

SINGER[®]

SINGER PAKISTAN LIMITED

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

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER

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

SINGER PAKISTAN LIMITED

DIRECTORS' REPORT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

The Directors of the Company are pleased to present their Report together with the un-audited condensed Interim Financial Statements of the Company for the nine months ended 30 September 2011.

Net sales increased by 7.6% to Rs. 1.731 billion, compared to the corresponding period last year. The major contribution in the sales growth was attributed to appliances and earned carrying charges.

This period of nine months was full of challenges as the economy of the country was affected by unprecedented power outages, disturbed business conditions and especially, the floods caused by heavy monsoon rains throughout the country particularly in the Sindh province during the third quarter.

Despite this, Gross profit for the period increased to Rs. 384.6 million i.e. an increase of 3.1% over the corresponding period last year. The main factors for the increase in gross profit are higher earned carrying charges. The cost of production has been increasing despite our efforts to keep the costs under control. However we are continuously seeking opportunities to take price advantages wherever permissible.

Marketing, selling and distribution costs for the period decreased by Rs. 1.1 million over the corresponding period last year mainly due to cost effective advertising and sales promotion activities. Administrative expenses decreased by Rs. 2.7 million due to costs control despite inflationary pressure. However, Other Operating expenses increased by Rs. 1.9 million mainly due to inflation and exchange loss.

Profit from operations for the period increased to Rs. 172.4 million i.e. an increase of 8.3% over the corresponding period last year due to the reasons mentioned above.

Finance costs increased by 12.1% due to increase in borrowings required to support the business growth and also due to increase in borrowing rates.

Profit after taxation for the period of nine months is Rs. 21.1 million which is slightly lower than the profit for the corresponding period of last year of Rs. 22.9 million. Net sales for the third quarter ended 30 September 2011 are 7% higher over corresponding period last year. Profit from operations also increased by 8.6%. However, profit after taxation remained same as compared to same period last year.

Earning per share for the nine months is Re. 0.56 against Re. 0.61 in the same period last year.

The Company will remain focused on its tested strategy of innovative and cost effective advertising and consumer promotions and will thus continue to build up demand for its products in difficult business conditions in remaining part of the year. However, a lot will depend on the business environment prevailing in the Country.

On behalf of the Board



Syed Aleem Hussain
Chief Executive Officer

Karachi : 28 October 2011

SINGER PAKISTAN LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2011

	Note	Un-audited 30 September 2011	Audited 31 December 2010
EQUITY AND LIABILITIES			
Share capital and reserves			
(Rupees in '000)			
Authorised capital 40,000,000 (2010: 40,000,000) ordinary shares of Rs. 10 each	5.1	<u>400,000</u>	<u>400,000</u>
Issued, subscribed and paid-up capital	5.2	<u>375,254</u>	341,140
Capital reserve		5,000	5,000
Revenue reserve		120,337	122,337
Unappropriated profit		<u>24,586</u>	<u>32,420</u>
		<u>525,177</u>	<u>500,897</u>
Surplus on revaluation of fixed assets		302,432	305,615
Non-current liabilities			
Long term loans - secured		235,208	180,000
Liabilities against assets subject to finance lease		23,187	32,192
Long term deposits		30,828	28,913
Employee retirement benefits - obligation		3,332	3,929
Deferred tax		145,948	153,287
Deferred income		3,479	4,175
		<u>441,982</u>	<u>402,496</u>
Current liabilities			
Trade and other payables		309,917	370,829
Mark-up accrued on short term running finances and long term loans		49,118	47,134
Short term running finance - secured		932,191	817,857
Current portion of long term loans		46,667	83,958
Current portion of liabilities against assets subject to finance lease		17,577	19,576
		<u>1,355,470</u>	<u>1,339,354</u>
		<u>2,625,061</u>	<u>2,548,362</u>
Contingencies and commitments			
	6		
ASSETS			
Non-current assets			
Property, plant and equipment	7	657,469	661,989
Intangible assets		2,228	3,607
Employee retirement benefits - prepayments		18,831	18,795
Long term deposits		<u>31,564</u>	<u>32,104</u>
		<u>710,092</u>	<u>716,495</u>
Current assets			
Stores, spares and loose tools		7,858	5,851
Stock-in-trade		445,349	510,200
Trade debts	8	1,157,149	1,053,140
Advances, deposits and prepayments		38,001	36,731
Other receivables		17,623	18,916
Taxation - net		57,082	47,973
Cash and bank balances		191,907	159,056
		<u>1,914,969</u>	<u>1,831,867</u>
		<u>2,625,061</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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2011

	Note	Three months ended 30 September 2011	Nine months ended 30 September 2011	Three months ended 30 September 2010	Nine months ended 30 September 2010
----- (Rupees in '000) -----					
Sales		492,903	1,819,767	470,178	1,677,642
Earned carrying charges		91,411	250,959	78,414	216,313
Sales tax / excise duty, commissions and discounts		(91,327)	(339,534)	(87,907)	(285,048)
Net sales	9	492,987	1,731,192	460,685	1,608,907
Cost of sales	10	(362,530)	(1,346,609)	(336,198)	(1,235,709)
Gross profit		130,457	384,583	124,487	373,198
Marketing, selling and distribution costs		(59,448)	(171,934)	(56,973)	(172,032)
Administrative expenses		(9,620)	(29,198)	(12,145)	(32,872)
Other operating expenses		(4,287)	(11,023)	(2,782)	(9,146)
Profit from operations		(73,355)	(212,155)	(71,900)	(214,050)
Finance costs		(50,138)	(147,369)	(45,744)	(131,520)
		6,964	25,059	6,843	27,628
Other income		1,707	6,493	1,712	7,289
Profit before taxation		8,671	31,552	8,555	34,917
Taxation		(2,905)	(10,455)	(2,823)	(12,050)
Profit after taxation		5,766	21,097	5,732	22,867
Other comprehensive income		-	-	-	-
Total comprehensive income		5,766	21,097	5,732	22,867
----- (Rupee) -----					
Earnings per share - basic and diluted	11	0.15	0.56	0.15	0.61

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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2011

	Note	Nine months ended 30 September 2011	Nine months ended 30 September 2010
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		31,552	34,917
Adjustment for non-cash charges and other items:			
- Depreciation on property, plant and equipment		22,743	16,405
- Amortisation of intangible assets		1,548	1,974
- Finance costs		147,369	131,520
- Amortisation of deferred income		(696)	(696)
- Gain on disposal of property, plant and equipment		(956)	(3,226)
- Provision for staff retirement benefits		391	(1,194)
		201,951	179,700
Effect on cash flow due to working capital changes (Increase) / decrease in current assets			
Stores and spares		(2,007)	(1,284)
Stock-in-trade		64,851	(84,667)
Trade debts		(104,009)	(103,010)
Advances, deposits and prepayments		(1,270)	(7,637)
Other receivables		1,293	(2,886)
(Decrease) / Increase in current liabilities			
Trade and other payables		(60,912)	18,520
		(102,054)	(180,964)
Net cash generated from / (used in) operations		99,897	(1,264)
Income tax paid		(26,903)	(20,565)
Finance costs paid		(141,740)	(122,769)
Payment of staff retirement benefits		(1,024)	(594)
Security deposits received		1,915	3,367
Long term deposits - net		540	(225)
Net cash used in operating activities		(67,315)	(142,050)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(17,976)	(9,531)
Proceeds from disposal of property, plant and equipment		5,752	4,947
Net cash used in investing activities		(12,224)	(4,584)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loans - net		17,917	(58,229)
Lease rentals paid		(19,861)	(20,047)
Net cash flows from financing activities		(1,944)	(78,276)
Net decrease in cash and cash equivalents		(81,483)	(224,910)
Cash and cash equivalents at beginning of the period		(658,801)	(530,244)
Cash and cash equivalents at end of the period	12	(740,284)	(755,154)

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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 from revenue reserve	-	-	(4,000)	4,000	-
Distribution to owners					
Issue of bonus shares for the year ended 31 December 2009 @ 10 %	31,013	-	-	(31,013)	-
Total comprehensive income for the nine months ended 30 september 2010 - Profit for the period	-	-	-	22,867	22,867
Balance as at 30 September 2010	341,140	5,000	122,337	27,366	495,843
Total comprehensive income for the three months ended 31 December 2010 - Profit for the period	-	-	-	5,054	5,054
Balance as at 31 December 2010	341,140	5,000	122,337	32,420	500,897
Transfer from revenue reserve	-	-	(2,000)	2,000	-
Distribution to owners					
Issue of bonus shares for the year ended 31 December 2010 @ 10 %	34,114	-	-	(34,114)	-
Total comprehensive income for the nine months ended 30 september 2011 - Profit for the period	-	-	-	21,097	21,097
Transfer from surplus on revaluation of fixed assets incremental depreciation for the period - net of tax	-	-	-	3,183	3,183
Balance as at 30 September 2011	375,254	5,000	120,337	24,586	525,177

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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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, 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 nine months ended 30 September 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, 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 2010.

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 2010.

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2011

5. SHARE CAPITAL

5.1 Authorised Share Capital

This represents 40,000,000 (2010: 40,000,000) ordinary shares of Rs. 10 each amounting to Rs. 400,000 thousand (2010: Rs. 400,000 thousand)

5.2 Issued, Subscribed and Paid up Capital

The increase is due to issue of bonus shares for the year ended 31 December 2010 @ 10 % per share.

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 30 September 2011	Audited 31 December 2010
	(Rupees in '000)	
Software development	<u>24,113</u>	<u>26,530</u>
Outstanding letters of credit	<u>92,349</u>	<u>222,715</u>

7. PROPERTY, PLANT AND EQUIPMENT

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

Operating assets	623,226	629,062
Capital work-in-progress	<u>34,243</u>	<u>32,927</u>
	<u>657,469</u>	<u>661,989</u>

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2011

- 7.1 Following is the cost of property, plant and equipment that have been added during the nine months ended 30 September 2011:

	Additions	
	Nine months ended 30 September 2011	Nine months ended 30 September 2010
	(Rupees in '000)	
Owned		
Building on leasehold land	9,627	200
Leasehold improvements	801	1,191
Furniture and equipment	2,241	95
Plant and machinery	2,846	158
Vehicles	77	-
Computers	899	1,278
	16,491	2,922
Leased		
Furniture and equipment	1,360	-
Plant and machinery	2,198	1,919
Vehicles	1,654	4,031
	5,212	5,950
Capital work in progress-net	1,316	8,974

Following is the net book value of property, plant and equipment disposed off during the nine months ended 30 September 2011.

	Disposal (NBV)	
	Nine months ended 30 September 2011	Nine months ended 30 September 2010
	(Rupees in '000)	
Owned		
Leasehold improvements	962	-
Furniture and equipment	4	-
Plant and machinery	1,959	411
Vehicles	1,871	1,310

- 7.2 During the nine months ended 30 September 2010, additions of Rs 0.585 million (30 September 2009 : 0.0142 million) were made to intangible assets.

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2011

	Un-audited 30 September 2011	Audited 31 December 2010
8. TRADE DEBTS	(Rupees in '000)	
 Considered good		
Hire purchase		
- Retail	723,651	718,954
- Institutional	408,395	333,006
	<u>1,132,046</u>	<u>1,051,960</u>
Unearned carrying charges	(72,999)	(83,405)
	<u>1,059,047</u>	<u>968,555</u>
Dealers	98,102	84,585
	<u>1,157,149</u>	<u>1,053,140</u>
Considered doubtful	12,568	12,068
	<u>1,169,717</u>	<u>1,065,208</u>
Provision for doubtful debts	(12,568)	(12,068)
	<u><u>1,157,149</u></u>	<u><u>1,053,140</u></u>

Three months ended 30 September 2011	Nine months ended 30 September 2011	Three months ended 30 September 2010	Nine months ended 30 September 2010
..... (Rupees in '000)			

9. NET SALES

Sales				
- Local	484,654	1,769,485	464,217	1,632,526
- Export	8,249	50,282	5,961	45,116
	<u>492,903</u>	<u>1,819,767</u>	<u>470,178</u>	<u>1,677,642</u>
 Earned carrying charges	 91,411	 250,959	 78,414	 216,313
	<u>584,314</u>	<u>2,070,726</u>	<u>548,592</u>	<u>1,893,955</u>
 Sales tax / excise duty	 (51,062)	 (205,543)	 (50,062)	 (159,922)
Commissions / discounts	(40,265)	(133,991)	(37,845)	(125,126)
	<u>(91,327)</u>	<u>(339,534)</u>	<u>(87,907)</u>	<u>(285,048)</u>
	<u><u>492,987</u></u>	<u><u>1,731,192</u></u>	<u><u>460,685</u></u>	<u><u>1,608,907</u></u>

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2011

	Three months ended 30 September 2011	Nine months ended 30 September 2011	Three months ended 30 September 2010	Nine months ended 30 September 2010
..... (Rupees in '000)				
10. COST OF SALES				
Opening stock - finished goods	211,194	258,969	164,342	264,811
Purchases - finished goods	59,896	316,517	91,595	315,253
Cost of goods manufactured	<u>291,053</u>	<u>970,736</u>	<u>311,987</u>	<u>887,371</u>
	562,143	1,546,222	567,924	1,467,435
Closing stock - finished goods	<u>(199,613)</u>	<u>(199,613)</u>	<u>(231,726)</u>	<u>(231,726)</u>
	<u><u>362,530</u></u>	<u><u>1,346,609</u></u>	<u><u>336,198</u></u>	<u><u>1,235,709</u></u>

11. EARNINGS PER SHARE - basic and diluted

Profit after taxation	<u>5,766</u>	<u>21,097</u>	<u>5,732</u>	<u>22,867</u>
..... (Number in '000)				
Weighted average number of ordinary shares	<u>37,525</u>	<u>37,525</u>	<u>37,525</u>	<u>37,525</u>
..... (Rupee)				
Earnings per share - basic and diluted	<u>0.15</u>	<u>0.56</u>	<u>0.15</u>	<u>0.61</u>

11.1 There were no convertible dilutive potential ordinary shares in issue as at 30 September 2011 and 30 September 2010.

11.2 The number of shares during the nine months ended 30 September 2010 have been adjusted for the effect of bonus shares issued subsequent to that date.

	Un-audited 30 September 2011	Un-audited 30 September 2010
..... (Rupees in '000)		
12. CASH AND CASH EQUIVALENTS		
Cash and bank balances	191,907	139,516
Short term running finances - secured	<u>(932,191)</u>	<u>(894,670)</u>
	<u><u>(740,284)</u></u>	<u><u>(755,154)</u></u>

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2011

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		Nine months ended 30 September 2011	Nine months ended 30 September 2010
		(Rupees in '000)	
Purchases of goods, materials and services	13.1	<u>6,160</u>	<u>6,540</u>
Royalty	13.2	<u>22,294</u>	<u>17,230</u>
Interest expense	13.3	<u>800</u>	<u>4,995</u>
Employee retirement benefits	13.4	<u>3,619</u>	<u>2,240</u>
Remuneration of key management personnel	13.5	<u>25,107</u>	<u>30,904</u>
		Un-audited 30 September 2011	Audited 31 December 2010
		(Rupees in '000)	
Balances			
Payable against purchases of goods, materials and services	13.1	<u>1,105</u>	<u>8,503</u>
Royalty payable	13.2	<u>59,861</u>	<u>44,338</u>
Accrued interest expense	13.3	<u>-</u>	<u>1,675</u>
Employee retirement benefits - net receivables	13.4	<u>(15,499)</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>

SINGER PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2011

- 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.

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 97.2% (2010: 97.3%) and to customers outside Pakistan are 2.8% (2010: 2.7%) of the revenue during the nine months ended 30 September 2011.
- 14.2** All non-current assets of the Company at 30 September 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 nine months ended 30 September 2011 and nine months ended 30 September 2010.

15. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors in their meeting held on 28 October 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
Plot No. 39, Sector 19,
Korangi Industrial Area, Karachi.