u>800</u>
Employee retirement benefits	13.4	<u>1,927</u>	<u>971</u>
Remuneration of key management personnel	13.5	<u>8,482</u>	<u>6,251</u>
		Un-audited 31 March 2012	Audited 31 December 2011
		(Rupees in '000)	
Balances			
Payable against purchases of goods, materials and services	13.1	<u>3,051</u>	<u>10,686</u>
Royalty payable	13.2	<u>73,004</u>	<u>66,229</u>
Employee retirement benefits - net receivables	13.4	<u>(5,050)</u>	<u>(5,722)</u>
Dividend on non-remittable shares		<u>517</u>	<u>517</u>

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2012

- 13.1 Purchases of goods, materials and services are entered into on the basis of commercial terms and at market prices.
- 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 duly registered with the State Bank of Pakistan.
- 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.

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 97.6% (2011: 97.4%) and to customers outside Pakistan are 2.4% (2011: 2.6%) of the revenue during the three months ended 31 March 2012.
- 14.2 All non-current assets of the Company at 31 March 2012 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 2012 and three months ended 31 March 2011.

15. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors in their meeting held on 30 April 2012.

16. GENERAL

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


Chief Executive


Chief Financial Officer


Director

BOOK POST

UNDER POSTAL CERTIFICATE

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