

SINGER[®]

SINGER PAKISTAN LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

Nine Months Period Ended 30th September, 2016

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Singer Pakistan Limited Company Information

Board of Directors

Haroon Ahmad Khan
Chairman

M. Mahmood Ahmed
Chief Executive Officer

Umair Khan

Zafar Uddin Mehmood

Brig (Retd.) Mukhtar Ahmed

Adnan Aftab

Moazzam Ahmad Khan

Rasheed Y. Chinoy

Chief Financial Officer

Nadeem Mahmood Butt

Chief Internal Auditor

Khurram Ali

Company Secretary

Tauseef Ahmed Zakai

Audit Committee

Umair Khan
Chairman

Brig (Retd.) Mukhtar Ahmed
Member

Rasheed Y. Chinoy
Member

Moazzam Ahmad Khan
Member

**HR and Remuneration
Committee**

Brig (Retd.) Mukhtar Ahmed
Chairman

Haroon Ahmad Khan
Member

Umair Khan
Member

Bankers

Al Baraka Bank (Pakistan) Limited

Allied Bank Limited

Askari Bank Limited

Bank Al Falah Limited

Burj Bank Limited

Dubai Islamic Bank Pakistan Limited

Faysal Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

MCB Bank Limited

National Bank of Pakistan

Sindh Bank Limited

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 Shakra-e-Faisal
Karachi-74400, Pakistan

**Registered and Head
Office**

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

Web site

www.singer.com.pk

30 ستمبر 2016 کے اختتام پر حصص داران کے لیے ڈائریکٹرز کی تیسری سہ ماہی کی رپورٹ

کمپنی کے ڈائریکٹرز 30 ستمبر 2016 کو ختم ہونے والی تیسری سہ ماہی کے اختتام پر رپورٹ پیش کرتے ہوئے مسرت محسوس کرتے ہیں، جس کے ساتھ ہی مذکورہ مدت (۱۹ ماہ) کے مالیاتی گوشوارے (غیر آڈٹ شدہ) بھی منسلک ہیں۔

تیسری سہ ماہی کے نتائج اس امر کے غماز ہیں کہ اہداف کو حاصل کرنے کے لیے انتظامیہ انہی اقدامات اور نئے کاروباری لائحہ عمل کو بروئے کار لارہی ہے جسکی وضاحت دوسری سہ ماہی کے اختتام پر ڈائریکٹرز کی ششماہی رپورٹ میں پیش کی گئی تھی۔

اہداف حاصل کرنے کے عزم مصمم کو مد نظر رکھتے ہوئے مندرجہ ذیل اقدامات پر زور دیا گیا ہے

- پورے پاکستان میں نئے سنگرز ڈیلرز کا جال بچھا کر اس لائحہ عمل کی بنیاد رکھ دی گئی ہے جس کے تحت کمپنی کی اپنی ریٹیل شاہس کے متوازی ڈیلرز کے ذریعہ کاروبار کو وسعت دی جائے گی۔

- مصنوعات کے منافع کو بہتر سے بہتر کرنے کے لیے کم از کم لاگت پر خریداری اور اس کے لیے سپلائرز سے کامیاب سودا کاری کی جارہی ہے
- ریفریجریٹر کے نئے گلاس ڈور ماڈل کو بروقت مارکیٹ میں متعارف کروایا جائے گا جس کے لیے 2017 کے اوائل کا وقت متعین کیا گیا ہے۔
- کاروبار کی وسعت اور بڑھوتری کے لیے اضافی L/C.S اور جاری سرمایہ کو یقینی بنایا جا رہا ہے تاکہ اضافی کاروباری اہداف کو حاصل کیا جائے۔
- ERP سسٹم تیار کرنے اور اسکے عملی نفاذ کو یقینی بنایا جا رہا ہے تاکہ منظوم اور منظم رپورٹنگ کی جا سکے۔

مالیاتی کارروگی:

تیسری سہ ماہی کے اختتام پر کاروباری نتائج کے کلیدی اعداد و شمار اختصار کے ساتھ درج ذیل ہیں۔

	2016 PKR Million	
	Nine Months	3rd Qtr.
Gross Sales	1,222	323
Gross Profit	335	114
Net Profit / (Loss) after tax	-7	9
% of Gross Sales	-0.6%	2.9%
Earnings / (Loss) Per Share	-0.16	0.21

	2015 PKR Million	
	Nine Months	3rd Qtr.
Gross Sales	1,309	399
Gross Profit	313	93
Net Profit / (Loss) after tax	-61	-23
% of Gross Sales	-4.7%	-5.6%
Earnings / (Loss) Per Share	-1.35	-0.50

	Change %	
	Nine Months	3rd Qtr.
Gross Sales	-6.7%	-19.2%
Gross Profit	7.0%	23.5%
Net Profit / (Loss) after tax	88%	141.9%

کل فروخت: زیر نظر سہ ماہی کے اختتام پر کل فروخت 1,222 ملین رہی اور نومبر کے دوران سال گزشتہ کے مقابلے میں منفی %6.7 اور تیسری سہ ماہی 2015 کے مقابلے میں منفی %19.2 ریکارڈ کی گئی۔

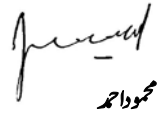
کل منافع: کل منافع 335 ملین رہا جو 2015 کے نومبر اور تیسری سہ ماہی کے مقابلے کے میں بالترتیب %7 اور %23.5 زیادہ ہے۔

خالص منافع بعد از ٹیکس: ہم اس امر پر انتہائی خوشی محسوس کرتے ہیں کہ تیسری سہ ماہی کے دوران آپ کی کمپنی نے خالص منافع بعد از ٹیکس 9 ملین کمایا بہر کیف! پہلے چھ ماہ کے 17 ملین نقصان کی وجہ سے 9 ماہ کے دوران نقصان 7 ملین رہا جبکہ 2015 کے 9 ماہ کے دوران 61 ملین تھا اور اس طرح نقصان میں %88 کمی ہوئی

منافع (نقصان) فی حصص: 2016 کے پہلے 9 ماہ میں 0.16 روپے فی شیئر نقصان ہوا جبکہ 2015 کے 9 ماہ میں نقصان فی حصص 1.35 روپے تھا بہر حال کمپنی نے تیسری سہ ماہی 2016 میں 0.21 روپے فی حصص کمایا جبکہ 2015 کی تیسری سہ ماہی کے دوران 0.50 روپے تھا۔

مستقبل کیلئے پیش بندی: کنزیومر فائینانسنگ کی سہولت کے ساتھ مارکیٹ میں آنے والے نئے مسابقت کنندگان کی وجہ سے کنزیومر اپلائیڈ ٹیکنالوجیز سیکٹر میں کاروباری حالات نہایت سخت اور مسابقتا ندر ہے ہیں بہر حال! آپ کی کمپنی کی انتظامیہ مستقل سرمایہ کاری، مصنوعات میں اضافے اور طریقہ کار میں بہتری کے ذریعہ کاروبار میں ترقی اور اپنے قابل قدر حصص یافتگان کے مفادات کی حفاظت کا عزم مصمم رکھتی ہے۔

بورڈ کی وساطت سے


محمد اسلم

چیف ایگزیکٹو آفیسر

۱۲ اکتوبر ۲۰۱۶ء

کراچی

Singer Pakistan Limited

Directors' Report to the Shareholders

For the Nine Months Period Ended 30 September 2016

The Directors of your 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 2016.

Results for the third quarter are an indication that management is working in line with the new business strategy and turnaround plan as has been explained in the Director's Report presented with the half yearly accounts of 2016. Major areas of focus under a target oriented approach of this plan are to actively pursuing the following initiatives:

- Change in Sales strategies and Sales mix for which a new dealer's network already established throughout Pakistan for growth in sales volume in parallel to the sales through company's own retail shops network.
- Active negotiations with the suppliers to achieve cost savings leading towards improvement in product margins and profitability.
- To timely introduce the **New Glass Door Refrigerators** models to the market which are planned for beginning of 2017.
- To secure additional LC and Running Finance lines for the planned increase in Business volumes
- To ensure the development and implementation of new **ERP** system.

Financial Performance

Key figures of the Operating results for 3rd quarter 2016 and comparative period of 2015 are summarized below:

	2016 PKR Million		2015 PKR Million		Change %	
	Nine Months	3rd Qtr.	Nine Months	3rd Qtr.	Nine Months	3rd Qtr.
Gross Sales	1,222	323	1,309	399	-6.7%	-19.2%
Gross Profit	335	114	313	93	7.0%	23.5%
Net Profit / (Loss) after tax	-7	9	-61	-23	88%	141.9%
% of Gross Sales	-0.6%	2.9%	-4.7%	-5.6%		
Earnings / (Loss) Per Share	-0.16	0.21	-1.35	-0.50		

Gross Sales

Gross sales revenue stood at Rs. 1,222 million and registered a growth of -6.7% and -19.2% compared to Nine months and 3rdQtr of 2015 respectively.

Gross Profit

Gross profit stood at Rs. 335 million and registered a growth of 7% and 23.5% compared to Nine months and 3rdQtr of 2015 respectively.

Net Profit / (Loss) after tax

We are pleased to highlight that the company made a net profit after tax of Rs 9 million for the 3rdQtr of 2016. However, due to the 1HYr net loss after tax of Rs - 17 million the accumulated net loss of the Nine months 2016 stood at Rs -7 million compared to the net loss of -61 million for the Nine months 2015 showing a reduction of 88%.

Earnings / (Loss) per Share

The Loss per share for Nine months 2016 is Rs. (0.16) compared to a loss of Rs. (1.35) for the Nine months 2015. However, the company made earnings of Rs. 0.21 in the 3rdQtr 2016 compared to loss of Rs. (0.50) in the 3rd Quarter 2015

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 remain committed to continue adding value to the business and to our valued shareholders by continually investing, innovating and improving our operations.

On behalf of the Board



M. Mehmood Ahmed
Chief Executive Officer
Karachi: 27 October 2016

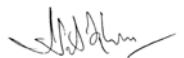
Singer Pakistan Limited

Condensed Interim Balance Sheet

As at 30 September 2016

	Note	Un-audited 30 September 2016 (Rupees in '000)	Audited 31 December 2015		Note	Un-audited 30 September 2016 (Rupees in '000)	Audited 31 December 2015
EQUITY AND LIABILITIES				ASSETS			
Share capital and reserves				Non-current assets			
Authorised capital 70,000,000 (31 December 2015: 70,000,000) ordinary shares of Rs. 10 each	6	700,000	700,000	Property, plant and equipment	13	1,197,540	1,309,999
Issued, subscribed and paid-up capital		454,056	454,056	Intangible assets (computer softwares)		23,242	26,074
Capital reserve		5,000	5,000	Investment Property	14	208,800	-
Revenue reserve	6	-	117,837	Long term deposits		19,655	23,380
Accumulated losses		(259,875)	(379,436)			1,449,237	1,359,453
		199,181	197,457	Current assets			
Surplus on revaluation of property, plant and equipment - net of tax		928,898	819,468	Stores, spares and loose tools		10,004	10,885
Non-current liabilities				Stock-in-trade		379,862	291,180
Long term loans - secured	7	532,813	46,875	Trade debts and other receivables	15		
Liabilities against assets subject to finance lease		13,069	17,353	- Retail	15.1	1,011,412	1,137,389
Employee retirement benefits obligations		51,962	47,803	- Wholesale	15.2	299,935	45,191
Deferred tax - net	8	136,505	173,147	Advances, deposits, prepayments and other receivables		46,930	28,026
Deferred income	9	2,935	4,211	Taxation - net	16	172,541	158,294
		737,284	289,389	Investments	17	-	36,000
Current liabilities				Cash and bank balances		124,619	76,240
Trade and other payables	10	477,123	411,735			2,045,303	1,783,205
Mark-up accrued on short term finances and long term loans		32,668	33,294	Total assets			
Short term finances - secured	11	1,091,536	1,321,668			3,494,540	3,142,658
Current portion of long term loans	7	18,750	59,647	Total equity and liabilities			
Current portion of liabilities against assets subject to finance lease		7,229	8,129			3,494,540	3,142,658
Current portion of deferred income	9	1,871	1,871				
		1,629,177	1,836,344				
Contingencies and commitments							
	12						
Total equity and liabilities		3,494,540	3,142,658				

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



Chairman and Director

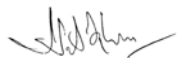


Chief Executive

Singer Pakistan Limited
Condensed Interim Profit and Loss Account (Un-audited)
For the three months and nine months period ended 30 September 2016

	Note	Three months period ended 30 September 2016	Nine months period ended 30 September 2016	Three months period ended 30 September 2015	Nine months period ended 30 September 2015
----- (Rupees in '000) -----					
Sales		322,875	1,221,737	399,814	1,309,074
Earned carrying charges		30,100	103,807	60,973	204,140
Gross revenue		352,975	1,325,544	460,787	1,513,214
Sales tax, commissions and discounts		(64,677)	(237,212)	(85,463)	(261,720)
Net revenue	18	288,298	1,088,332	375,324	1,251,494
Cost of sales	19	(174,027)	(753,300)	(282,816)	(938,402)
Gross margin		114,271	335,032	92,508	313,092
Marketing, selling and distribution cost		(84,990)	(234,049)	(74,191)	(218,692)
Administrative expenses		(15,582)	(53,811)	(14,599)	(50,875)
Other expenses		29,982	27,764	(3,750)	(11,427)
		<u>(70,590)</u>	<u>(260,096)</u>	<u>(92,540)</u>	<u>(280,994)</u>
		43,681	74,936	(32)	32,098
Finance cost		(36,122)	(104,089)	(35,799)	(121,735)
		<u>7,559</u>	<u>(29,153)</u>	<u>(35,831)</u>	<u>(89,637)</u>
Other income	20	4,374	23,621	3,657	11,444
Profit / (loss) before taxation		11,933	(5,532)	(32,174)	(78,193)
Taxation	16	(2,506)	(1,836)	9,652	16,973
Profit / (loss) for the period		9,427	(7,368)	<u>(22,522)</u>	<u>(61,220)</u>
----- (Rupee) -----					
Earning / (loss) per share - basic and diluted	21	0.21	(0.16)	(0.496)	(1.35)

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



Chairman and Director



Chief Executive

Singer Pakistan Limited
Condensed Interim Statement of Comprehensive Income (Un-audited)
For the three months and nine months period ended 30 September 2016

	Three months period ended 30 September 2016	Nine months period ended 30 September 2016	Three months period ended 30 September 2015	Nine months period ended 30 September 2015
----- (Rupees in '000) -----				
Net profit / (loss) for the period	9,427	(7,368)	(22,522)	(61,220)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	<u><u>9,427</u></u>	<u><u>(7,368)</u></u>	<u><u>(22,522)</u></u>	<u><u>(61,220)</u></u>

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



Chairman and Director



Chief Executive

Singer Pakistan Limited

Condensed Interim Cash Flow Statement (Un-audited)

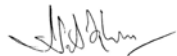
For the nine months period ended 30 September 2016

	Nine months Period ended	
	30 September 2016	30 September 2015
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(5,532)	(78,193)
Adjustment for:		
- Depreciation on property, plant and equipment	36,846	36,256
- Amortisation of intangible assets	2,849	2,871
- Finance cost	104,089	121,735
- Amortisation of deferred income	(1,405)	(464)
- Gain on disposal of property, plant and equipment	(309)	(1,136)
- Provision for staff retirement benefits	5,157	4,482
	<u>141,695</u>	<u>85,551</u>
Working capital changes		
<i>(Increase) / decrease in current assets</i>		
Stores, spares and loose tools	881	1,412
Stock-in-trade	(88,682)	85,541
Trade debts and other receivables	(128,767)	(4,621)
Advances, deposits, prepayments and other receivables	(18,904)	(6,387)
	<u>(235,472)</u>	<u>75,945</u>
<i>Increase in current liabilities</i>		
Trade and other payables	65,388	19,731
	<u>(170,084)</u>	<u>95,676</u>
Income tax paid	(15,567)	(27,878)
Finance cost paid	(102,817)	(130,157)
Payment of staff retirement benefits	(998)	(3,906)
Long term deposits - net	3,793	(3,845)
Net cash flows from operating activities	<u>(143,978)</u>	<u>15,441</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(52,301)	(1,465)
Sale proceeds from disposal of property, plant and equipment	832	29,523
Investments matured during the period - net	36,000	14,000
Net cash flows from investing activities	<u>(15,469)</u>	<u>42,058</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loans - net	445,041	(53,917)
Repayment of short term finances	(14,900)	(6,065)
Employee security deposit held in bank accounts	(41,027)	(292)
Lease rentals paid	(7,082)	(8,595)
Net cash flows from financing activities	<u>382,032</u>	<u>(68,869)</u>
Net increase in cash and cash equivalents	<u>222,585</u>	<u>(11,370)</u>
Cash and cash equivalents at beginning of the period	<u>(950,528)</u>	<u>(925,318)</u>
Cash and cash equivalents at end of the period	<u>(727,943)</u>	<u>(936,688)</u>

Note

22

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



Chairman and Director



Chief Executive

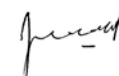
Singer Pakistan Limited
Condensed Interim Statement of Changes in Equity (Un-audited)
For the nine months period ended 30 September 2016

	Issued subscribed and paid-up capital	Capital reserve	Revenue reserve	Accumulated loss	Total
	----- (Rupees in '000) -----				
Balance as at 1 January 2015	454,056	5,000	117,837	(237,828)	339,065
Total comprehensive income for the nine months period ended 30 September 2015 - loss for the period	-	-	-	(61,220)	(61,220)
Transfer from surplus on revaluation of property, plant and equipment (on sale of a building) - net of tax	-	-	-	8,360	8,360
Transfer from surplus on revaluation of property, plant and equipment (land and buildings) for the period - net of tax (incremental depreciation)	-	-	-	9,342	9,342
Balance as at 30 September 2015	454,056	5,000	117,837	(281,346)	295,547
Total comprehensive income for the six months period ended 31 December 2015 - loss for the period	-	-	-	(89,546)	(89,546)
Net actuarial loss recognised directly in 'Other Comprehensive Income' net of tax	-	-	-	(11,665)	(11,665)
Transfer from surplus on revaluation of property, plant and equipment (land and buildings) for the period - net of tax (incremental depreciation)	-	-	-	(101,211)	(101,211)
Balance as at 31 December 2015	454,056	5,000	117,837	(379,436)	197,457
Transfer of revenue reserve to accumulated loss as per the approval of the Board of Directors	-	-	(117,837)	117,837	-
Total comprehensive income for the six months period ended 30 September 2016 - loss for the period	-	-	-	(7,368)	(7,368)
Transfer from surplus on revaluation of property, plant and equipment (land and buildings) for the period - net of tax (incremental depreciation)	-	-	-	9,092	9,092
Balance as at 30 September 2016	454,056	5,000	-	(259,875)	199,181

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



Chairman and Director



Chief Executive

Singer Pakistan Limited

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

For the nine months period ended 30 September 2016

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 (formerly Karachi, Lahore and Islamabad Stock Exchanges). The Company is principally engaged in retailing and trading of domestic consumer appliances and other light engineering products, besides manufacturing and assembling of the same. The registered office of the Company is located at Plot No. 39, Sector19, Korangi Industrial Area, Karachi.

Up to 31 December 2015, the Company was a subsidiary of Singer (Pakistan) B.V., Netherlands, whereas its ultimate parent company was Retail Holdings N.V., Netherlands. During the period Singer (Pakistan) B.V., Netherlands disinvested the entire shareholding.

The single largest investor group comprises of (a) Poseidon Synergies (Pvt) Limited (8,509,024 shares at 18.70% of the total share capital), (b) Mr. Haroon Ahmed Khan (2,500,000 shares at 5.51% of the total share capital) and (c) Mrs. Nighat Haroon Khan (2,000,000 shares at 4.40% of the total share capital) cumulatively at 29.95%. By virtue of this change Mr. Haroon Ahmad Khan is now the Chairman of the Company.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

This condensed interim financial information of the Company for the nine months period ended 30 September 2016 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 Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under Companies Ordinance, 1984 have been followed.

2.2 This condensed interim financial information are unaudited and are being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984 and the listing regulations of Pakistan Stock Exchange (formerly Karachi, Lahore and Islamabad Stock Exchanges). However, a limited scope review has been carried out by the auditors in accordance with the requirements of clause (xix) of code of corporate governance issued by Securities and Exchange Commission of Pakistan.

2.3 This condensed interim financial information does not include information required for full annual financial information, and should be read in conjunction with the Company's annual audited financial statements for the year ended 31 December 2015.

2.4 Functional and presentation currency

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.

2.5 This condensed interim financial information have been prepared under the historical cost convention except for leasehold land and buildings which are stated at revalued amount less any subsequent depreciation and impairment losses, if any.

2.6 The comparative balance sheet presented in this condensed interim financial information has been extracted from the audited financial statements of the Company for the year ended 31 December 2015, whereas comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity have been extracted from the unaudited condensed interim financial information for the three and nine months period ended 30 September 2015 (as applicable).

2.7 During 3rd quarter 2016 the company have transferred certain portion of Land and Building from Owners Occupied Property to Investment Property to earn rentals or for capital appreciation Property to Investment Property to earn rentals or for capital appreciation

3. SIGNIFICANT ACCOUNTING POLICIES

This condensed interim financial information 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 2015, except for additional disclosures required by Circular 14 of 2016 issued by Securities and Exchange Commission of Pakistan relating to All Shares Islamic Index Screening (refer notes 14.3, 16 and 24).

Investment property

Property held to earn rentals or for capital appreciation or for both is classified as investment property. Investment property comprises leasehold land and buildings on leasehold land. Investment property is carried at fair value. The investment property of the Company has been valued by independent professionally qualified valuers as at July 30, 2016. The fair value of the investment property is based on active market prices. If an item of property, plant and equipment becomes an investment property because its use has changed, any difference between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation reserve for investment property. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the profit and loss account. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings, the transfer is not made through the profit and loss account. If an investment property becomes owner-occupied or stock-in-trade, it is reclassified as property, plant and equipment or stock-in-trade and its fair value at the date of reclassification becomes its cost for accounting purposes for subsequent recording.

Singer Pakistan Limited

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

For the nine months period ended 30 September 2016

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

In preparing the condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2015.

5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended 31 December 2015.

6. AUTHORISED CAPITAL AND RESERVES

This represents 70,000,000 (31 December, 2015: 70,000,000) ordinary shares of Rs. 10 each amounting to Rs. 700 million (31 December, 2015: Rs. 700 million).

Revenue reserves have been transferred to accumulated losses as per the approval of the Board of Directors of the Company 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	Instalments payable	Repayment period	Amount of instalment (principal)	Mark-up rate	Un-audited 30 September 2016	Audited 31 December 2015
------(Rupees in '000)-----						------(Rupees in '000)-----	
Term loan 1	Note 7.1	quarterly	Between 2016-2021	Refer note 7.4	3 Months KIBOR Plus 3.00%	500,000	-
Term loan 2	Note 7.2	quarterly	Between 2014-2019	4,688	3 Months KIBOR Plus 1.75%	51,563	70,312
Term loan 3	Note 7.1	quarterly	Between 2012-2015	5,585	3 Months KIBOR Plus 1.50%	-	5,585
Term loan 4	Note 7.2	half-yearly	Between 2011-2016	12,500	6 Months KIBOR Plus 1.50%	-	25,000
Term loan 5	Note 7.2	quarterly	Between 2012-2016	1,875	3 Months KIBOR Plus 1.50%	-	5,625
						551,563	106,522
Current portion of long term loans {Term loan 2 (31 December 2015: Term loan 3 to 5)}						(18,750)	(59,647)
						532,813	46,875

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

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

7.3 At the period-end, the applicable mark-up rate was between 7.9% to 9.3% per annum (31 December 2015: 8.1% to 9.0%).

7.4 Term loan 1 from a bank obtained during the period is repayable at different quarterly principal amounts between Rs. 32.4 million to Rs. 52.684 million from 30 June 2018 to 24 March 2021.

Singer Pakistan Limited

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

For the nine months period ended 30 September 2016

8. DEFERRED TAX - net

	Un-audited 30 September 2016	Audited 31 December 2015
	(Rupees in '000)	
Taxable temporary differences arising on:		
Revaluation of leasehold land and buildings	296,335	337,216
Accelerated tax depreciation on owned and leased assets	<u>21,889</u>	<u>30,346</u>
	318,224	367,562
Deductible temporary differences arising on:		
Provision for slow moving stock-in-trade	(8,186)	(11,275)
Provision for doubtful debts and other receivables	(58,834)	(74,595)
Provision for warranty obligations	(1,755)	(1,755)
Provision for employee retirement benefits	(4,734)	(4,277)
Tax losses	<u>(108,210)</u>	<u>(102,513)</u>
	(181,719)	(194,415)
Net deferred tax liability	<u>136,505</u>	<u>173,147</u>

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.

9. DEFERRED INCOME

The Company has entered in a sale and lease back arrangement of specific items of plant and machinery resulting in deferred income (representing excess of sales proceed over the carrying amount of respective assets) of Rs. 7.486 million, out of which Rs. 1.871 million (31 December 2015: Rs. 1.871 million) is classified in current liabilities, being the current portion of deferred income.

The deferred income will be amortized and recognised in the profit and loss account over the lease term. During the period Rs. 1.405 million (30 September 2015: Rs. 0.936) was amortized and recognised in the profit and loss account.

As per the term of the lease agreement, the amount is repayable in 48 monthly instalments of Rs. 0.39 million by 31 March 2019. The obligation carries mark-up at 6 months KIBOR plus 5% per annum.

10. TRADE AND OTHER PAYABLES

10.1 The changes in trade and other payables is mainly due to the increase in trade credit by Rs. 25.1 million, sales tax payable by Rs. 2.2 million and amount of Rs. 2.75 million due to a director of the Company (refer note 22.4).

10.2 This includes Rs 46.9 million (31 December 2015: Rs. 34.7 million) security deposits from field staff repayable on retirement, resignation or termination from service and carries interest at 5% (31 December 2015: 5%) per annum. These are held with banks.

11. SHORT TERM FINANCES - secured

	Un-audited 30 September 2016	Audited 31 December 2015
	----- (Rupees in '000) -----	
Short term running finance facilities under mark-up arrangements	811,536	1,026,768
Murahaba finance facilities under shariah arrangements	<u>280,000</u>	<u>294,900</u>
	1,091,536	1,321,668

11.1

11.1 This represents short term running finance and murahaba finance facilities available from various banks aggregating to Rs. 1,091.5 million (31 December 2015: Rs. 1,321.7 million), carrying mark-up rates ranging from 7.4% to 8.5% (31 December 2015: 7.5% to 9.1%) per annum. These arrangements are secured by way of hypothecation of stock-in-trade, trade debts and charge on property, plant and equipment of the Company.

Singer Pakistan Limited

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

For the nine months period ended 30 September 2016

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

There is no change in the status of contingencies as disclosed under note 13.1 and 13.2 of the annual financial statements of the Company for the year ended 31 December 2015, except under note 13.2 for 2% extra sales tax under Sales Tax Procedures Rules, 2007 which is estimated to amount Rs. 61.88 million as of the period end (31 December 2015: Rs. 50.74 million). Management based on the opinion of its tax advisor is of the view that decision is expected in its favour and as such no provision thereagainst has been made.

12.2 For tax related contingencies refer note 16 of this condensed interim financial information.

12.3 Commitments

Commitment in respect of capital expenditure (software development)	14,021	14,028
Commitment in respect of capital expenditure (plant and machinery)	23,707	-
Commitment under letters of credit (raw materials and components)	64,104	12,700
Commitment in respect of Ijarah lease rental for vehicles and plant and machinery	4,255	5,740

13. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

13.1 Details of the balances as at the reporting date were as follows:

Operating fixed assets	1,393,245	1,309,665
Transferred to Investment Property	(208,800)	-
Capital work-in-progress	13,095	334
	1,197,540	1,309,999

13.2 Leasehold land and buildings of the Company was revalued by an independent valuer in the 3rd quarter of 2016 which resulted in additional revaluation surplus of Rs. 62.159 million and Rs. 2.731 million respectively. The valuation was on the basis of the market value.

13.3 Following are the details of the cost of property, plant and equipment that have been added during the six months period ended 30 June 2016:

	Un-audited	
	Nine months ended 30 September 2016	Nine months ended 30 September 2015
	(Rupees in '000)	
Owned		
Vehicles	8,182	-
Furniture and equipment	726	857
Plant and machinery	66	2,409
Computers	701	-
Leasehold improvements	29,932	299
	39,607	3,565
Leased		
Plant and machinery	-	18,535
Capital work in progress-net	12,694	(2,101)

Singer Pakistan Limited

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

For the nine months period ended 30 September 2016

13.4 Following are the details of net book value of property, plant and equipment disposed off during the nine months period ended 30 September 2016.

	Un-audited	
	Nine months ended 30 September 2016	Nine months ended 30 September 2015
	(Rupees in '000)	
Owned		
Building on leasehold land	-	12,342
Plant and machinery	-	11,049
Vehicles	523	320
	523	23,711

14. INVESTMENT PROPERTY

	Cost		Fair Value	
	Un-audited 30 September 2016	Audited 31 December 2015	Un-audited 30 September 2016	Audited 31 December 2015
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Opening value	-	-	-	-
Transfer from Land & Buildings held to earn rental or capital appreciation	6,414	-	208,800	-
- Disposal of investment property	-	-	-	-
Closing value before revaluation	6,414	-	208,800	-
Fair value gain recognised in profit and loss account	-	-	-	-
Fair value as at	6,414	-	208,800	-

15. TRADE DEBTS AND OTHER RECEIVABLES

15.1 Retail Network

		Un-audited	Audited
		30 September 2016	31 December 2015
		----- (Rupees in '000) -----	
Considered good			
Hire purchase			
- Retail		638,666	819,025
- Institutional		160,944	212,260
	15.3	799,610	1,031,285
Unearned carrying charges		(29,421)	(38,149)
		770,189	993,136
Other receivables	15.4	241,223	144,253
		1,011,412	1,137,389
Considered doubtful		184,236	230,289
		1,195,648	1,367,678
Provision for doubtful debts and other receivables	14.4 & 14.5	(184,236)	(230,289)
		1,011,412	1,137,389

Singer Pakistan Limited

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

For the nine months period ended 30 September 2016

15.2 Wholesale

	Un-audited 30 September 2016	Audited 31 December 2015
	----- (Rupees in '000) -----	
Considered good		
Dealers	299,935	45,191
Considered doubtful	17,568	16,093
	<u>317,503</u>	<u>61,284</u>
Provision for doubtful debts	14.5	(16,093)
	<u>(17,568)</u>	<u>(16,093)</u>
	<u>299,935</u>	<u>45,191</u>

- 15.3 The remaining instalment period of above debts are generally for a period ranging from six months to twelve months carrying interest rates ranging between 6% to 32%.
- 15.4 Other receivables comprise of amounts recoverable from the current and former field employees amounting to Rs. 282.4 million (31 December 2015: Rs. 281.55 million) out of which Rs. 43 million (31 December 2015: Rs. 137.3 million) is considered as doubtful. Provision of Rs. 43 million has been made against this balance, net of securities and insurance claims available with the Company.
- 15.5 During the period the Company recognised a provision of Rs. 49.7 million net of securities available with the Company (nine months period ended 30 September 2015: Rs. 7.492 million) for doubtful debts net of reversal of Rs. 94.3 million (nine months period ended 30 September 2015: Nil) and write off of Nil (nine months period ended 30 September 2015: Rs. 7.418 million).

16. TAXATION

- 16.1 A Divisional Bench of the Sindh High Court (SHC) in May 2013 had held that where no tax is payable due to tax losses, minimum tax cannot be carried forward for adjustment against the future tax liability.

The Company considers that strong grounds are available whereby the aforesaid decision can be challenged and an appeal against the aforesaid decision has already been filed before the Supreme Court of Pakistan by other companies. In view of above, the Company is confident that the ultimate outcome in this regard would be favourable. Hence no provision in this respect amounting to Rs. 39.74 million (including Rs. 7.8 million for the current period) has been made in this condensed interim financial information. The management expects to adjust the above within the period permissible under the Income Tax Ordinance, 2001 (against the normal tax liabilities of those years).

- 16.2 The income tax assessments of the Company have been finalised up to and including the tax year 2007 where no matters are pending. 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 and 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 and deleted certain items. For these tax years while it has maintained the apportionment of expenses between FTR and NTR income, other income attributable to NTR income, bad debts written off against the NTR income, etc. appeal has been filed with Appellate Tribunal Inland revenue against these issues. Additional tax demand is Rs. 46.25 million. However, the Company 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. INVESTMENTS

This represents term deposit with commercial bank in respect of amounts retained from employees as security and required to be kept separately. As at 30 September 2016 the amounts are appearing in the cash and bank after maturity of term deposits. This carries mark-up at (31 December 2015: 6.1 % to 6.6%) per annum.

Singer Pakistan Limited

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

For the nine months period ended 30 September 2016

18. NET REVENUE

	Three months ended 30 September 2016	Nine months ended 30 September 2016	Three months ended 30 September 2015	Nine months ended 30 September 2015
	------(Rupees in '000)-----			
Sales	322,875	1,221,737	399,814	1,309,074
- Local				
	30,100	103,807	60,973	204,140
Earned carrying charges	352,975	1,325,544	460,787	1,513,214
	(37,039)	(144,392)	(50,546)	(156,638)
Sales tax	(27,638)	(92,820)	(34,917)	(105,082)
Commissions and discounts	(64,677)	(237,212)	(85,463)	(261,720)
	288,298	1,088,332	375,324	1,251,494

19. COST OF SALES

Opening stock - finished goods				
- own manufactured	174,697	176,014	230,907	243,845
- purchased for resale	29,792	60,723	39,797	46,037
Purchases - finished goods	61,973	220,205	66,145	234,055
Cost of goods manufactured	209,628	598,421	200,896	669,394
	476,090	1,055,363	537,745	1,193,331
Closing stock - finished goods				
- own manufactured	(277,266)	(277,266)	(223,091)	(223,091)
- purchased for resale	(24,797)	(24,797)	(31,838)	(31,838)
	174,027	753,300	282,816	938,402

20. OTHER INCOME

This includes net reversal of provision against trade debts and other receivable of Rs.13.2 million.

21. EARNING / (LOSS) PER SHARE - basic and diluted

Profit / (loss) for the period	9,427	(7,368)	(22,522)	(61,220)
	------(Number in '000)-----			
Weighted average number of ordinary shares	45,406	45,406	45,406	45,406
	------(Rupee)-----			
Earning / (loss) per share - basic and diluted	0.21	(0.16)	(0.496)	(1.35)

21.1 There was no convertible dilutive potential ordinary shares in issue as at reporting date.

Singer Pakistan Limited

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

For the nine months period ended 30 September 2016

22. CASH AND CASH EQUIVALENTS

	Un-audited	
	30 September 2016	30 September 2015
	----- (Rupees in '000) -----	
Cash and bank balances	* 83,592	66,874
Short term running finances - secured	** (811,536)	(1,003,562)
	<u>(727,944)</u>	<u>(936,688)</u>

* other then held in trust on behalf of the employees.

** corresponding figure includes running finance only and murabaha financing has been excluded for a more representative presentation.

23. 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 2016 with related parties other than those which have been disclosed elsewhere in this condensed interim financial information are as follows:

	Un-audited 30 September 2016	Un-audited 30 September 2015
	----- (Rupees in '000) -----	
Transactions		
Purchases of goods	23.1 <u>13,986</u>	<u>9,802</u>
Services obtained	23.1 <u>1,974</u>	<u>-</u>
Encashment of term deposit placement and accrued interest thereon	<u>-</u>	<u>(18,500)</u>
Interest earned on term deposit placement	<u>-</u>	<u>433</u>
Employee retirement benefits	23.2 <u>6,132</u>	<u>5,746</u>
Loan received from a director	23.4 <u>28,000</u>	<u>-</u>
Remuneration of key management personnel	23.3 <u>40232</u>	<u>29,362</u>
	<u>(Un-audited)</u>	<u>(Audited)</u>
	<u>30 September</u>	<u>31 December</u>
	<u>2016</u>	<u>2015</u>
	----- (Rupees in '000) -----	
Balance payable		
Payable against purchases of goods	23.1 <u>-</u>	<u>1,139</u>
Payable against services obtained	<u>-</u>	<u>468</u>
Employee retirement benefits - gratuity scheme	23.2 <u>24,195</u>	<u>22,345</u>
- pension scheme	23.2 <u>11,230</u>	<u>10,788</u>
- provident fund	23.4 <u>821</u>	<u>812</u>
Payable to a director	<u>252</u>	<u>-</u>
Dividend payable	<u>-</u>	<u>517</u>

Singer Pakistan Limited

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

For the nine months period ended 30 September 2016

- 23.1** Purchases of goods, materials and services are entered into at agreed prices.
- 23.2** 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.
- 23.3** Remuneration to the key management personnel are in accordance with their terms of employment.
- 23.4** Represents unsecured and interest free loan received and repayable to a director on demand.
- 24.** 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 September 2016

	Carrying Amount		Fair value
	Loans and receivables	Other financial assets (Rupees in '000)	Total
On-balance sheet financial and non-financial instruments			
Financial assets not measured at fair value			
Trade debts and other receivables	1,311,347	-	1,311,347
Deposit and other receivables	39,986	-	39,986
Investments (including mark up thereon)	-	-	-
Cash and Bank balance	123,760	859	124,619
	<u>1,475,093</u>	<u>859</u>	<u>1,475,952</u>

Singer Pakistan Limited
Notes to the Condensed Interim Financial Statements (Un-audited)
For the nine months period ended 30 September 2016

30 September 2016

	Carrying Amount			Fair value
	Loans and receivables	Other financial liabilities (Rupees in '000)	Total	Total
Financial liabilities not measured at fair value				
Long term loans - secured	-	551,563	551,563	-
Liabilities against assets subject to finance lease	-	20,298	20,298	-
Trade and other payables	-	363,209	363,209	-
Mark-up accrued on short term finances and long term loans	-	32,668	32,668	-
Short term finance - secured	-	1,091,536	1,091,536	-
	-	2,059,274	2,059,274	-

31 December 2015

	Carrying Amount			Fair value
	Loans and receivables	Other financial assets (Rupees in '000)	Total	Total
On-balance sheet financial and non-financial instruments				
Financial assets not measured at fair value				
Trade debts and other receivables	1,182,580	-	1,182,580	-
Deposit and other receivables	43,811	-	43,811	-
Investments (including mark up thereon)	36,230	-	36,230	-
Cash and Bank balance	74,868	1,372	76,240	-
	1,337,489	1,372	1,338,861	-

31 December 2015

	Carrying Amount			Fair value
	Loans and receivables	Other financial liabilities (Rupees in '000)	Total	Total
Financial liabilities not measured at fair value				
Long term loans - secured	-	106,522	106,522	-
Liabilities against assets subject to finance lease	-	25,482	25,482	-
Trade and other payables	-	344,890	344,890	-
Mark-up accrued on short term finances and long term loans	-	33,294	33,294	-
Short term finance - secured	-	1,321,668	1,321,668	-
	-	1,831,856	1,831,856	-

Singer Pakistan Limited
Notes to the Condensed Interim Financial Statements (Un-audited)
For the nine months period ended 30 September 2016

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.

25. ALL SHARES ISLAMIC INDEX SCREENING

All loans, advances, deposits and other receivables do not carry any mark-up. The bank balances are held in current accounts. Investment in term deposit has been placed with a conventional bank under mark-up arrangements.

26. OPERATING SEGMENTS

This condensed interim financial information have been prepared on the basis of single reportable segment.

26.1 Sales to domestic customers in Pakistan are 100% (30 September 2015: 100%) of the revenue during the nine months period ended 30 September 2016.

26.2 All non-current assets of the Company at 30 September 2016 are located in Pakistan.

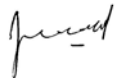
26.3 Sale to any single customer did not equal or exceed 10% of the Company's revenue during the nine months period ended 30 September 2016.

27. DATE OF AUTHORISATION

This condensed interim financial information were authorised for issue by the Board of Directors in their meeting held on 27 October 2016.



Chairman and Director



Chief Executive

SINGER[®]

IF UNDELIVERED, PLEASE RETURN TO
SINGER PAKISTAN LIMITED
PLOT NO. 39, SECTOR 19, KORANGI INDUSTRIAL AREA, KARACHI