

## **Singer Pakistan Limited** **Annual Report 1998**

**OVER 140 YEARS AGO  
SINGER  
CAPTURED THE  
SPIRIT OF INNOVATION.  
TODAY,**

**SINGER'S COMMITMENT TO R&D  
BRINGS TO PAKISTAN**

**\* A COMPLETE RANGE OF QUALITY PRODUCTS  
\* A NATION-WIDE SALES AND SERVICE  
\* EASY PAYMENT TERMS  
\* AFTER SALES SERVICE**

**SINGER\*  
YOUR FAMILY COMPANY**

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Statistical Summary

<b>Board of Directors</b>	Kamal Shah Rasheed Y. Chinoy Bashir Ahmed John Sutherland (Alternate: Roshan Ali Hamirani) Sinniah Ramanathan (Alternate: Badaruddin F. Vellani) Samir Ahmed U R Usmani
<b>Secretary</b>	Rizwan U1 Haq Khan
<b>Bankers</b>	Allied Bank of Pakistan Limited American Express Bank Limited ANZ Grindlays Bank Bank A1-Habib Limited Emirates Bank International PJSC Habib Bank Limited Hongkong & Shanghai Banking Corporation Muslim Commercial Bank Limited National Bank of Pakistan Orix Investment Bank Platinum Commercial Bank Limited Prime Commercial Bank Limited
<b>Auditors</b>	Khalid Majid Husain Rahman Chartered Accountants
<b>Registrar</b>	Gangjees Investment & Finance Consultants 513, Clifton Centre Kehkashan, Block-5 Clifton Karachi.
<b>Registered Office</b>	Plot No. 39, Sector 19 Korangi Industrial Area Karachi.
<b>Head Office</b>	A1-Haroon Building 3rd Floor 10 - Garden Road Karachi.

### **Notice of Meeting**

Notice is hereby given that the Thirty-Eighth Annual General Meeting of Singer Pakistan Limited will be held on Thursday, June 24, 1999, at 12.00 Noon at Beach Luxury Hotel, Karachi, to transact the following business:

#### **ORDINARY BUSINESS:**

1. To receive and consider the audited accounts of the company for the period

from January 4, 1998 to January 2, 1999 and the Reports of Directors and Auditors thereon.

2. To appoint auditors and to fix their remuneration.

3. To elect seven Directors for a period of three years with effect from 24th June, 1999 in place of the retiring Directors, namely:

Mr. Kamal Shah  
Mr. Rasheed Y Chinoy  
Mr. Bashir Ahmed  
Mr. U R Usmani  
Mr. Samir Ahmed  
Mr. John Sutherland  
Mr. Sinniah Ramanathan.

**SPECIAL BUSINESS:**

4. To approve the holding of office of profit by the Chief Executive and other whole time working Directors of the Company and to approve their remuneration.

5. To capitalize a sum of Rs 10,494,324 out of the reserves available for appropriation for the issuance of 1,049,432 bonus shares.

**Notes:**

1. The Share Transfer Books of the Company will be closed and no transfer of shares will be accepted for registration from Friday, June 11, 1999 to Thursday, June 24, 1999 (both days inclusive).

2. A Member, entitled to attend, speak and vote at the General Meeting is entitled to appoint another person as his/her proxy to attend, speak and vote instead of him/her and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the General Meeting as are available to the Member. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the Meeting. The proxy need not be a member of the Company.

3. Election of Directors shall take place in accordance with the provision of the Companies Ordinance 1984. The Directors have fixed the number of elected Directors at seven Directors.

4. Any person who seeks to contest election as a Director of the Company must file with the Company at its Registered Office a notice of his intention to offer himself for election. Such notice must be filed with the Company not later than fourteen (14) days before the date of the Annual General Meeting.

5. Members are requested to notify us immediately of any change in their Registered Address currently available with us.

6. A statement under Section 160 (1) (b) of the Companies Ordinance 1984 relating to special business is being sent to the members along with a copy of the notice.

7. The Registered Office of the Company is located at Plot No.39, Sector 19, Korangi Industrial Area, Korangi, Karachi.

By Order of the Board

Karachi  
Dated: May 17,1999

**Rizwan UI Haq Khan**  
Company Secretary

**Statement under Section 160 of the Companies Ordinance, 1984**

This statement sets out the material facts concerning the Special Business to be transacted at the Thirty-eighth Annual General Meeting of Singer Pakistan Limited to be held on Thursday, June 24, 1999.

**ITEM NO. 4 - REMUNERATION OF CHIEF EXECUTIVE AND WORKING DIRECTORS**

The approval of the Shareholders of the Company will be sought for the remuneration payable to the Chief Executive and other Working Directors (including Alternate Directors) of the Company in accordance with their terms & conditions of service and for the holding of their respective office of profit in the Company. For this purpose, it is proposed that the following Resolution be passed as an Ordinary Resolution, namely:

**RESOLVED THAT:**

The Chief Executive and other working Directors (including Alternate Directors) of the Company be and are hereby authorised to hold their respective offices of profit as executives of the Company under their respective contracts of service and that they be allowed benefits arising under their respective contracts of service and the applicable service rules of the Company and that they be paid by way of remuneration, exclusive of allowances, perquisites and retirement benefits to which they are entitled under their respective contracts of service and applicable service rules, such sums as the Directors may determine not exceeding in the aggregate the sum of Rupees 8.5 million during the year ending December 31, 1999 and for the remainder of their term aggregate sums per annum not exceeding the said amount as increased by twenty-five percent per annum.

**FURTHER RESOLVED THAT:**

In the event of any of the aforesaid offices of profit falling vacant, the approval hereby given shall be equally applicable to any other person appointed to fill such vacancy.

#### **ITEM NO. 5 - CAPITALIZATION FOR ISSUE OF BONUS SHARES**

In order to meet increased Working Capital requirements of the company, the Directors consider it advisable to capitalize a sum of Rs 10,494,324 out of the reserves available for appropriation for the period from January 4, 1998 to January 2, 1999 for the issue of Bonus Shares.

The Bonus Shares to be issued will be in the proportion of one ordinary share for every five Ordinary Shares held by Members registered with the Company as at June 24, 1999. Accordingly, it is proposed to pass the following Resolution as an Ordinary Resolution:

#### **RESOLVED THAT:**

1. A sum of Rs 10,494,324 out of the reserves available for appropriation for the period from January 4, 1998 to January 2, 1999 be capitalized and applied for making payment in full of 1,049,432 Ordinary Shares of Rs 10/- each and that the said shares be allotted as fully paid Ordinary Shares to the Members of the Company whose names appear on the Register of Members as at the close of business on June 24, 1999, in the proportion of one Bonus Share for every five shares then held and that such Bonus Shares shall rank pari passu as regards future dividends and in all other respects with the existing Ordinary Shares of the Company.

2. In the event of any member becoming entitled to a fraction of a share, the Directors be and are hereby authorized to consolidate all such fractions and sell the shares so constituted in the Stock Market and to pay the proceeds thereof to the members entitled to the fraction in proportion to their respective entitlements.

3. For the purpose of giving effect to this Resolution, the Directors be and they are hereby authorized to do and caused to be done all acts, deeds and things that may be necessary and to settle any question or difficulties that may arise in regard to the allotment and the distribution of the said Bonus Shares as they think fit.

#### **Report of the Directors for the period from January 4, 1998 to January 2, 1999**

The Board of Directors have pleasure in presenting the Annual Report with Audited Accounts for the period from January 4, 1998 to January 2, 1999.

#### **FINANCIAL REVIEW**

Market conditions during 1998 were very difficult amid recessionary conditions and shrinking consumer purchasing power. The devaluation of Pakistan Rupee and irregular import of appliances further affected our sales adversely. The requirement of margins to be deposited with Banks to open letter of credit resulted in an increase in the working capital needs of the Company which placed additional pressure on cash flow.

Sales for the year under review decreased from Rs. 605.6 million to Rs. 561.4 million, a decrease of 7.3%. The reduction in Sales was both in sewing machine and Appliances, other than colour television. Despite decreased sales, the operating profit for the year under review is higher by 4.5% as compared to the previous year mainly due to strict controls on administrative and selling expenses and the implementation of additional and on going cost reduction programmes.

Profit after Taxation remained at the same level as last year after absorbing financial cost and charge for taxation. The financial cost shows a decrease due to prudent utilization of borrowed funds.

#### **SEWING MACHINES**

Due to tough competition from the unorganized sector and irregular imports the sewing machine market remained under pressure throughout 1998. The Straight Stitch sewing machine business showed marginal improvement due to some bulk orders. Sales of high value Zig Zag sewing machines showed a decline of 11% in the year 1998 due to shrinking purchasing power. Sale of sewing machines in 1998 was Rs 104.5 million as against Rs 112.3 million in the previous year, a decline of 6.9% which is due to recessionary trend.

#### **APPLIANCES**

Sales of appliances during the year reduced by 6% from Rs. 414.7 million to Rs. 389.8 million. This is mainly due to reduction in sales of locally produced Refrigerators and Gas Appliances. However sales of Colour Television increased during 1998. The overall market for appliances remained depressed during the year.

#### **GOODS PURCHASED FOR RE-SALE**

Overall sales of goods purchased for resale declined from Rs 78.6 million to Rs 67.1 million, a reduction of 14.63%. This is mainly due to reduction in sales of Knitting Machines, Industrial Sewing Machines and other appliances. However, sales of imported Refrigerators increased over last year due to reduction in import duties.

#### **DIRECTORS**

During the period since the last Report of the Directors Mr. Mark McGuiness, Mr. James Yuan, Mr. Glenn William Gibson and Mr. Razi Ur Rehman Khan resigned and Mr. Sinniah Ramanathan, Mr. John Sutherland and Mr. Samir Ahmed were appointed as Directors of the Company.

Mr. Kamal Shah, Mr. Rasheed Y Chinoy, Mr. Bashir Ahmed, Mr. U R Usmani, Mr. Samir Ahmed, Mr. John Sutherland, Mr. Sinniah Ramanathan, being all the present Directors of the company retire on June 6th, 1999. Consequently, a new Board of Directors is required to be elected at the thirty-eighth Annual General Meeting for a term of three years.

In compliance with Section 178(1) of the Companies Ordinance 1984, the number of Directors to be elected, has been fixed by your Board at seven Directors.

**YEAR 2000**

All necessary arrangements have been made to face any potential threat that may arise due to Y2K problem. All core software that were not Year 2000 compliant are being modified and steps are being taken to ensure that all software are Year 2000 compliant before year end.

**FUTURE OUTLOOK**

We plan to focus around our key objectives of building up a strong demand for our core products, i.e., Sewing Machines and Appliances, through effective marketing and widening of our distribution channels. We expect increased sales of Colour Television with improved utilization of our television plant capacity.

**PROFITABILITY AND APPROPRIATION**

The profit and proposed appropriation for the year is as follows:

	(Rs. in Million)	
	1998	1997
Profit after Tax	7.125	7.862
Unappropriated Profit brought forward	1.097	1.981
	-----	-----
Profit available for appropriation	8.222	9.843
Appropriation:		
Transfer from General Reserve	2.500	-
Transfer to Reserve for issue of bonus shares	(10.494)	(8.746)
	-----	-----
Unappropriated profit carried forward	228	1.097
	=====	=====

**DIVIDENDS/BONUS ISSUE**

The Board has recommended that no cash dividend be paid for the period ended January 2, 1999. The Board has however proposed that a Bonus issue in the proportion of one share for every five shares of Rs 10/- each be made to all Members whose names appear on the Register of Members on June 24, 1999, out of the reserves available for appropriation for the period under review.

**HUMAN RESOURCES**

Management and employees relations continued to remain cordial. The two years agreement with workers expired on 31st December 1998. The management has commenced negotiations with the Collective Bargaining Agent. These negotiations are being held in a cordial atmosphere.

Management Development programmes to improve employees professional skills and knowledge continued during the year for all levels of management.

The Board of Directors would like to take this opportunity to express their appreciation for the hard work and dedication of the employees of the Company.

**SOCIAL RESPONSIBILITIES**

The Company continues to fulfill its social responsibilities largely by supporting training classes in sewing, designing and knitting to enable average income groups to earn extra income.

**AUDITORS**

The Auditors, Messrs Khalid Majid Husain Rahman retire and offer themselves for reappointment for the year 1999.

**PATTERN OF SHARE HOLDING**

A statement showing the pattern of holding of shares by the shareholders of Singer Pakistan Limited as at January 2, 1999 is annexed to this report.

**HOLDING COMPANY**

Singer VIII BV Netherland holds 70% issued share capital of Singer Pakistan Limited.

**GENERAL**

During the period from end of the financial year of the Company to which the Balance Sheet relates and the date of this report, there have been no material commitments made and no changes have occurred which materially affect the financial position of the Company.

On behalf of the Board

Karachi  
Dated: May 17, 1999.

**KAMAL SHAH**  
Chairman

**Pattern of holding of shares held by the Shareholders of Singer Pakistan Limited as at January 2, 1999**

Shareholding			
Number of	From	To	Total Shares

Shareholders		held	
213	1	100	9,331
301	101	500	78,674
38	501	1000	26,013
43	1001	5000	83,373
5	5001	10000	32,934
1	10001	15000	12,524
1	70001	75000	74,100
1	145001	150000	150,000
1	170001	175000	173,268
1	180001	185000	181,868
1	745001	750000	748,543
1	3675001	3680000	3,676,534
-----		-----	
607			5,247,162
=====		=====	

### Categories of Shareholders as at January 2, 1999

Categories of Shareholders	Number	Shares held	Percentage
1. Individuals	593	587,618	11.20
2. Investment Companies	4	907,411	17.29
3. Joint Stock Companies	5	75,335	1.44
4. Modaraba Companies	1	150	0.00
5. Associated Companies	3	114	0.00
6. Holding Companies	1	3,676,534	70.07
	-----	-----	-----
	607	5,247,162	100.00
	=====	=====	=====

### Auditors Report To The Members

We have audited the annexed balance sheet of SINGER PAKISTAN LIMITED as at January 2, 1999 and the related profit and loss account and the statement of changes in financial position (cash flow statement), together with the notes forming part thereof, for the period then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit and, after due verification thereof, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the period was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and the statement of changes in financial position (cash flow statement), together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at January 2, 1999 and of the profit and the changes in financial position for the period then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Karachi  
Dated: May 17, 1999

**KHALID MAJID HUSAIN RAHMAN**  
CHARTERED ACCOUNTANTS

### Balance Sheet as at January 2, 1999

Note	(Rs. in '000)	
	1998	1997
<b>SHARE CAPITAL AND RESERVES</b>		
<b>Share Capital</b>		
Authorised		
15,000,000 (1997: 15,000,000) ordinary shares of Rs. 10 each	150,000	150,000
	=====	=====

Issued, subscribed and paid-up	4	52,472	43,726
<b>Reserves</b>	5	138,248	139,869
		190,720	183,595
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>	6	29,153	29,153
<b>LONG TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASE</b>	7	11,801	15,874
<b>DEFERRED LIABILITIES</b>	8	1,890	8,248
<b>LONG TERM DEPOSITS</b>	9	5,809	5,387
<b>CURRENT LIABILITIES</b>			
Current maturity of long-term loans and obligations under finance lease	7.1 & 7.2	4,663	12,297
Short-term loans - secured	10	-	74,260
Finance under mark-up arrangements - secured	11	265,450	210,848
Creditors, accrued and other liabilities	12	74,587	98,752
Unclaimed Dividend		626	637
Taxation	13	2,445	2,594
		347,771	399,388
<b>CONTINGENT LIABILITIES AND COMMITMENTS</b>	14		
		587,144	641,645

The annexed notes form an integral part of these financial statements.

		(Rs. in '000)	
	Note	1998	1997
<b>TANGIBLE FIXED ASSETS</b>			
Operating fixed assets	15	90,439	99,929
Capital work-in-progress	16	--	661
		90,439	100,590
<b>LONG-TERM DEPOSITS AND PREPAYMENTS</b>	17	6,353	7,753
<b>DEFERRED COST</b>	18	1,429	2,800
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	19	6,865	8,640
Stock-in-trade	20	172,434	188,932
Trade debts	21	216,550	244,085
Advances, deposits, prepayments and other receivables	22	70,492	68,576
Cash and bank balances	23	22,582	20,269
		488,923	530,502
		587,144	641,645

**KAMAL SHAH**  
CHIEF EXECUTIVE

**RASHEED Y. CHINYOY**  
DIRECTOR

**Profit and Loss Account**  
**For the period from January 4, 1998 to**  
**January 2, 1999**

		(Rs. in '000)	
	Note	1998	1997
Sales - net	24	561,433	605,560
Cost of goods sold	25	466,104	508,177
Gross profit		95,329	97,383
Administrative and selling expenses	26	63,384	66,824
Operating profit		31,945	30,559
Earned carrying charges		34,741	35,805
Other income	27	66,686	66,364
		2,402	7,191
		69,088	73,555
Financial charges	28	55,938	60,007
Other charges	29	2,648	3,092
		58,586	63,099

Profit before taxation	10,502	10,456
Taxation		
Current	2,445	2,594
Deferred	932	--
	-----	-----
	3,377	2,594
	-----	-----
Profit after taxation	7,125	7,862
Unappropriated profit brought forward	1,097	1,981
	-----	-----
Profit available for appropriation	8,222	9,843
Appropriation:		
Transfer from general reserve	2,500	--
Transfer to reserve for issue of bonus shares	(10,494)	(8,746)
	-----	-----
Unappropriated profit	228	1,097
	=====	=====

The annexed notes form an integral part of these financial statements.

**KAMAL SHAH**  
CHIEF EXECUTIVE

**RASHEED Y. CHINYOY**  
DIRECTOR

**Statement of Changes in Financial Position  
(Cash Flow Statement) For the period from  
January 4, 1998 to January 2, 1999**

	(Rs. in '000)	
	1998	1997
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash (used in)/generated from operations (Note 31)	(15,757)	45,116
Tax paid	(19,303)	(24,226)
Deferred liabilities	(6,358)	(4,471)
	-----	-----
Net cash (used in)/from operating activities	(41,418)	16,419
Cash flows from investing activities		
Acquisition of fixed assets	(2,133)	(10,452)
Proceeds from sale of fixed assets	1,158	3,615
	-----	-----
Net cash used in investing activities	(975)	(6,837)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long-term loans and obligations under finance lease	328	4,579
Repayment of long-term loans and obligations under finance lease	(12,035)	(27,975)
Long-term deposits and prepayments	1,400	525
Dividend paid	(11)	(16,756)
Security deposits from employees	422	487
	-----	-----
Net cash used in financing activities	(9,896)	(39,140)
	-----	-----
Net (decrease) in cash and cash equivalents	(52,289)	(29,558)
Cash and cash equivalent at the beginning of the period	(190,579)	(161,021)
	-----	-----
Cash and cash equivalent at the end of the period (Note 32)	(242,868)	(190,579)
	=====	=====

The annexed notes form an integral part of these financial statements.

**KAMAL SHAH**  
CHIEF EXECUTIVE

**RASHEED Y. CHINYOY**  
DIRECTOR

**Notes to the Financial Statements for the period  
from January 4, 1998 to January 2, 1999**

**1. STATUS AND NATURE OF BUSINESS**

Singer Pakistan Limited is incorporated in Pakistan as a public limited company and its shares are quoted on the Karachi and Lahore Stock Exchanges. The Company is principally engaged in manufacturing, assembling and sale of sewing machines, domestic consumer appliances and other light engineering products, and trading in other electric and domestic consumer appliances.

**2. PERIOD OF FINANCIAL STATEMENTS**

These financial statements in substance cover the year 1998. The period of financial statements comprise the week commenced in the year 1998 from January 4, 1998 to the week ended in the year 1999 on January 2, 1999 (1997: January 1, 1997 to January 3, 1998).

**3. ACCOUNTING POLICIES**

**3.1 Accounting convention**

These financial statements are prepared under the historical cost convention as modified by the value assigned to a property as stated in note 5.1 and revaluation of the leasehold land and building as stated in note 15.

### **3.2 Staff retirement benefits**

#### **(a) Gratuity**

The Company operates a funded gratuity scheme covering all employees whose period of service with the Company is five years or more. Annual provision, made on the basis of actuarial valuation, is charged to income currently.

#### **(b) Pension scheme**

The Company operates a funded pension scheme which covers all its permanent executives including working directors and managers. Provision under the scheme, made on the basis of actuarial valuation, is charged to income currently.

The latest actuarial valuation of the gratuity and pension fund schemes were carried out in 1998 using the "Projected Unit Credit Actuarial Cost Method".

(c) The Company also operates a provident fund scheme covering all permanent employees. Monthly contributions of the Company are charged to income currently.

### **3.3 Taxation**

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account any applicable tax credits.

The Company accounts for deferred taxation on all major timing differences using the liability method. The net deferred tax debit balance, if any, is not recognised in the financial statements.

### **3.4 Fixed assets**

(a) Operating fixed assets are stated at cost, value assigned to exchanged property or revalued amounts less accumulated depreciation.

(b) Capital work-in-progress is stated at cost. These costs include financial and pre-operating expenses relating to specific project which are transferred to operating assets as and when assets are available for use.

(c) The Company accounts for operating assets obtained under finance lease by recording the assets and related liability. The amounts are determined at the lower of fair value of assets and the present value of minimum lease payments. Financial charges are allocated to accounting period in a manner so as to provide a constant periodic rate of charge on outstanding liability.

(d) Depreciation on operating assets including exchange difference is calculated by applying straight line method at the rates specified in note 15. In case of additions/disposals, depreciation for six months is charged in the year of addition/disposal.

(e) Maintenance and normal repairs are charged to income as and when incurred.

(f) Gains and losses on disposal or retirement of assets are included in the income currently.

### **3.5 Deferred cost**

On new projects, the start up and pre-operating costs are deferred and are amortized on the basis of units produced, subject to a maximum period of five years.

### **3.6 Stores, spares and loose tools**

These are valued at cost determined on a first-in-first-out basis.

### **3.7 Stock-in-trade**

These are valued at the lower of cost determined on first-in-first-out basis and net realisable value. In case of work-in-process and manufactured goods, cost include direct material, labour and appropriate production overheads. Net realisable value represents sale price less costs which are necessary to be incurred for making the sale. Adequate provision is made for obsolescence of stock.

### **3.8 Trade debts**

Known bad debts are written off and provisions are made against debts considered doubtful.

### **3.9 Foreign currencies**

Transactions denominated in foreign currency are recorded in Pak Rupees at exchange rate prevailing at the date of transaction. Assets and liabilities in foreign currencies are translated into rupees at the rates of exchange prevailing at the balance-sheet date except the liabilities covered by forward exchange contracts where the respective contract rate is applied.

Exchange differences arising on foreign currency transactions/translation are charged/credited to income currently except exchange difference on devaluation of Pak Rupee in 1972 which was capitalized.

### **3.10 Revenue recognition**

Sales are recorded on despatch of goods.

Earned carrying charges are recognized as income in proportion to the amounts collected from the hire purchase installments receivables.

Regular custom-duty and sales-tax refunds and insurance claims are recorded when claims are filed. Other claims are recognized on realization basis.



**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

**Fully paid-up Ordinary shares**

of Rs. 10 each			(Rs. in '000)	
	1997	1998	1998	1997
	2,272,634	2,272,634 issued for cash	22,726	22,726
	703,733	703,733 issued for consideration other than cash	7,037	7,037
	1,396,268	2,270,795 issued as bonus shares	22,709	13,963
	4,372,635	5,247,162	52,472	43,726

Singer VIII B.V. Netherland, the parent company holds 3,676,534 ordinary shares of Rs. 10 each (1997:3,063,779 ordinary shares of Rs. 10 each).

**5. RESERVES**

	(Rs. in'000)	
	1998	1997
<b>Capital reserves</b>		
Share premium	19,689	19,689
Other (Note 5.1)	5,000	5,000
	24,689	24,689
<b>Revenue reserves</b>		
General reserves	105,337	105,337
Transferred to profit and loss account	(2,500)	--
	102,837	105,337
Reserve for issue of bonus shares		
Opening balance	8,746	--
Transferred from profit and loss account	10,494	8,746
Transferred to share capital	(8,746)	--
	10,494	8,746
Unappropriated profit	228	1,097
	138,248	139,869

5.1 This represents the value assigned to the shop, acquired by the company in exchange for a shop which was occupied by the Company on rent during the year ended December 31, 1993.

**6. SURPLUS ON REVALUATION OF FIXED ASSETS**

Surplus on revaluation of fixed assets (Notes 15.1 & 15.2)	29,750	29,750
Diminution in value of trademarks, patents and designs	(597)	(597)
	29,153	29,153

**7. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASE**

Long-term loans - secured (Note 7.1)	--	--
Obligations under finance lease (Note 7.2)	11,801	15,874
	11,801	15,874

**7.1 Long-term loans- secured**

	(Rs. in'000)	
	1998	1997
Loan from Emirates Bank International Ltd.	--	8,333
Less: Current maturity	--	8,333
	--	--

The Company had obtained a loan from Emirates Bank International Ltd. of Rs. 25 million which represents "sale price" of the agreement with a corresponding purchase price of Rs. 35 million. A rebate of Rs. 2 million shall be available to the Company, if all installments are paid on due dates. The loan is secured by a pari passu charge over the present and future fixed assets of the Company. The loan carried interest @ 16 percent per annum and is payable in three equal annual installments commencing from November 20, 1996, one year from the drawdown date. This Loan has since been repaid.

**7.2 Obligations under finance lease**

7.2.1 The aggregate future minimum lease payments to which the Company is committed

under the various lease agreements and the period in which they will become due, are as follows:

**Year**

1998	--	7,551
1999	7,550	7,356
2000	7,002	6,702
2001	5,018	4,802
2002	2,814	2,687
2003	66	--
	-----	-----
	22,450	29,098
Less: Financial charges allocated to future periods	5,986	9,260
	-----	-----
	16,464	19,838
Less: Current maturity	4,663	3,964
	-----	-----
	11,801	15,874
	=====	=====

7.2.2 The Company has acquired machinery, vehicles, moulds and drilling machines under various lease agreements. The installments are payable monthly/quarterly commencing on various dates. Financing rates of 16.5 to 22.0 percent per annum have been used to arrive at a constant periodic financial charge over the terms of the leases.

	(Rs. in '000)	
	1998	1997
<b>8. DEFERRED LIABILITIES</b>		
Gratuity	3,261	6,452
Pension	(2,303)	1,796
Deferred tax	932	--
	-----	-----
	1,890	8,248
	=====	=====

**9. LONG TERM DEPOSITS**

These represent deposits from employees repayable on retirement, resignation or termination from services and carry interest at 9 percent per annum payable semi-annually.

**10. SHORT TERM LOAN - secured**

Lender	1998 (US\$ in '000)	1997 (US\$ in '000)	1998 (Rs. in '000)	1997 (Rs. in '000)	Repayment
The Sakura Bank Ltd., Duesseldorf	--	500	--	20,210	January 9, 1998
The Sakura Bank Ltd., Duesseldorf	--	1,000	--	44,050	June 16, 1998
Emirates Bank International Ltd	--	--	--	10,000	June 27, 1998 and December 29, 1998
	-----	-----	-----	-----	
	--	1,500	--	74,260	
	=====	=====	=====	=====	

The two foreign currency loans from Sakura Bank Ltd. were repayable six monthly and were secured by pari passu hypothecation of stock-in-trade and book debts, and carried rate of interest at 1% above 6 months LIBOR. These were obtained for working capital requirements under State Bank of Pakistan repatriation guarantee. These loans have since been repaid.

The Company obtained a local currency loan from Emirates Bank International Limited, which was payable in two equal installments at a rate of 17.5%. The loan was secured by pari passu charge over present and future fixed assets of the Company which was repaid during the year.

**11. FINANCE UNDER MARK-UP ARRANGEMENTS - SECURED**

The Company uses the facilities of short-term finances from various banks under mark-up arrangements aggregating to Rs. 309.97 million (1997: Rs. 237.50 million), carrying average mark-up rate of 17.29% per annum, which represents the aggregate of sale prices of all mark-up arrangements with corresponding purchase prices of Rs. 391.19 million (1997: Rs. 293.30 million) excluding prompt payment rebate of Rs. 29.36 million (1997: Rs. 17.72 million). The purchase prices are payable on various dates latest by December 31, 1999.

The mark-up represented by the difference between the purchase price and sale price is recognised on a proportionate basis.

The prompt payment rebates, due under these arrangements, are subject to payment of purchase price by dates specified in the arrangements. These arrangements are secured by hypothecation of stock-in-trade and book debts.

	(Rs in '000)	
	1998	1997
<b>12. CREDITORS, ACCRUED AND OTHER LIABILITIES</b>		
Trade creditors (Notes 12.1 & 12.2)	46,290	67,973
Accrued liabilities	6,924	11,611
Due to related parties (Note 12.3)	1,892	1,892

Advances from customers	9,479	8,953
Interest on secured loans	194	644
Mark-up on finances under mark-up arrangements	9,109	7,102
Workers' profit participation fund (Note 12.4)	572	566
Workers' welfare fund	127	11
	-----	-----
	74,587	98,752
	=====	=====

12.1 Creditors include usance bills aggregating to Rs. 26,958 million (1997: Rs. 38,761 million).

12.2 Creditors and accrued expenses include payable to associated undertakings amounting to Rs. 3,496 million (1997: Rs. 9,130 million).

12.3 This represents amount payable to Singer Sewing Machine Company Rs. 1,079 thousand (1997: Rs. 1,079 thousand) and Singer VIII B.V Netherlands Rs. 813 thousand (1997: Rs. 813 thousand).

#### 12.4 WORKERS' PROFIT PARTICIPATION FUND

	(Rs. in '000)	
	1998	1997
Opening balance	566	3,094
Add: Allocation for the period	559	552
Interest provided during the period	60	644
	-----	-----
	1,185	4,290
Less: Paid during the period to		
- workers	530	1,497
- workers welfare fund	83	2,227
	-----	-----
	613	3,724
	-----	-----
	572	566
	=====	=====

#### 13. TAXATION

The income-tax assessments of the Company have been finalised upto and including assessment year 1996-97. In respect of certain assessment years, there are appeals pending with appellate authorities. However, in the opinion of income tax consultants of the Company, a significant income tax liability will not arise in case of the decisions not in favour of the Company.

#### 14. CONTINGENT LIABILITIES AND COMMITMENTS

14.1 There are certain pending law suits initiated by and against the Company concerning shop leases and ex-employees. However, in the opinion of the legal advisors, no significant liability will arise in case of adverse decisions.

14.2 Commitments in respect of letters of credit outstanding at the period end amount to Rs. 21,325 million (1997: Rs. 15,956 million).

#### 15. OPERATING ASSETS

Note	(Rs. in '000)										
	COST/ASSIGNED VALUE/ REVALUATION				DEPRECIATION				BOOK VALUE		
	As at January 4, 1998	Additions/ *transfer/ **adjustment during the year	Deletions/ *transfer/ **adjustment during the year	As at January 2, 1999	As at January 4, 1998	For the year/ *transfer **adjustment	On deletions/ *transfer/ **Adjustment	As at January 2, 1999	As at January 2, 1999	Depreciation rate %	
<b>Owned assets</b>											
Leasehold land	15.1	18,890	--	--	18,890	1,827	203	--	2,030	16,860	1
Buildings on leasehold land	15.2	33,236	25	--	33,261	9,819	1,349	--	11,168	22,093	3 & 6.67
Leasehold improvements		4,745	--	--	4,745	2,333	377	--	2,710	2,035	10
Plant and machinery		83,977	1,457	(114)	85,320	51,682	4,674	(114)	56,242	29,078	8.33
Furniture and equipment		8,389	716	--	9,105	5,136	649	--	5,785	3,320	10
Computer software		573	244	--	817	544	61	--	605	212	20 & 50
Vehicles		1,860	24	(1,026)	858	1,601	219	(1,026)	794	64	25
		-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
		151,670	2,466	(1,140)	152,996	72,942	7,532	(1,140)	79,334	73,662	
<b>Leased assets</b>											
Vehicles		11,121	328	(545)	10,904	3,431	2,175	(545)	5,061	5,843	20
Machinery		16,373	--	--	16,373	4,911	1,956	--	6,867	9,506	8.33 & 20
Computer		3,103	--	--	3,103	931	621	--	1,552	1,551	20
		-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

	30,597	328	(545)	30,380	9,273	4,752	(545)	13,480	16,900
Additional depreciation	--	--	--	--	123	--	--	123	(123)
January 2,1999	182,267	2,794	(1,685)	183,376	82,338	12,284	(1,685)	92,937	90,439
January 3,1998	176,904	10,177	(4,428)	182,267	75,673	10,019	(3,354)	82,338	99,929
		12,290	*(12,290)			*11,929	*(11,929)		
			***(386)						

Additions to Building, Plant and Machinery includes borrowing cost capitalized during the period amounting to Rs. Nil (1997: Rs.3.9 million).

15.1 The leasehold land was initially revalued in 1983 and the revaluation surplus of Rs. 4.85 million was credited to surplus on revaluation of fixed assets account (note 6). This leasehold land was again revalued in 1989, on the basis of depreciated replacement cost valuation undertaken by M/S Iqbal A. Nanjee & Company and the surplus of Rs. 13.69 million has been credited to surplus on revaluation of fixed assets account (note 6).

15.2 The company had revalued buildings on leasehold land by capitalising the conversion difference of Rs. 1.38 million arising on devaluation of Pak Rupee in 1972. The buildings on leasehold land were again revalued in 1989, on the basis of depreciated replacement cost valuation undertaken by M/S Iqbal A. Nanjee & Company and a surplus of Rs. 11.21 million has been credited to surplus on revaluation of fixed assets account (note 6). In addition, this also includes property indicated in note 5.1.

15.3 Depreciation on leasehold land and buildings for the whole period has been calculated on the basis of the depreciated replacement cost as determined by the valuer in 1989.

15.4 Had there been no revaluation, as stated in notes 15.1 and 15.2, the related figures of leasehold land and buildings on leasehold land would have been as follows:

	(Rs. in '000)		
	Cost	Accumulated depreciation	Written down value
Leasehold land	853	481	372
Buildings on leasehold land	5,192	3,305	1,887
	6,045	3,786	2,259
1997	6,045	3,622	2,423

15.5 Depreciation for the period has been allocated as follows:

	Note	(Rs. in'000)	
		1998	1997
Cost of goods manufactured	25.1	8,907	7,177
Administrative and selling expenses	26	3,377	2,842
		12,284	10,019

15.6 Disposal of fixed assets

	Original Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of purchasers
<b>Owned assets</b>							
<b>Vehicles</b>							
Suzuki Khyber	195	195	--	117	117	Tender	Mr. A. Ghaffar (Employee) 3-A/208, Landhi, Karachi.
Suzuki Khyber	144	144	--	120	120	Tender	Mr. Insha-ur-Rehman R-377, 15/B18, Ali Pur Sector Buffer Zone, Karachi.
Suzuki Khyber	144	144	--	127	127	Tender	Mr. Khalil-ur-Rehman 18, Ali Pur House, Ratan Street, Ratan Taloo, Karachi.
Suzuki Swift	193	193	--	92	92	Tender	Mr. Abdul Salam B-6/12, Gulberg, F.B. Area Karachi.
Suzuki Swift	184	184	--	150	150	Tender	Mr. Shahzad Rashid (Employee) B-164, Block N North Nazimabad, Karachi.
Suzuki Bolan	154	154	--	127	127	Tender	Mr. Khalil-ur-Rehman 18, Ali Pur House, Ratan Street,

Ratan Taloo, Karachi.

Honda Motorcycle	12	12	--	7	7	Tender	Mr. Abdul Hamid 12/13, Chawk Tali Mori Rawalpindi Cantt.
	1,026	1,026	--	740	740		
<b>Plant and Machinery</b>							
Production Machinery	114	114	--	89	89	Negotiation	MNH Engineering Metal Works B-492. S-33/E, Korangi No. 2 Karachi.
	1,140	1,140	--	829	829		
<b>Leased assets</b>							
<b>Vehicles</b>							
Suzuki Khyber	286	286	--	155	155	Tender	Mr. Mohammad Yasir K-1-2_1/17, Mohd. Khan Road Memon Society, Khadda Market, Karachi.
Suzuki Khyber	259	259	--	174	174	Tender	Mr. Imran Siddiqui Flat No.6, Plot BC 676 Aziz Apartment, Landhi, Karachi.
	545	545	--	329	329		
	1,685	1,685	--	1,158	1,158		

#### 16. CAPITAL WORK-IN-PROGRESS

	(Rs. in '000)	
	1998	1997
Plant and machinery	--	600
Furniture and equipment	--	61
	--	661

#### 17. LONG-TERM DEPOSITS AND PREPAYMENTS

Deposits		
- Lease facilities	870	1,672
- Others	3,987	3,997
	4,857	5,669
Prepaid rentals	1,496	2,084
	6,353	7,753

#### 18. DEFERRED COST

Opening balance	2,800	3,925
Less: Amortization during the period	(1,371)	(1,125)
	1,429	2,800

18.1 This represents pre-operating expenditure incurred on television and standardization of Straight Stitch Machines projects which is amortized as stated in note 3.5

#### 19. STORES, SPARES AND LOOSE TOOLS

Stores	1,598	2,248
Spares	2,458	2,558
Loose tools	2,809	3,834
	6,865	8,640

	(Rs. in '000)	
	1998	1997
<b>20. STOCK-IN-TRADE</b>		
Raw material	24,369	35,449
Raw materials-in-transit	24,019	23,440
	48,388	58,889
Work-in-process	33,030	27,022
Finished goods	92,996	104,486

Note

		174,414	190,397
		(1,980)	(1,465)
Provision for slow moving/obsolete items		172,434	188,932
<b>21. TRADE DEBTS</b>			
Considered good			
Trade receivable - unsecured	21.1	82,224	100,179
Installments receivable			
Hire purchases - secured		59,511	57,544
Others - Unsecured		96,603	105,803
		156,114	163,347
Less: Unearned carrying charges		(21,788)	(19,441)
		134,326	143,906
		216,550	244,085
Considered doubtful		9,027	8,313
		225,577	252,398
Less: Provision for doubtful debts		9,027	8,313
		216,550	244,085

21.1 Amount due from the associated undertakings as at the period end was Rs. 4.827 million (1997: Rs. 4.353 million). The maximum aggregate balance due at the end of any month was Rs. 4.958 million (1997: Rs. 6.947 million).

**22. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

	Note	(Rs. in '000)	
		1998	1997
Advances - considered good			
Executives		155	--
Employees		421	395
Suppliers		1,037	2,759
Taxation		33,321	17,544
		34,934	20,698
Deposits - trade		3,412	4,611
Lease deposits		466	--
Prepayments		12,497	8,232
Other receivables			
Claims from Collector of Customs/Excise authorities		6,610	4,323
Others	22.1	3,716	3,280
Sales tax		716	14,910
Insurance Claim		8,141	12,522
		19,183	35,035
		70,492	68,576

22.1 Amount due from the associated companies was Rs. 1.420 million (1997: Rs. 1.214 million). The maximum amount due at the end of any month was Rs. 4.224 million (1997: Rs. 1.373 million).

**23. CASH AND BANK BALANCES**

Cash at bank in:			
- current account		1,640	1,525
- deposit account		5,809	5,387
		7,449	6,912
Cash in hand		311	2,884
Cheques in hand		9,504	6,527
Cheques in transit		5,318	3,946
		22,582	20,269

**24. OPERATING RESULTS**

	OWN MANUFACTURED/ASSEMBLED	GOODS PURCHASED FOR RESALE	(Rs. in '000)
	SEWING MACHINES	APPLIANCES	TOTAL

	1998	1997	1998	1997	1998	1997	1998	1997
Sales								
-Local	110,720	117,532	405,424	430,315	68,404	80,587	584,530	628,434
-Export	--	907	--	--	552	--	552	907
	110,702	118,439	405,424	430,315	68,956	80,587	585,082	629,341
Less: Commission on sales	6,198	6,183	15,575	15,612	1,876	1,986	23,649	23,781
	104,504	112,256	389,849	414,703	67,080	78,601	561,433	605,560
Cost of goods sold (note 25)	79,972	86,756	328,635	353,442	57,497	67,979	466,104	508,177
Administrative and selling expenses (note 26)	14,319	15,485	41,605	42,785	7,460	8,554	63,384	66,824
	94,291	102,241	370,240	396,227	64,957	76,533	529,488	575,001
Operating profit	10,213	10,015	19,609	18,476	2,123	2,068	31,945	30,559

**25. COST OF GOODS SOLD**

Opening stock - finished goods	30,818	24,472	56,998	63,416	16,670	21,064	104,486	108,952
Purchases- finished goods	--	--	--	--	55,102	63,585	55,102	63,585
Cost of goods manufactured (note 25.1)	63,960	80,720	263,079	272,571	--	--	327,039	353,291
Excise duty and sales tax	11,337	12,382	59,377	74,453	1,759	--	72,473	86,835
	106,115	117,574	379,454	410,440	73,531	84,649	559,100	612,663
Closing stock - finished goods	(26,143)	(30,818)	(50,819)	(56,998)	(16,034)	(16,670)	(92,996)	(104,486)
	79,972	86,756	328,635	353,442	57,497	67,979	466,104	508,177

**25.1 Cost of goods manufactured**

Note	SEWING MACHINES		APPLIANCES		(Rs. in '000) TOTAL		
	1998	1997	1998	1997	1998	1997	
Raw materials consumed							
Opening stock	3,226	5,131	55,663	71,233	58,889	76,364	
Purchases	35,337	50,675	237,914	224,419	273,251	275,094	
	38,563	55,806	293,577	295,652	332,140	351,458	
Closing stock	(2,766)	(3,226)	(45,622)	(55,663)	(48,388)	(58,889)	
	35,797	52,580	247,955	239,989	283,752	292,569	
Stores and spares consumed	3,254	4,213	4,217	4,466	7,471	8,679	
Salaries, wages and other benefits	12,936	18,858	9,259	10,542	22,195	29,400	
Fuel and power	2,378	2,610	2,377	2,409	4,755	5,019	
Rent, rates and taxes	77	275	125	450	202	725	
Repairs and maintenance	425	732	141	243	566	975	
Insurance	256	207	597	482	853	689	
Deferred cost	619	520	752	605	1,371	1,125	
Research and development	--	--	45	50	45	50	
Travelling and conveyance	814	854	666	699	1,480	1,553	
Communication	310	281	134	120	444	401	
Printing and Stationery	252	265	109	118	361	383	
Octroi, cartage and others	91	38	39	16	130	54	
Depreciation	15.5	3,557	2,645	5,350	4,532	8,907	
Provision for obsolete stock		515	826	--	515	826	
Opening stock of work-in-process		26,455	22,271	567	8,417	27,022	30,688
Closing stock of work-in-process		(23,776)	(26,455)	(9,254)	(567)	(33,030)	(27,022)
		63,960	80,720	263,079	272,571	327,039	353,291

**26. ADMINISTRATIVE AND SELLING EXPENSES**

Note	OWN MANUFACTURED/ASSEMBLED				GOODS PURCHASED FOR RESALE		(Rs. in '000) TOTAL	
	SEWING MACHINES		APPLIANCES		1998	1997	1998	1997
	1998	1997	1998	1997				
Salaries and benefits	6,738	7,753	9,950	10,844	3,194	3,746	19,882	22,343
Rent, rates and taxes	1,188	1,153	4,352	4,189	740	784	6,280	6,126

Printing and stationery	241	367	883	1,332	150	249	1,274	1,948
Electricity	601	580	2,200	2,106	374	394	3,175	3,080
Communication	906	1,064	3,318	3,867	565	724	4,789	5,655
Travelling and conveyance	1,348	1,629	4,936	5,917	839	1,108	7,123	8,654
Publicity and sales promotion	1,590	1,276	9,717	8,488	534	418	11,841	10,182
Repairs and renovations	288	292	1,056	1,061	180	198	1,524	1,551
Depreciation	15.5	639	535	2,339	1,943	399	3,377	2,842
Provision for doubtful debts	608	579	2,226	2,104	378	394	3,212	3,077
Sundries	172	257	628	934	107	175	907	1,366
	14,319	15,485	41,605	42,785	7,460	8,554	63,384	66,824

**27. OTHER INCOME**

Note	(Rs. in '000)	
	1998	1997
Gain on disposal of fixed assets	1,158	2,541
Commission	543	200
Claim for gross margin against loss of profit policy	--	3,627
Miscellaneous	701	823
	2,402	7,191

**28. FINANCIAL CHARGES**

Mark-up on finances under mark-up arrangements	37,962	38,182
Interest on:		
Long-term loans	4,991	7,421
Short-term loans	6,682	7,038
Workers' profit participation fund	60	644
Others	638	819
	50,333	54,104
Finance lease charges	3,610	2,506
Bank charges	1,995	2,499
Exchange loss	--	898
	55,938	60,007

**29. OTHER CHARGES**

Legal and professional charges	1,780	2,210
Auditors' remuneration	29.1	170
Workers' profit participation fund		292
Workers' welfare fund		552
Donations	29.2	127
	12	11
	2,648	27
	2,648	3,092

**29.1 Auditors' remuneration**

	(Rs. in '000)	
	1998	1997
Audit fee	120	120
Audit of provident, gratuity, pension funds etc.	--	16
Sundry advisory services and special certification	--	106
Out-of-pocket expenses	50	50
	170	292

29.2 None of the directors or their spouses have any interest in any donee fund to which donation was made.

**30. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

The aggregate amount charged in the accounts for remuneration including all benefits to the chief executive, directors and executives of the Company were as follows:

CHIEF EXECUTIVE		DIRECTORS/ ALTERNATE DIRECTORS		EXECUTIVES		TOTAL	
1998	1997	1998	1997	1998	1997	1998	1997



Managerial remuneration	880	968	1,840	1,714	3,769	3,498	6,489	6,180
Retirement benefits	73	81	154	143	314	281	541	505
Reimbursable expenditure	216	259	865	283	848	727	1,929	1,269
Housing	156	156	720	720	1,755	1,649	2,631	2,525
Leave passage, bonus and others	370	232	127	104	410	286	907	622
	1,695	1,696	3,706	2,964	7,096	6,441	12,497	11,101
No. of persons	1	1	3	3	20	19	24	23

In addition, the Chief Executive, Directors and Executives are provided with free use of company-maintained cars and certain items of furniture and fixture on hire in accordance with their entitlements. Further, they would also be entitled to gratuity and pension as per gratuity and pension schemes of the Company.

Directors/alternate directors' remuneration includes Rs. 1.609 million (1997: Rs. 0.940 million) being the remuneration for the whole year of the executives appointed as alternate directors for any period during the year.

Aggregate amount charged in these accounts for the year for fee to three directors was Rs. 0.003 million (1997: Rs. 0.003 million).

#### CASH GENERATED FROM OPERATIONS

	(Rs. in '000)	
	1998	1997
Profit before taxation	10,502	10,456
Adjustment for:		
Depreciation	12,284	10,019
Amortization of deferred cost	1,371	1,125
(Gain) on sale of fixed assets	(1,158)	(2,541)
Operating profit before working capital changes	22,999	19,059
Decrease/(increase) in current assets		
Stores, spares and loose tools	1,775	1,844
Stock-in-trade	16,498	26,433
Trade debts	27,535	37,639
Advances, deposits, prepayments and other receivables	13,861	(14,282)
	89,669	51,634
Increase/(decrease) in current liabilities		
Short-term loan	(74,260)	16,613
Creditors, accrued and other liabilities	(24,165)	(42,190)
	(98,425)	(25,577)
	(15,757)	45,116

#### 32. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following items as included in the balance sheet.

	(Rs. in '000)	
	1998	1997
Cash and bank balances	22,582	20,269
Finance under mark-up arrangements	(265,450)	(210,848)
	(242,868)	(190,579)

#### 33. ASSOCIATED UNDERTAKINGS

The Company purchased from associated undertakings goods in the aggregate sum of Rs. 41.004 million (1997: Rs. 38.353 million) and sold goods in the aggregate sum of Rs. 0.552 million (1997: Rs. 0.906 million). The Company also received indenting commission from associated undertakings amounting to Rs. 0.986 million (1997: Rs. 0.077 million).

#### 34. PLANT CAPACITY AND ACTUAL PRODUCTION (IN NUMBERS)

	CAPACITY	ACTUAL PRODUCTION	
		1998	1997
Sewing machines	50,000	24,936	28,708
Gas appliances	25,000	15,694	15,988
Refrigerators/deep freezers	25,000	8,865	10,321
Washing machines	15,000	4,083	4,759
Colour televisions	20,000	5,074	4,178

The under utilization of capacity in certain appliances is attributed to the lower demand, shrinkage in consumer purchasing power, recession and imports under personal baggage scheme. The Company is planning to phase out the production of Electric Irons and Vacuum Cleaners. Therefore, the actual

plant capacity and production has not been included above.

### 35. GENERAL

Previous period's figures have been re-arranged and reclassified wherever necessary for the purpose of comparison.

**KAMAL SHAH**  
CHIEF EXECUTIVE

**RASHEED Y. CHINYOY**  
DIRECTOR

### Statistical Summary

	(Rs. in '000)									
	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
<b>ASSETS EMPLOYED</b>										
Current Assets	488,923	530,502	578,377	468,102	336,374	306,629	253,789	195,241	155,237	139,818
Current Liabilities	347,771	399,388	444,324	334,144	242,673	228,966	202,493	171,659	125,603	103,617
<b>NET CURRENT ASSETS</b>	141,152	131,114	134,053	133,958	93,701	77,663	51,296	23,582	29,634	36,201
Tangible Fixed Assets	90,439	100,590	101,231	88,001	75,398	81,245	78,094	83,178	70,679	57,039
Long Term Deposits & Prepayments	6,353	7,753	8,278	7,500	5,798	6,293	4,687	3,724	1,944	1,591
Deferred Cost	1,429	2,800	3,925	963	149	912	1,584	862	0	0
<b>TOTAL ASSETS EMPLOYED</b>	239,373	242,257	247,487	230,422	175,046	166,133	135,661	111,346	102,257	94,831
<b>FINANCED BY:</b>										
Share Capital	52,472	43,726	43,726	43,726	34,981	27,985	27,985	27,985	27,985	18,657
Share Application Money	0	0	0	0	0	14,614	0	0	0	0
Reserves	138,248	139,869	132,007	111,056	78,910	55,726	39,192	29,601	22,398	27,022
Surplus on revaluation of fixed assets	29,153	29,153	29,153	29,153	29,153	29,153	29,153	29,153	29,153	29,153
Long term loans, Debenture Lease Facilities, Deposits and Deferred liabilities	19,500	29,509	42,601	46,487	32,002	38,635	39,331	24,607	22,721	19,999
<b>TOTAL CAPITAL EMPLOYED</b>	239,373	242,257	247,487	230,422	175,046	166,133	135,661	111,346	102,257	94,831
Sales-net	561,433	605,560	813,620	704,566	545,345	476,708	405,498	329,970	281,537	265,594
Profit after taxation	7,125	7,862	37,130	36,956	28,956	23,777	20,085	17,697	14,499	13,775
Cash dividend										
Amount	0	0	16,179	16,179	13,468	12,243	10,494	10,494	9,795	6,530
%	0	0	37	37	38.5	35	38	37.5	35	35
Bonus share										
Amount	10,494	8,746	0	0	0	0	0	0	0	9,329
%	20	20	0	0	0	0	0	0	0	50
Earning per share										
After Tax	1.36	1.80	8.49	8.45	8.28	8.50	7.18	6.32	5.18	7.38