

# **SINGER<sup>®</sup>**

**SINGER PAKISTAN LIMITED**

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

**FOR THE 1ST QUARTER ENDED 31 MARCH**

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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](http://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)  
  
Chief Financial Officer  
Chief Operating Officer

### Company Secretary

Nasir Hussain

### Audit Committee

Badaruddin F. Vellani  
Rasheed Y. Chinoy  
Fareed Khan  
Abdul Hamid Dagia  
Mahmood Ahmed  
A. H. Dawood.

Chairman  
Member  
Member  
Member  
Member  
Chief Internal Auditor / Secretary to Audit Committee

### HR and Remuneration Committee

Kamal Shah  
Syed Aleem Hussain  
Rasheed Y. Chinoy  
Fareed Khan  
Nasir Hussain

Chairman  
Member  
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  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
Soneri Bank Limited  
The Bank of Punjab  
United Bank Limited

### Auditors

KPMG Taseer Hadi & Co  
Chartered Accountants

### Share Registrar

Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block 'B'  
S.M.C.H.S. Main Shahra-e-Faisal  
Karachi-74400, Pakistan

### Registered and Head Office

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

### Web site

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

# SINGER PAKISTAN LIMITED

## DIRECTORS' REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2013

The Directors of your Company are pleased to present their report together with un-audited condensed interim financial statements of the Company for the first quarter ended 31 March 2013.

The business environment remained challenging during the period under review due to power outages, deteriorating law and order and current economic situation. These factors affected the growth in net revenue, however, profit after taxation of the Company and EPS increased significantly due to hard work of the Management.

Gross Margin percentage for the period improved due to favorable sales mix and cost controls despite devaluation of Rupee and inflationary pressures.

Marketing, selling and distribution cost increased by only 1.2% over the same period last year, mainly due to inflation and to support the business growth in the prevailing challenging business environment. Administrative expenses increased by Rs. 1.13 million on account of inflationary pressure and other operating expenses also increased by Rs. 0.9 million due to profit related statutory costs.

Profit from Operations for the first quarter at Rs. 53.1million declined by 5.2% due to the factors mentioned above.

However, Profit after taxation increased by 48% over the same period of the last year, inspite of difficult market conditions mainly due to Finance Cost reduction and other income. Earnings per share for the first quarter improved to Re. 0.15 (Re. 0.10 in the same period last year).

As advised in our 2012 Annual Report in detail the Honorable High Court of Sindh has temporarily restrained the Company from issuing right shares and has ordered the Company to maintain status quo as two Directors of the Company have filed a suit in the Court in this regard. The Company has filed its response and has requested the Court to allow the Company to proceed with the rights issue. The proceedings before the Court are pending.

The Company will continue to focus on introduction of diversified products and new models to supplement its growth through effective advertising, sales promotions and expansion of its distribution network. However, it is expected that inflation, GDP growth and currency fluctuations will also play a key role for the business environment in the Country.

**On behalf of the Board**



**SYED ALEEM HUSSAIN**  
Chief Executive Officer

**Karachi:** 29 April 2013

# SINGER PAKISTAN LIMITED

## CONDENSED INTERIM BALANCE SHEET AS AT 31 MARCH 2013

	Note	Un-audited 31 March 2013	Audited 31 December 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital 70,000,000 (2012: 70,000,000) ordinary shares of Rs. 10 each	5	<u>700,000</u>	<u>700,000</u>
Issued, subscribed and paid-up capital		412,778	412,778
Capital reserve		5,000	5,000
Revenue reserve		117,837	117,837
Unappropriated profit		<u>48,989</u>	<u>41,674</u>
		<b>584,604</b>	<b>577,289</b>
Surplus on revaluation of property, plant and equipment		<u>290,297</u>	<u>291,337</u>
<b>Non-current liabilities</b>			
Long term loans - secured		134,375	145,625
Liabilities against assets subject to finance lease		16,682	14,614
Long term deposits		37,215	37,011
Employee retirement benefits - obligation		11,568	16,483
Deferred tax		148,643	153,057
Deferred income		<u>2,088</u>	<u>2,320</u>
		<b>350,571</b>	<b>369,110</b>
<b>Current liabilities</b>			
Trade and other payables		348,436	395,091
Mark-up accrued on short term running finance and long term loans		41,752	47,053
Short term running finance - secured		1,152,653	1,140,798
Current portion of long term loans		78,750	80,834
Current portion of liabilities against assets subject to finance lease		<u>7,432</u>	<u>9,168</u>
		<b>1,629,023</b>	<b>1,672,944</b>
<b>Contingencies and commitments</b>	6	<u>2,854,495</u>	<u>2,910,680</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	650,740	652,417
Intangible assets		1,268	1,753
Employee retirement benefits - prepayments		3,839	9,001
Long term deposits		<u>30,545</u>	<u>30,565</u>
		<b>686,392</b>	<b>693,736</b>
<b>Current assets</b>			
Stores, spares and loose tools		7,234	7,260
Stock-in-trade		685,028	710,626
Trade debts	8	1,125,945	1,162,753
Advances, deposits and prepayments		50,483	43,677
Other receivables		24,208	22,624
Taxation - net		86,666	82,861
Investments	9	53,981	44,981
Cash and bank balances		<u>134,558</u>	<u>142,162</u>
		<b>2,168,103</b>	<b>2,216,944</b>
		<u><b>2,854,495</b></u>	<u><b>2,910,680</b></u>

The annexed notes 1 to 17 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 2013

	Note	Three months ended 31 March 2013	Three months ended 31 March 2012
(Rupees in '000)			
Sales		539,135	609,414
Earned carrying charges		93,756	91,733
Sales tax, excise duty, commissions and discounts		(104,659)	(117,480)
<b>Net revenue</b>	10	<u>528,232</u>	<u>583,667</u>
Cost of sales	11	(395,763)	(451,088)
<b>Gross margin</b>		<u>132,469</u>	<u>132,579</u>
Marketing, selling and distribution cost		(62,647)	(61,895)
Administrative expenses		(12,107)	(10,975)
Other operating expenses		(4,642)	(3,743)
		<u>(79,396)</u>	<u>(76,613)</u>
<b>Profit from operations before finance cost</b>		<u>53,073</u>	<u>55,966</u>
Finance cost		(46,394)	(51,057)
		<u>6,679</u>	<u>4,909</u>
Other income		2,973	1,597
<b>Profit before taxation</b>		<u>9,652</u>	<u>6,506</u>
Taxation		(3,378)	(2,277)
<b>Profit after taxation</b>		<u>6,274</u>	<u>4,229</u>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<u><u>6,274</u></u>	<u><u>4,229</u></u>
----- (Rupee) -----			
<b>Earnings per share - basic and diluted</b>		<u><u>0.15</u></u>	<u><u>0.10</u></u>

The annexed notes 1 to 17 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 2013

	Note	Three months ended 31 March 2013	Three months ended 31 March 2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Rupees in '000)			
<b>Profit before taxation</b>		<b>9,652</b>	6,506
<b>Adjustment for non-cash charges and other items:</b>			
- Depreciation on property, plant and equipment		6,579	9,552
- Amortisation of intangible assets		485	624
- Finance cost		46,394	51,057
- Amortisation of deferred income		(232)	(232)
- Gain on disposal of property, plant and equipment		-	-
- Provision for / (reversal of) staff retirement benefits		627	764
		<b>63,505</b>	68,271
<b>Effect on cash flow due to working capital changes (Increase) / decrease in current assets</b>			
Stores and spares		26	(583)
Stock-in-trade		25,598	29,821
Trade debts		36,808	(20,705)
Advances, deposits and prepayments		(6,806)	(7,846)
Other receivables		(1,584)	(1,624)
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		(46,655)	4,701
		<b>7,387</b>	3,764
Net cash generated from operations		<b>70,892</b>	72,035
Income tax paid		(11,597)	(8,589)
Finance cost paid		(51,006)	(52,284)
Payment of staff retirement benefits		(380)	(92)
Security deposits received		204	754
Long term deposits - net		20	(48)
Net cash generated from operating activities		<b>8,133</b>	11,776
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(1,931)	(1,548)
Proceeds from disposal of property, plant and equipment		-	39
Investments made during the period		-	-
Net cash used in investing activities		<b>(1,931)</b>	(1,509)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term loans - net		(13,334)	(11,458)
Lease rentals paid		(3,327)	(6,505)
Net cash flows from financing activities		<b>(16,661)</b>	(17,963)
Net decrease in cash and cash equivalents		<b>(10,459)</b>	(7,696)
Cash and cash equivalents at beginning of the period		<b>(998,636)</b>	(804,148)
Cash and cash equivalents at end of the period	13	<b>(1,009,095)</b>	(811,844)

The annexed notes 1 to 17 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 2013

	Issued subscribed and paid-up capital	Capital reserve	Revenue reserve	Unappropriated profit	Total
	(Rupees in '000)				
Balance as at 31 December 2011	375,253	5,000	120,337	35,171	535,761
<b>Total comprehensive income for the three months ended 31 March 2012 - Profit for the period</b>	-	-	-	4,229	4,229
Transfer from surplus on revaluation of property, plant and equipment for the period - net of tax				1,061	1,061
<b>Balance as at 31 March 2012</b>	<b>375,253</b>	<b>5,000</b>	<b>120,337</b>	<b>40,461</b>	<b>541,051</b>
Transfer from revenue reserve	-	-	(2,500)	2,500	-
<b>Distribution to owners</b>					
Issue of bonus shares for the year ended 31 December 2011 @ 10 %	37,525	-	-	(37,525)	-
<b>Total comprehensive income for the nine months ended 31 December 2012 - Profit for the period</b>	-	-	-	33,137	33,137
Transfer from surplus on revaluation of property, plant and equipment for the period - net of tax	-	-	-	3,101	3,101
<b>Balance as at 31 December 2012</b>	<b>412,778</b>	<b>5,000</b>	<b>117,837</b>	<b>41,674</b>	<b>577,289</b>
<b>Total comprehensive income for the three months ended 31 March 2013 - Profit for the period</b>	-	-	-	6,274	6,274
Transfer from surplus on revaluation of property, plant and equipment for the period - net of tax	-	-	-	1,041	1,041
<b>Balance as at 31 March 2013</b>	<b>412,778</b>	<b>5,000</b>	<b>117,837</b>	<b>48,989</b>	<b>584,604</b>

The annexed notes 1 to 17 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 2013

### 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 the same. The registered office of the Company is located at Plot No. 39, Sector 19, Korangi Industrial Area, Karachi.

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

### 2. BASIS OF PREPARATION

These condensed interim financial statements of the Company for the three months ended 31 March 2013 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 2012.

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.

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 2012, whereas comparative condensed interim profit or loss account, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the three months ended 31 March 2012.

### 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 2012.

### 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 2012.

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 2012.

# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2013

### 5. AUTHORISED CAPITAL

This represents 70,000,000 (2012: 70,000,000) ordinary shares of Rs. 10 each amounting to Rs. 700 million (2012: Rs. 700 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 2012: Rs. 0.181 million).

**6.2** During the year 2012, the Company intended to issue right shares. However, two directors of the Company have dissented to the rights issue and have filed a suit against the Company in this respect. The management has responded to the petition and the matter is subjudice.

By its order passed ex-parte on 5 November 2012, the Court has temporarily restrained the Company from issuing right shares and has ordered the Company to maintain status quo. The Company has filed its response and has requested the Court to vacate the ad interim injunction already granted, and to allow the Company to proceed with the rights issue. The proceedings before the High Court are pending.

#### 6.3 Commitments

	Un-audited 31 March 2013	Audited 31 December 2012
	(Rupees in '000)	
Software development & vehicles	<u>22,887</u>	<u>28,930</u>
Outstanding letters of credit	<u>84,141</u>	<u>115,917</u>

### 7. PROPERTY, PLANT AND EQUIPMENT

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

Operating assets	<b>613,188</b>	616,702
Capital work-in-progress	<b>37,552</b>	35,715
	<u><b>650,740</b></u>	<u>652,417</u>

**7.1** Following is the cost of property, plant and equipment that have been added during the three months ended 31 March 2013:

# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2013

	Three months ended	
	31 March 2013	31 March 2012
(Rupees in '000)		
<b>Owned</b>		
Leasehold improvements	-	590
Furniture and equipment	-	301
Computers	94	576
	<b>94</b>	<b>1,467</b>
<b>Leased</b>		
Vehicles	2,970	-
	<b>2,970</b>	-
<b>Capital work in progress-net</b>	<b>1,837</b>	<b>81</b>

Following is the net book value of property, plant and equipment disposed off during the three months ended 31 March 2013.

	Three months ended	
	31 March 2013	31 March 2012
(Rupees in '000)		
<b>Owned</b>		
Furniture and equipment	-	39
	<b>Un-audited 31 March 2013</b>	<b>Audited 31 December 2012</b>
	(Rupees in '000)	

### 8. TRADE DEBTS

#### Considered good

Hire purchase		
- Retail	873,986	846,163
- Institutional	262,163	308,421
	<b>1,136,149</b>	1,154,584
Unearned carrying charges	(78,024)	(67,837)
	<b>1,058,125</b>	1,086,747
Dealers	67,820	76,006
	<b>1,125,945</b>	1,162,753
Considered doubtful	20,448	18,028
	<b>1,146,393</b>	1,180,781
Provision for doubtful debts	(20,448)	(18,028)
	<b>1,125,945</b>	<b>1,162,753</b>

# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2013

### 9. INVESTMENTS

This represents term deposit receipts in respect of amounts retained from employees as security and required to be kept separately. This carries markup ranging from 8.50% to 12.00% (2012: 11.10 % to 11.25%) per annum, maturing on various dates by 29 June 2013.

	<b>Three months ended 31 March 2013</b>	<b>Three months ended 31 March 2012</b>
<b>(Rupees in '000)</b>		
<b>10. NET REVENUE</b>		
Sales		
- Local	539,135	594,846
- Export	-	14,568
	539,135	609,414
Earned carrying charges	93,756	91,733
	632,891	701,147
Sales tax and excise duty	(63,478)	(69,113)
Commissions and discounts	(41,181)	(48,367)
	(104,659)	(117,480)
	528,232	583,667
<b>11. COST OF SALES</b>		
Opening stock - finished goods	456,239	298,577
Purchases - finished goods	80,985	118,853
Cost of goods manufactured	268,985	321,290
	806,209	738,720
Closing stock - finished goods	(410,446)	(287,632)
	395,763	451,088
<b>12. EARNINGS PER SHARE - basic and diluted</b>		
Profit after taxation	6,274	4,229
	----- (Number in '000) -----	
Weighted average number of ordinary shares	41,278	41,278
	----- (Rupee) -----	
Earnings per share - basic and diluted	0.15	0.10
<b>12.1</b> There were no convertible dilutive potential ordinary shares in issue as at 31 March 2013 and 31 March 2012.		

# SINGER PAKISTAN LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2013

	Un-audited 31 March 2013	Un-audited 31 March 2012
(Rupees in '000)		
<b>13. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	134,558	182,301
Investments	9,000	43,090
Short term running finance - secured	(1,152,653)	(1,037,235)
	(1,009,095)	(811,844)

### 14. 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 2013	31 March 2012
----- (Rupees in '000) -----			
<b>Transactions</b>			
Purchases of goods, materials and services	14.1	2,615	2,102
Royalty	14.2	6,398	7,527
Employee retirement benefits	14.3	1,813	1,927
Remuneration of key management personnel	14.4	9,168	8,482
		<b>Un-audited 31 March 2013</b>	<b>Audited 31 December 2012</b>
<b>Balances</b> (Rupees in '000)			
Payable against purchases of goods, materials and services	14.1	5,927	10,935
Royalty payable	14.2	79,284	83,889
Employee retirement benefits - net receivables	14.3	7,729	7,482
Dividend on non-remittable shares		517	517

# SINGER PAKISTAN LIMITED

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

- 14.1 Purchases of goods, materials and services are entered into on the basis of commercial terms and at market prices.
- 14.2 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 State Bank of Pakistan.
- 14.3 Contributions to the employee retirement benefits plans are made in accordance with the terms of employee retirement benefit funds and actuarial advice.
- 14.4 There are no transactions with the key management personnel other than under their terms of employments / entitlements.

### 15. OPERATING SEGMENTS

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

- 15.1 Sales to domestic customers in Pakistan are 100.0% (2012: 97.6%) and to customers outside Pakistan are Nil (2012: 2.4%) of the revenue during the three months ended 31 March 2013.
- 15.2 All non-current assets of the Company at 31 March 2013 are located in Pakistan.
- 15.3 Sale to any single customer did not equal or exceed 10% of the Company's revenue during the three months ended 31 March 2013 and three months ended 31 March 2012.

### 16. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors in their meeting held on 29 April, 2013.

### 17. 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.