SINGER

Contents

SINGER PAKISTAN LIMITED

SINGER

Company Information

Board of Directors	Kamal Shah	Chairman & Chief Executive Officer
	U.R. Usmani	Director & Chief Operating Officer
	Stephen H. Goodman	Director
	Gavin Walker	(alternate : Badaruddin F. Vellani)
	Rasheed Y. Chinoy	Director
	Jahangir Siddiqui	Director
	Peter James O' Donnell	(alternate : Ahmed S. Farrukh)
Company Secretary	Mohammed Abbas	
Audit Committee	Badaruddin F. Vellani	Chairman
	Rasheed Y. Chinoy	Member
	Jahangir Siddiqui	Member
	U.R. Usmani	Member
	Ahmed S. Farrukh	Member
	A.H. Dawood	Secretary

Bankers

Allied Bank Ltd.
Askari Commercial Bank Ltd.
Bank Al Falah Ltd.
Citi Bank N.A.
Faysal Bank Ltd.
Habib Bank Ltd.
Metropolitan Bank Ltd.
MCB Bank Ltd.
National Bank of Pakistan
Pakistan Kuwait Investment Company (Pvt.) Ltd.
Prime Commercial Bank Ltd.
Soneri Bank Ltd.
The Bank of Punjab
United Bank Ltd.

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Registrar

Gangjees Investment & Finance Consultants
516, Clifton Centre,
Kehkashan, Block-5,
Karachi.

Registered Office

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

Head Office

608, 6th Floor Beaumont Plaza,
Beaumont Road, Near PIDC House,
Karachi.

Web site

www.singerpakistan.com.pk

Notice of Meeting

Notice is hereby given that the Forty-Sixth Annual General Meeting of SINGER PAKISTAN LIMITED will be held at Beach Luxury Hotel, Karachi, on Saturday, 28 April, 2007 at 11.00 a.m. to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended 31 December 2006 along with Reports of Directors' and Auditors' thereon.

2. To appoint Auditors for the financial year ending 31 December 2007 and to fix their remuneration.

SPECIAL BUSINESS

3. To consider and, if thought fit, to approve an increase in the authorised share capital of the Company from Rs. 150 million to Rs. 250 million by the creation of 10 million ordinary shares of Rs. 10/- each.

4. To capitalize a sum of Rs. 19,975,944 out of the un-appropriated profits of the Company for the issuance of 1,997,594 Bonus Shares to the Members of the Company as at the close of business on 20 April 2007 in proportion to their respective shareholding at that date (the effective rate being 15%, that is, 15 shares for every 100 shares).

A statement under Section 160(1)(b) of the Companies Ordinance, 1984 setting forth the material facts concerning the Special Business to be considered at the Meeting is being sent to the Members, along with the copy of this notice.

BY ORDER OF THE BOARD

MOHAMMED ABBAS
Company Secretary

Karachi : 6 April, 2007

NOTES

1) The Share Transfer Books of the Company will be closed and no transfer will be accepted for registration from 21 April 2007 to 28 April 2007 (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. Proxy Forms, 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) Members are requested to notify us immediately of any change in their Registered Address currently available with us.

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

5) Members who have not yet submitted photocopy of their Computerized National Identity Cards (CNIC) to the company are requested to send the same at the earliest.

CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan:

A. For Attending the Meeting:

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his identity by showing his original National Identity Card (NIC), or original passport at the time of attending the meeting. CDC Account Holders are also requested to bring their CDC participant ID numbers and account number.

ii) In case a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For Appointing Proxies:

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement (note 2 above).

ii) The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.

iii) Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his original NIC or original passport at the time of the meeting.

v) In the case a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the proxy holder shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

Statement Under Section 160 (1) (b) of the Companies Ordinance, 1984

This statement sets out the material facts concerning the Special Business to be transacted at the Forty-Sixth Annual General Meeting of Singer Pakistan Limited to be held on Saturday, 28 April 2007.

Item No. 3 of the Agenda – Special Business

Increase in Authorized Share Capital

In order to meet its working and other capital requirements the Company may from time to time need to raise its share capital through the issuance of further shares. In order to facilitate this process it would be desirable to increase the authorised share capital of the Company from Rs. 150 million to Rs. 250 million by the creation of 10 million ordinary shares of Rs. 10/- each. Accordingly, the Board of Directors of the Company have recommended that the following resolution be passed at the Forty-Sixth Annual General Meeting as an ordinary resolution:

> Resolved that the authorised share capital of the Company be and is hereby increased to Rs. 250 million by the creation of 10 million ordinary shares of Rs. 10/- each, such new shares to rank pari passu in all respects with the existing ordinary shares in the capital of the Company, and that Article 5 of the Memorandum of Association of the Company be and is hereby amended to read as follows:
>
>> The Capital of the Company is Rs. 250,000,000/- divided into 25,000,000 ordinary shares of Rs. 10/- each.

Item No. 4 of the Agenda – Special Business

Issue of Bonus Shares:

In the opinion of the Board of Directors, the financial results and the existing growth plans of the Company justifies the capitalization of a sum of Rs. 19,975,944 from the un-appropriated profits of the Company for the issuance of Bonus Shares in the ratio of 15 ordinary shares for every 100 ordinary shares, that is (at the rate of 15%). Those persons whose names appear on the Register of Members of the Company as at the close of business on 20 April 2007 will be entitled to the proposed issuance of Bonus Shares in the proportion mentioned above.

The Directors of the Company are not directly or indirectly, personally interested in this business except to the extent of their shareholding in the Company.

Accordingly, it is proposed to consider and pass the following resolution as an ordinary resolution:

RESOLVED THAT:

1. A sum of Rs. 19,975,944 out of the un-appropriated profit of the Company be capitalized and applied for making payment in full of 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 the business on 20 April, 2007 in the proportion of fifteen Bonus Shares for every hundred Shares then held and that such Bonus Shares shall rank pari passu as regards 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 on 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 the foregoing, the Directors be and they are hereby authorized to do and cause 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.

SINGER

annual report 2006

Vision & Mission Statement

Vision

To be a respected and leading Family Company in Pakistan providing consumer durables

Mission

To improve the quality of life of people through the provision of consumer products and services at affordable prices

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2006

The Directors of the Company are pleased to present their Annual Report together with Audited Accounts of the Company for the year ended 31 December 2006.

The economy of Pakistan has during 2006 continued its pace towards solid growth due to supportive Government measures by way of rationalization of taxes and liberal business policies.

BUSINESS OVERVIEW

We are pleased to report that the Revenue and profitability of your Company continued to grow despite the hike in oil prices and soaring interest rates, which inflated the cost of doing business.

Sales for the year under review stood at Rs. 1.427 billion as compared to Rs.1.197 billion for the previous year, a growth of 19.2%. The major contribution in sales growth is attributed to sewing machines, appliances and new products.

Gross Profit improved from Rs. 214.9 million to Rs. 280.1 million, a significant growth of 30.3% over the previous year. The major reason for increase in gross profit is higher sales and higher earned carrying charges.

Marketing, Selling & Distribution costs increased by Rs 34.6 million over the previous year, which is mainly due to increase in advertising, sales promotion and expansion of retail network to sustain sales growth. Administrative expenses have increased by Rs 3.2 million due to inflation and increased human resources costs required for supporting the growing retail network. Profit from operations before finance costs has increased to Rs. 109.4 million from Rs. 82.5 million, which was mainly offset by higher finance costs of Rs. 26.0 million, due to increased borrowings for business expansion and steep rise in mark up rates.

Profit after taxation increased from Rs. 25.1 million to Rs. 32.3 million, an increase of 28.7% over the previous year.

SALES OVERVIEW

Competition in appliances business continued to grow. We faced this challenge by maintaining quality standards, improving our product range and expanding our retail network. Sales of Sewing Machines increased by 27.7% and Appliances increased by 18.2% with growth in all major appliances.

PROFITABILITY AND APPROPRIATIONS

The profit for the year 2006 and proposed appropriations for the year 2007 are as follows:

	2006 (Rupees in '000)
Profit after Tax	32,291
Un-appropriated profit brought forward	695
Profit available for appropriations	32,986

	2007 (Rupees in '000)
Un-appropriated profit brought forward	32,986
Appropriations:	
Transfer to Revenue Reserve	(12,000)
Proposed Bonus Issue	(19,976)
Un-appropriated profit	1,010

DIVIDEND/BONUS ISSUE

The Board has recommended that no cash dividend be paid for the year ended 31 December 2006. The Board has however proposed that a Bonus issue in the proportion of fifteen shares for every hundred shares of Rs. 10/- each be made to all Members whose names appear on the Register of Members on 20 April 2007, out of the un-appropriated profit of the Company for the period under review.

EARNINGS PER SHARE

Earnings per share for the year ended 31 December 2006 was Rs 2.42 as against Rs 1.88 for the previous year, an increase of 28.7%.

FUTURE OUTLOOK

The Company will remain focused on its key strategies of building up demand for its products through expanding its distribution network, introduction of new products, modernization of its product line, advertising and promotion, with new ideas and improvement in productivity, but a lot will depend on the business environment in the country.

DIRECTORS

During the year, Mr. Stephen H. Goodman resigned from the Board and Mr. Gavin Walker was appointed on 30 January 2006. Mr. Stephen H. Goodman rejoined the Board on 5 July 2006 to fill the casual vacancy which arose after the demise of Mr. Roshan Ali Hamirani.

The Board expresses condolence on the sad demise of Mr. Roshan Ali Hamirani. The Board also wishes to acknowledge the dedicated efforts and valuable contributions made by Late Roshan Ali Hamirani during his long association with the Company.

HUMAN RESOURCES

The relationship between the management and employees continues to be exemplary. Management Development programmes to improve employees' professional skills and knowledge were implemented 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.

CORPORATE SOCIAL RESPONSIBILITY

The Company has always recognized the importance of Corporate Social Responsibility. Towards this end, the Company organized training classes for sewing, embroidery, designing and knitting which have helped average income groups to earn extra income. The Company has also provided books, furniture, computers etc., to selected schools, particularly in rural areas.

AUDITORS

The present Auditors, M/s KPMG Taseer Hadi & Co., Chartered Accountants, retire and offer themselves for re-appointment for the audit of the accounts of the Company for the year ending 31 December 2007.

PATTERN OF SHAREHOLDING

A statement showing the pattern of shareholding by Shareholders of Singer Pakistan Limited as at 31 December 2006 is annexed to this Report.

HOLDING COMPANY

Singer (Pakistan) B.V. holds 70% of 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.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Board of Directors has taken adequate measures for the implementation of the Regulations of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

We give below our statement on Corporate and financial reporting framework:

The financial statements, prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;

Proper books of accounts of the Company have been maintained;

Appropriate Accounting Policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;

International Accounting Standards, as applicable in Pakistan, have been followed in preparation of Company's financial statements;

The system of internal control is sound in design and has been effectively implemented and monitored;

There are no doubts upon the Company's ability to continue as a going concern;

There has been no material departure from the best practices of Corporate Governance, as detailed in the Listing Regulations;

Key operating and financial data for last ten years has been provided as an annexure in a summarized form;

The outstanding duties, statutory charges and taxes, if any, have been duly disclosed in the financial statements.

Value of investments of Gratuity, Pension and Provident Funds based on their latest accounts for the year ended 31 December 2005 are as follows:

-	Gratuity Fund	(Un-audited)	Rs. 41.9 million
-	Pension Fund	(Un-audited)	Rs. 40.5 million
-	Provident Fund	(Un-audited)	Rs. 84.8 million

During the year, six meetings of the Board of Directors were held. Attendance by the Directors were as follows:

Name of Directors	Attendance
Mr. Kamal Shah	6
Mr. U. R. Usmani	6
Mr. Badaruddin F. Vellani (Alternate)	6
Mr. Ahmed S. Farrukh (Alternate)	6
Mr. Rasheed Y. Chinoy	4
Mr. Jahangir Siddiqui	4
Mr. Roshan Ali Hamirani (Late)	1
Mr. Stephen H. Goodman	-

Leave of absence was granted in case a Director was not able to attend the Board Meetings.

The pattern of shareholding as required by the Code of Corporate Governance is attached with this report.

There have been no trades during the year in the shares of the Company, carried out by its Directors, CEO, COO, CFO & Company Secretary and their spouses and minor children.

On behalf of the Board

KAMAL SHAH
Chairman

Karachi : 30 March, 2007

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

FOR THE YEAR ENDED 31 DECEMBER 2006

This statement is being presented to comply with the Code of Corporate Governance contained in the Listing Regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby the Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present, the Board includes five independent non-executive directors including two directors representing minority shareholders.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Two casual vacancies occurred during the year due to the resignation of Mr. Stephen H. Goodman and demise of Mr. Roshan Ali Hamirani which were filled up by the Board of Directors by appointing Mr. Gavin Walker and Mr. Stephen H. Goodman, on 30 January 2006 and 5 July 2006, respectively.

5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the executive directors and key executives of the Company.

6. The Board has developed a vision/mission statement, and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranges orientation courses as and when needed to apprise the Directors of their duties and responsibilities.

10. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

11. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

12. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

13. The Company has complied with all the corporate and financial reporting requirements of the Code.

14. The Board has formed an Audit Committee. It comprises of five members, of whom three members are non-executive Directors including the Chairman.

15. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

16. The Board has set-up an effective Internal Audit Department on full time basis.

17. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

19. We confirm that all other material principles contained in the Code have been complied.

Kamal Shah

KAMAL SHAH

Chairman and Chief Executive Officer

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No.2
Beaumont Road
Karachi 75530 Pakistan

Telephone : +92 (21) 568 5847
Fax : +92 (21) 568 5095
Internet : www.kpmg.com.pk

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Singer Pakistan Limited ("the Company") to comply with the listing regulations of the respective Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 31 December 2006.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Date : 30 March 2007

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No.2
Beaumont Road
Karachi 75530 Pakistan

Telephone : +92 (21) 568 5847
Fax : +92 (21) 568 5095
Internet : www.kpmg.com.pk

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Singer Pakistan Limited** ("the Company") as at 31 December 2006 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year 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.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, 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 year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year 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, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, 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 31 December 2006 and of the profit, its cash flows and changes in equity for the year then ended; and

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

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 30 March 2007
Karachi

Balance Sheet

	Note	2006	2005
		(Rupees in '000)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital 15,000,000 (2005: 15,000,000) ordinary shares of Rs. 10 each		**150,000**	150,000
Issued, subscribed and paid-up capital	4	**133,173**	113,339
Capital reserve	5	**5,000**	24,689
Revenue reserve		**84,337**	59,337
Unappropriated profit		**32,986**	25,840
Total equity		**255,496**	223,205
Non-current liabilities			
Deferred income	6	**7,887**	8,815
Long term loans - secured	7	**134,000**	125,305
Liabilities against assets subject to finance leases	8	**15,704**	17,076
Long term deposits	9	**10,858**	9,016
Deferred tax liabilities	10	**5,797**	1,639
Employee retirement benefits - obligation	11	**2,193**	1,956
Total non-current liabilities		**176,439**	163,807
Current liabilities			
Trade and other payables	12	**312,600**	239,693
Mark-up accrued on short term running finances and long term loans		**17,505**	14,273
Short term running finance - secured	13	**398,855**	331,856
Current portion of long term loans	7	**68,944**	63,615
Current portion of liabilities against assets subject to finance leases	8	**6,806**	5,536
Total current liabilities		**804,710**	654,973
Total equity and liabilities		**1,236,645**	1,041,985
Contingencies and commitments	14		

The annexed notes 1 to 40 form an integral part of these financial statements.

As at 31 December 2006

	Note	2006	2005
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	15	**110,312**	99,248
Intangible assets	16	**822**	560
Investment	17	**7,026**	7,148
Employee retirement benefits - prepayments	11	**3,578**	3,632
Long term deposits	18	**20,475**	17,344
Total non-current assets		**142,213**	127,932
Current assets			
Stores and spares		**3,083**	4,047
Stock-in-trade	19	**305,452**	229,383
Trade debts	20	**675,897**	588,760
Advances, deposits and prepayments	21	**13,901**	14,305
Other receivables	22	**2,301**	3,289
Taxation - net		**21,264**	12,962
Cash and bank balances	23	**72,534**	61,307
Total current assets		**1,094,432**	914,053
Total assets		**1,236,645**	1,041,985

Chief Financial Officer

Chief Operating Officer

Director

Chief Executive

Profit and Loss Account

For the year ended 31 December 2006

	Note	2006	2005
		(Rupees in '000)	
Sales		**1,427,112**	1,197,188
Earned carrying charges		**141,880**	103,465
Sales tax, commissions and discounts		**(286,987)**	(236,025)
Net sales	24	**1,282,005**	1,064,628
Cost of sales	25	**(1,001,930)**	(849,750)
Gross profit		**280,075**	214,878
Marketing, selling and distribution costs	26	**(137,175)**	(102,598)
Administrative expenses	27	**(25,500)**	(22,309)
Other operating expenses	28	**(8,028)**	(7,473)
		(170,703)	(132,380)
Profit from operations before finance costs		**109,372**	82,498
Finance costs	29	**(70,915)**	(44,885)
		38,457	37,613
Other income	30	**5,612**	4,032
Profit before taxation		**44,069**	41,645
Taxation	31	**(11,778)**	(16,592)
Profit after taxation		**32,291**	25,053
		(Rupees)	
Earnings per share - basic and diluted	32	**2.42**	1.88

The annexed notes 1 to 40 form an integral part of these financial statements.

Chief Financial Officer	Chief Operating Officer	Director

Chief Executive

Cash Flow Statement

For the year ended 31 December 2006

	Note	2006	2005
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**44,069**	41,645
Adjustment for:			
- Depreciation on property, plant and equipment		**11,535**	11,538
- Amortisation of intangible assets		**375**	456
- Finance costs		**70,915**	44,885
- Amortisation on investment		**122**	144
- Gain on sale of property, plant and equipment		**(962)**	(1,730)
- Amortisation of deferred income		**(928)**	(928)
- Provision for employee retirement and other service benefits		**580**	493
		125,706	96,503
Working Capital changes			
Decrease / (increase) in stores and spares		**964**	(688)
(Increase) in stock-in-trade		**(76,069)**	(67,368)
(Increase) in trade debts		**(87,137)**	(101,373)
Decrease in advances, deposits and prepayments		**404**	3,442
Decrease / (increase) in other receivables		**988**	(791)
Increase in trade and other payables		**72,919**	33,776
Net cash flows from operations		**37,775**	(36,499)
Income tax paid		**(15,922)**	(13,619)
Finance costs paid		**(65,449)**	(34,859)
Employee retirement and other service benefits paid		**(289)**	(496)
Security deposits received		**1,842**	1,501
Long term deposits paid		**(3,131)**	(1,042)
Net cash flows from operating activities		**(45,174)**	(85,014)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(17,635)**	(16,579)
Proceeds from sale of property, plant and equipment		**1,785**	2,034
Net cash flows from investing activities		**(15,850)**	(14,545)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid		**(8,760)**	(6,974)
Additions in long term loans		**14,024**	47,063
Dividend paid		**(12)**	(14,655)
Net cash flows from financing activities		**5,252**	25,434
Net decrease in cash and cash equivalents		**(55,772)**	(74,125)
Cash and cash equivalents at the beginning of the year		**(270,549)**	(196,424)
Cash and cash equivalents at the end of the year	33	**(326,321)**	(270,549)

The annexed notes 1 to 40 form an integral part of these financial statements.

Chief Financial Officer

Chief Operating Officer

Director

Chief Executive

Statement of Changes in Equity
For the year ended 31 December 2006

	Issued subscribed and paid-up capital	Capital reserves	Revenue reserves	Unappro-priated profit	Total
	---------------------------	(Rupees in '000)	---------------------------		
Balance as at 1 January 2005	113,339	24,689	52,337	21,954	**212,319**
Final dividend paid for the year ended 31 December 2004 @ Rs. 1.25 per share	-	-	-	(14,167)	**(14,167)**
Transfer to revenue reserve	-	-	7,000	(7,000)	**-**
Total recognised income and expense - profit for the year	-	-	-	25,053	**25,053**
Balance as at 31 December 2005	113,339	24,689	59,337	25,840	**223,205**
Issue of Bonus Shares for the year ended 31 December 2005 @ 17.5% per share	19,834	(19,689)	-	(145)	**-**
Total recognised income and expense - profit for the year	-	-	-	32,291	**32,291**
Transfer to revenue reserve	-	-	25,000	(25,000)	**-**
Balance as at 31 December 2006	**133,173**	**5,000**	**84,337**	**32,986**	**255,496**

The annexed notes 1 to 40 form an integral part of these financial statements.

Chief Financial Officer

Chief Operating Officer

Director

Chief Executive

Notes to the Financial Statements
For the year ended 31 December 2006

1. STATUS AND NATURE OF BUSINESS

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the SECP differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for capitalistaion of exchange differences (note 15.1.1) and derivative financial instruments are measured at fair value (note 3.15).

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements in the process of applying Company's accounting policies. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. The areas where assumptions and estimates that may affect the Company's financial statements in future years are as follows:

Employee retirement benefits (note 3.1)
Warranty obligations (note 3.4)
Trade debts and other receivables (note 3.5)
Taxation (note 3.8)
Property, plant and equipment (note 3.9)
Stock-in-trade (note 3.13)

2.5 New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning on or after January 1, 2007 and are either not relevant to Company's operations or are not expected to have significant impact on financial statements other than certain increased disclosures.

IAS 1- Presentation of Financial Statements - amendments relating to Capital disclosures
IFRS 2 - Share-Based Payments
IFRS 3 - Business Combinations
IFRS 5 - Non-current assets held for sale and discontinued operations
IFRS 6 - Exploration for and evaluation of mineral resources
IFRIC 8 - Scope of IFRS 2 Share-based Payments
IFRIC 9 - Reassessment of Embedded Derivatives
IFRIC 10 - Interim Financial Reporting and Impairment
IFRIC 11 - Group and Treasury Share Transactions
IFRIC 12 - Services Concession Arrangements.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Employee retirement and other service benefits

Employee retirement benefits

Defined benefit plans:

a) The Company operates funded defined benefit pension scheme for executives and managers and a funded gratuity scheme for all of its permanent employees other than field staff. Provisions / contributions are made in the financial statements to cover obligations on the basis of actuarial valuation carried out annually under the projected unit credit method. Actuarial gains or losses in excess of 10% of the actuarial liability or plan assets are recognised over the average life of the employees. Benefits under the pension and gratuity schemes are payable to employees on completion of prescribed qualifying period of service.

b) The Company operates an unfunded gratuity scheme for its field staff. Benefits under the scheme is payable to staff on completion of prescribed qualifying period of service. Provisions are made in the financial statements to cover obligations on the basis of actuarial valuation carried out annually under the projected unit credit method.

Defined contribution plan

The Company operates a recognised provident fund scheme covering all permanent employees. The Company and employees make equal monthly contributions to the fund.

Compensated absences

The Company accounts for its liability towards accumulated compensated absences for unionized staff in accordance with CBA agreement and for other permanent employees as per the service rules of the Company.

The liability for employee retirement benefits is estimated based on certain assumptions. Any change in these assumptions may have an impact on next and subsequent years financial statements.

3.2 Government grants

Grant from World Bank disbursed through Government of Pakistan under Montreal Protocol for phasing out Ozone Depleting Substance (ODS) relating to the purchase of plant and equipment is included in non-current liabilities as deferred income and an amount equivalent to depreciation charge on such asset is taken to profit and loss account periodically.

3.3 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

3.4 Warranty obligations

The Company accounts for its warranty obligations based on historical trends when the underlying products or services are sold.

3.5 Trade debts and other receivables

Trade debts and other receivables are stated net of provision for doubtful debts, if any.

Provision for doubtful debts and other receivables is based on management's assessment of anticipated uncollectible amounts based on Company's past experience, historical bad debts statistics and ageing analysis. Debts considered irrecoverable are written off.

3.6 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

3.7 Dividends

Dividends are recognised as liability in the financial statements in the period / year in which these are approved.

3.8 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account.

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any.

In making the estimates for income taxes currently payable by the company, the management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past.

Deferred

Deferred tax is recognised using balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation. A deferred tax asset is recognised to the extent that it is probable that the future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.9 Property, plant and equipment

Operating assets

Operating assets are stated at cost or assigned value less accumulated depreciation and impairment losses, if any. Cost of certain operating assets comprise historical cost and exchange elements referred to in note 15.1.1.

Depreciation is charged to the profit and loss account applying the straight-line method whereby the depreciable amount of an asset is depreciated over its estimated useful life. Depreciation on additions and disposals is charged from the month in which the asset is available for use and upto the month of disposal.

The assets' residual values and useful lives are reviewed, at each financial year-end and, if expectations differ from previous estimates, the change(s) is accounted for as a change in an accounting estimate in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Normal repairs and maintenance are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced are retired.

Gains and losses on disposal or retirement of operating assets are taken to profit and loss account currently.

Assets subject to finance leases

The Company accounts for operating assets acquired under finance leases by recording the assets and related liabilities. The amounts are determined at the inception of lease on the basis of the lower of the fair value and the present value of minimum lease payments. Financial charges are allocated to accounting period in a manner so as to achieve the constant rate on the outstanding balance. Depreciation is charged to profit and loss account applying the same basis as for owned assets.

Capital work in progress

Capital work in progress is stated at cost. The costs are transferred to fixed assets as and when assets are available for use.

3.10 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortized on a straight-line basis over their estimated useful lives unless such lives are indefinite.

Costs associated with maintaining computer software are recognised as an expense as and when incurred.

3.11 Held to maturity investments

Financial assets with fixed and determinable payments and fixed maturity, for which the Company has ability and intention to hold till maturity are classified as held to maturity investments. These instruments are initially recognised in the balance sheet at fair value and subsequently measured at amortized cost using effective interest rate method.

3.12 Stores and spares

These are valued at cost determined on first-in-first-out basis. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the balance sheet date.

3.13 Stock-in-trade

Stock-in-trade is valued at the lower of cost determined on first-in-first-out basis and net realizable value except for stock in transit which is stated at invoice value plus other charges paid thereon. Cost in relation to work in process and manufactured finished goods represents direct cost of materials, direct wages and appropriate manufacturing overheads. Cost of goods purchased for resale comprises of purchase price, import duties, taxes and other directly attributable cost wherever applicable.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and selling expenses.

The management continuously reviews its inventory for existence of any items which may have become obsolete. These estimates are based on historical experience and are continuously reviewed. Provision is made for slow moving inventory based on management's estimation.

3.14 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, in transit and deposits held with banks. Short term running finance facilities availed by the Company are also included as part of cash and cash equivalents for the purpose of statement of cash flows.

3.15 Derivative financial instruments

Derivatives that do not qualify for hedge accounting are recognised in the balance sheet at their estimated fair value with corresponding effect to profit and loss. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

3.16 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the financial statements only when, the Company has a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.17 Impairment

The carrying amount of the Company's non financial assets other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the profit and loss account whenever the carrying amount of an asset exceeds its recoverable amount.

3.18 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are included in profit and loss account currently.

3.19 Revenue recognition

Revenue from sales of goods are recognised on dispatch / delivery of goods to the buyers when the significant risks and rewards of ownership are transferred to the buyers.

Carrying charges represent the difference between the cash sales price and hire purchase sales price and is recognised through profit and loss account on straight line basis over the term of hire purchase agreement.

Income on deposits and investment securities are recognised on accrual basis.

3.20 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Number of Shares			2006	2005
			(Rupees in '000)	
2006	2005	**Fully paid-up Ordinary shares of Rs. 10 each**		
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
10,340,929	8,357,502	Issued as bonus shares	**103,410**	83,576
13,317,296	11,333,869		**133,173**	113,339

Singer (Pakistan) B.V., Netherlands, which is wholly owned subsidiary of Retail Holdings N.V., Netherlands, held 9,331,179 (2005: 7,941,429) ordinary shares of Rs. 10 each.

5. CAPITAL RESERVE

	Note	2006	2005
		(Rupees in '000)	
Share premium	5.1	-	19,689
Other	5.2	**5,000**	5,000
		5,000	24,689

5.1 The Company has utilised share premium for the issuance of bonus shares.

5.2 This represents the value assigned to a shop acquired by the Company in exchange for a shop on rent in 1993.

6. DEFERRED INCOME

	Note	2006	2005
		(Rupees in '000)	
Grant amount		**11,141**	11,141
Accumulated amortisation		**(2,326)**	(1,398)
Amortisation during the year	30	**(928)**	(928)
		(3,254)	(2,326)
Balance as at 31 December		**7,887**	8,815

This represents grant received from World Bank disbursed through Government of Pakistan under Montreal Protocol for phasing out Ozone Depleting Substance (ODS). The grant was utilised by the Company in acquiring Green Gas Plant for converting traditional gas used for refrigeration into green gas in compliance with Regulations of Environmental Protection Agency. Under these Regulations refrigerator manufacturers are required to convert their manufacturing facilities from ODS to green gas, which is ozone friendly.

7. LONG TERM LOANS - secured

This represents long term loans from financial institutions under mark-up arrangements:

	Security	Instalments payable	Repayment period	Mark-up rate	2006	2005
					(Rupees in '000)	
Term loan 1	7.1	half-yearly	2004-2007	6 Months KIBOR plus 3.0%	**-**	28,326
Term loan 2	7.1	half-yearly	2003-2007	6 Months KIBOR plus 1.5%	**2,778**	8,323
Term loan 3	7.2	quarterly	2004-2008	6 Months KIBOR plus 2.5%	**21,000**	33,000
Term loan 4	7.3	quarterly	2003-2007	6 Months KIBOR plus 1.0%	**4,167**	20,833
Term loan 5	7.3	quarterly	2005-2009	6 Months KIBOR plus 1.0%	**17,187**	23,438
Term loan 6	7.1	quarterly	2006-2010	6 Months KIBOR plus 1.5%	**70,312**	75,000
Term loan 7	7.1	quarterly	2006-2010	6 Months KIBOR plus 1.5%	**87,500**	-
					202,944	188,920
Current portion of long term loans					**(68,944)**	(63,615)
					134,000	125,305

7.1 First pari passu charge on fixed assets of the Company, located at its factory.

7.2 Charge over present and future fixed assets of the Company, located at its factory.

7.3 Equitable charge on owned shops of the Company, including building, structure, plant, machinery and equipment related to the said shops.

8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

Represents finance leases entered into with leasing companies and modarabas for plant and machinery, computers and vehicles. Monthly payments of leases bearing pre-determined mark-up rates include finance charge ranging from 7% to 14% (2005: 7% to 14%) per annum which are used as discounting factor.

Monthly payments of leases bearing variable mark-up rates include finance charge at KIBOR + 2.75% (2005: KIBOR + 2.75%) is determined on semi-annual basis for next six monthly rentals.

The future minimum lease payments and their present values, to which the Company is committed under various leases arrangements are as follows:

	2006			2005		
	Minimum lease payments	**Finance charge**	**Present value**	Minimum lease payments	Finance charge	Present value
	------------------------------ (Rupees in '000) ------------------------------					
Not later than one year	**8,753**	**1,947**	**6,806**	7,423	1,887	5,536
Later than one year and not later than five years	**18,012**	**2,308**	**15,704**	19,506	2,430	17,076
	26,765	**4,255**	**22,510**	26,929	4,317	22,612

9. LONG TERM DEPOSITS

Represents security deposits from field staff repayable on retirement, resignation or termination from service and carry interest at 5% (2005: 5%) compounded annually.

10. DEFERRED TAX LIABILITIES

	2006	2005
	(Rupees in '000)	
Credit / (debit) balances arising on account of:		
- accelerated tax depreciation and finance leases	**16,236**	11,795
- provision for slow moving stock-in-trade	**(1,362)**	(912)
- provision for doubtful debts	**(6,002)**	(6,336)
- provision for other receivables	**(2,381)**	(2,343)
- provision for employee retirement and other service benefits	**(694)**	(565)
	5,797	1,639

11. EMPLOYEE RETIREMENT BENEFITS

The actuarial valuation of both pension and gratuity schemes were carried out as at 31 December 2006.
The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

- Discount rate is 10% per annum (2005: 9%).
- Expected rate of increase in salaries 8% per annum (2005: 6%).
- Expected rate of return on plan assets 11.5% per annum (2005: 10 %).
- Expected rate of increase in pension 0% (2005: 0%).
- Personnel turnover 2% per annum (2005: 2%)

The amounts recognised in balance sheet are as follows:

	Pension fund		**Gratuity**			
			Permanent employees		**Field staff**	
	2006	2005	**2006**	2005	**2006**	2005
	------------------------------ (Rupees in '000) ------------------------------					
Present value of defined benefit obligation	**31,666**	29,731	**41,294**	34,761	**2,193**	1,956
Fair value of plan assets	**(46,765)**	(41,111)	**(44,705)**	(40,707)	**-**	-
	(15,099)	(11,380)	**(3,411)**	(5,946)	**2,193**	1,956
Unrecognised non-vested benefits	**-**	-	**-**	-	**-**	-
Un recognised actuarial gains	**11,848**	8,857	**3,084**	4,837	**-**	-
(Asset) / liability in balance sheet	**(3,251)**	(2,523)	**(327)**	(1,109)	**2,193**	1,956

	Pension fund		Gratuity			
			Permanent employees		Field staff	
	2006	2005	**2006**	2005	**2006**	2005
Movement in liability for defined benefit obligations	(Rupees in '000)					
Liability for defined benefit obligation at 1 January	**29,731**	32,224	**34,761**	30,046	**1,956**	1,915
Benefits paid by the plan	**(1,044)**	(906)	**(4,747)**	(1,003)	**(289)**	(244)
Current service cost	**756**	934	**1,648**	1,369	**526**	285
Interest cost	**2,636**	2,546	**2,949**	2,126	**-**	-
Actuarial (gains) / losses	**(413)**	(5,067)	**6,683**	2,223	**-**	-
Liability for defined benefit obligation at 31December	**31,666**	29,731	**41,294**	34,761	**2,193**	1,956
Movement in plan assets						
Fair value of plan assets - beginning of the year	**41,111**	36,076	**40,707**	38,353	**-**	-
Contribution to fund	**-**	-	**-**	-	**-**	-
Benefits paid	**(1,044)**	(906)	**(4,747)**	(752)	**-**	-
Expected return on plan assets	**3,593**	3,158	**3,445**	3,053	**-**	-
Actuarial gains	**3,105**	2,783	**5,300**	53	**-**	-
Fair value of plan assets - closing date	**46,765**	41,111	**44,705**	40,707	**-**	-
Expense recognised in profit or loss account						
Current service cost	**756**	934	**1,648**	1,369	**526**	285
Interest cost	**2,636**	2,546	**2,949**	2,126	**-**	-
Expected return on plan assets	**(3,593)**	(3,158)	**(3,445)**	(3,053)	**-**	-
Ammortisation of actuarial gain	**(527)**	-	**(370)**	(556)	**-**	-
	(728)	322	**782**	(114)	**526**	285
The expense is recognised in the following line items in the profit and loss account:						
Cost of sales	**(269)**	120	**289**	(43)	**-**	-
Marketing, selling and distribution costs	**(272)**	116	**292**	(41)	**526**	285
Administrative expenses	**(187)**	86	**201**	(30)	**-**	-
	(728)	322	**782**	(114)	**526**	285
Actual return on plan assets	**6,698**	5,941	**8,745**	3,106	**-**	-
Composition / fair value of plan assets used by the fund	(Percent)					
Equity	**0**	0	**0**	0	**N/A**	N/A
Debt instruments	**99**	99	**100**	100	**N/A**	N/A
Others	**1**	1	**0**	0	**N/A**	N/A
Expected return on plan assets used by the fund						
Expected return on equity	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A
Expected return on debt instruments	**11.5**	10	**11.5**	10	**N/A**	N/A
Expected return on others	**3**	2	**3**	2	**N/A**	N/A

Historical information

	2006	2005	2004	2003	2002
	-------------------------(Rupees in '000)-------------------------				
Present value of the defined benefit obligation	**(75,153)**	(66,448)	(64,185)	(54,253)	(48,276)
Fair value of plan assets	**91,470**	81,818	74,428	58,543	55,229
	16,317	15,370	10,243	4,290	6,953
Unrecognised non-vested benefits	**-**	-	-	-	-
Deficit in the plan	**16,317**	15,370	10,243	4,290	6,953
Experience adjustments arising on plan liabilities	**(3,273)**	(516)	(8,616)	(1,758)	2,606
Experience adjustments arising on plan assets	**8,405**	2,836	12,941	3,671	2,407

12. TRADE AND OTHER PAYABLES

	Note	2006	2005
		(Rupees in '000)	
Creditors		**111,316**	61,535
Bills payable		**63,610**	69,004
Accrued liabilities and provisions		**21,189**	20,595
Due to associated companies	12.1		
- for royalty		**32,520**	19,223
- for goods		**31,081**	13,403
- others		**517**	517
Advances from dealers		**2,309**	1,368
Retention from employees		**6,551**	8,139
Provision in respect of compensated absences		**801**	644
Provisions in respect of warranty obligations	12.2	**4,236**	6,038
Sales tax		**31,679**	33,497
Unrealised loss on derivative financial instruments		**271**	-
Workers' profits participation fund	12.3	**3,171**	2,933
Workers' welfare fund		**881**	669
Unclaimed dividends		**808**	820
Others		**1,660**	1,308
		312,600	239,693

12.1 The maximum aggregate amount due to associated companies at the end of any month during the year was Rs.72.5 million (2005: Rs. 33.143 million).

12.2 Warranty obligations

	Note	2006	2005
Balance at beginning of the year		**6,038**	2,555
Additional provision	26	**6,080**	4,470
Provision utilised during the year		**(7,882)**	(987)
Balance at end of the year		**4,236**	6,038

	Note	2006	2005
12.3 Workers' profits participation fund		**(Rupees in '000)**	
Balance at beginning of the year		**2,933**	2,626
Allocation for the year	28	**2,247**	2,228
Interest on funds utilised in the Company's business	29	**219**	165
		5,399	5,019
Payments made during the year		**(2,228)**	(2,086)
Balance at end of the year		**3,171**	2,933

13. SHORT TERM RUNNING FINANCE - secured

This represents short term running finance facilities from various banks aggregating to Rs. 455.1 million (2005: Rs. 415.1 million), carrying mark-up rate of 11.48 to 12.42 percent (2005: 9.76 to 10.76 percent) per annum. These arrangements are secured by hypothecation of stock-in-trade, trade debts and charge on property, plant and equipment of the Company.

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

There are certain pending lawsuits initiated by and against the Company concerning shop leases and ex-employees. However, based on the consultation with the legal advisors, management believes that no significant liability is likely to occur in these cases. Guarantees have been extended by various commercial banks amounting to Rs. 0.966 million (2005: Rs. 0.966 million).

14.2 Commitments

	2006	2005
Outstanding letters of credit	**75,929**	53,143

15. PROPERTY, PLANT AND EQUIPMENT

	Note	2006	2005
Operating assets	15.1	**110,171**	97,770
Capital work-in-progress - plant and machinery	15.2	**141**	1,478
		110,312	99,248

15.1 Operating assets

2006

	COST / ASSIGNED VALUE						DEPRECIATION					WDV
	As at 1 January	Additions/ transfer from CWIP	Disposals	Transfers	As at 31 December	Rates %	As at 1 January	For the year	Disposals	Transfers	As at 31 December	As at 31 December
	(Rupees in '000)						(Rupees in '000)					
Owned												
Leasehold land	350	-	-	-	350	1	96	4	-	-	100	250
Buildings on lease-hold land	22,885	-	-	-	22,885	3	7,239	636	-	-	7,875	15,010
Leasehold improvements	35,948	12,712	-	-	48,660	10	10,723	3,778	-	-	14,501	34,159
Plant and machinery	112,237	3,459	(388)	-	115,308	8.33	87,117	2,600	(388)	-	89,329	25,979
Furniture and equipment	15,402	1,833	(105)	-	17,130	10	10,781	948	(88)	-	11,641	5,489
Vehicles	4,773	71	(3,068)	999	2,775	20	3,806	191	(2,262)	500	2,235	540
Computers	5,583	897	-	-	6,480	20	4,586	470	-	-	5,056	1,424
	197,178	18,972	(3,561)	999	213,588		124,348	8,627	(2,738)	500	130,737	82,851
Leased												
Plant and machinery	16,035	-	-	-	16,035	8.33	1,003	1,069	-	-	2,072	13,963
Vehicles	13,661	4,682	-	(999)	17,344	20	4,310	1,479	-	(500)	5,289	12,055
Computers	1,154	1,105	-	-	2,259	20	597	360	-	-	957	1,302
	30,850	5,787	-	(999)	35,638		5,910	2,908	-	(500)	8,318	27,320
	228,028	**24,759**	**(3,561)**	**-**	**249,226**		**130,258**	**11,535**	**(2,738)**	**-**	**139,055**	**110,171**

2005

	COST / ASSIGNED VALUE						DEPRECIATION					WDV
	As at 1 January	Additions/ transfer from CWIP	Disposals	Transfers	As at 31 December	Rates %	As at 1 January	For the year	Disposals	Transfers	As at 31 December	As at 31 December
	(Rupees in '000)						(Rupees in '000)					
Owned												
Leasehold land	350	-	-	-	350	1	92	4	-	-	96	254
Buildings on lease-hold land	22,356	529	-	-	22,885	3	6,614	625	-	-	7,239	15,646
Leasehold improvements	25,691	10,582	(325)	-	35,948	10	7,817	2,932	(26)	-	10,723	25,225
Plant and machinery	98,996	2,515	(5,647)	16,373	112,237	8.33	76,028	4,320	(5,647)	12,416	87,117	25,120
Furniture and equipment	14,830	603	(31)	-	15,402	10	9,864	943	(26)	-	10,781	4,621
Vehicles	969	628	(1,527)	4,703	4,773	20	863	74	(1,527)	4,396	3,806	967
Computers	1,913	443	-	3,227	5,583	20	984	387	-	3,215	4,586	997
	165,105	15,300	(7,530)	24,303	197,178		102,262	9,285	(7,226)	20,027	124,348	72,830
Leased												
Plant and machinery	18,463	13,945	-	(16,373)	16,035	8.33	12,605	814	-	(12,416)	1,003	15,032
Vehicles	15,046	3,318	-	(4,703)	13,661	20	7,511	1,195	-	(4,396)	4,310	9,351
Computers	4,381	-	-	(3,227)	1,154	20	3,568	244	-	(3,215)	597	557
	37,890	17,263	-	(24,303)	30,850		23,684	2,253	-	(20,027)	5,910	24,940
	202,995	32,563	(7,530)	-	228,028		125,946	11,538	(7,226)	-	130,258	97,770

15.1.1 Buildings on leasehold land include the value assigned to a shop acquired by the Company in exchange for a shop on rent (note 5.2). In addition, the Company has also capitalised the exchange differences of Rs. 1.380 million arising on devaluation of Pak rupee in 1972.

15.1.2 Depreciation for the year has been allocated as follows:

	Note	2006	2005
		(Rupees in '000)	
Cost of sales	25.1	**4,841**	5,782
Marketing, selling and distribution costs	26	**5,801**	4,939
Administrative expenses	27	**893**	817
		11,535	11,538

15.1.3 Detail of property, plant and equipment disposed off during the year :

	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of Purchaser
	---------------------------(Rupees in '000)---------------------------						
Vehicle	999	466	533	533	-	Negotiation	Mrs. Anis R.A. Hamirani
Vehicle	1,022	749	273	600	327	Tender	Mr. Musa Raza Kazmi
Assets having written down value not exceeding Rs 50,000 each	1,540	1,523	17	652	635	Tender / Negotiation	Various
	3,561	**2,738**	**823**	**1,785**	**962**		

15.2 Capital work in progress - plant and machinery

	2006	2005
	(Rupees in '000)	
Balance as at 1 January	**1,478**	229
Additions during the year	**1,974**	17,709
Transfers to operating assets	**(3,311)**	(16,460)
Balance as at 31 December	**141**	1,478

16. INTANGIBLE ASSETS

		COST			AMORTISATION				WDV
		As at 1 January	Additions	As at 31 December	Rate %	As at 1 January	For the year	As at 31 December	As at 31 December
		---- (Rupees in '000) ----				----------- (Rupees in '000) -----------			
Software	2006	**2,952**	**637**	**3,589**	**25**	**2,392**	**375**	**2,767**	**822**
Software	2005	2,922	30	2,952	25	1,936	456	2,392	560

16.1 Amortisation for the year has been allocated as follows:

	Note	2006	2005
		(Rupees in '000)	
Cost of sales	25.1	**190**	230
Administrative expenses	27	**185**	226
		375	456

	Note	2006	2005
17. INVESTMENT		**(Rupees in '000)**	
Held to maturity			
Pakistan Investment Bonds (PIBs)		**7,026**	7,148

The above PIBs are of 5 years tenure carrying a coupon rate of 7% with maturity in October 2008 having semi-annual interest payments.

18. LONG TERM DEPOSITS

	Note	2006	2005
Deposits			
- shops and others		**17,711**	14,677
- leases		**2,764**	2,667
		20,475	17,344

19. STOCK-IN-TRADE

	Note	2006	2005
Raw materials			
- in stores		**19,817**	13,174
- in bonded warehouse		**54,378**	25,276
- in transit		**45,458**	29,612
		119,653	68,062
Work in process		**21,780**	27,450
Finished goods			
- own manufactured	25	**123,188**	97,086
- purchased for resale	25	**45,471**	39,944
		168,659	137,030
Provision for slow moving items		**(4,640)**	(3,159)
		305,452	229,383

20. TRADE DEBTS

	Note	2006	2005
Considered good			
Hire purchase (note 20.1)			
- Retail		**503,659**	430,449
- Institutional		**204,428**	156,625
		708,087	587,074
Unearned carrying charges		**(92,012)**	(65,641)
		616,075	521,433
Dealers		**59,822**	67,327
		675,897	588,760
Considered doubtful		**16,300**	21,943
		692,197	610,703
Provision for doubtful debts	20.2	**(16,300)**	(21,943)
		675,897	588,760

20.1 The hire purchase contracts are generally for a period ranging from 6 months to 12 months carrying interest rates prevalent in the market.

20.2 The company has recognised a provision of Rs. 11.297 million (2005: Rs. 10.538 million) for doubtful debts, and trade debts of Rs. 16.940 million (2005: Rs. 3.618 million) were written off during the year.

21. ADVANCES, DEPOSITS AND PREPAYMENTS

	2006	2005
	(Rupees in '000)	
Advances - considered good		
- Employees and executives	**818**	982
- Suppliers	**1,048**	256
	1,866	1,238
Deposits - trade	**769**	603
Deposits - customs	**6,464**	3,650
Claims	**4,151**	4,151
Prepayments	**4,802**	8,814
	18,052	18,456
Provision for doubtful claims	**(4,151)**	(4,151)
	13,901	14,305

21.1 The maximum aggregate amount of advances due from executives at the end of any month during the year was Rs. 0.246 million (2005: Rs. 0.983 million).

22. OTHER RECEIVABLES

Insurance claims	**612**	500
Commission	**8,114**	8,114
Accrued interest income	**1,450**	941
Others	**239**	1,848
	10,415	11,403
Provision for doubtful receivables	**(8,114)**	(8,114)
	2,301	3,289

23. CASH AND BANK BALANCES

In hand		
- cheques	**18,991**	20,144
- cash	**1,533**	1,313
	20,524	21,457
With banks in		
- current accounts	**3,999**	4,184
- deposit accounts	**11,260**	9,016
	15,259	13,200
In transit	**36,751**	26,650
	72,534	61,307

	Note	2006	2005
24. NET SALES		**(Rupees in '000)**	
Sales			
- Local		**1,423,808**	1,195,406
- Export		**3,304**	1,782
		1,427,112	1,197,188
Earned carrying charges		**141,880**	103,465
		1,568,992	1,300,653
- Sales tax		**(185,167)**	(156,552)
- Commissions / discounts		**(101,820)**	(79,473)
		(286,987)	(236,025)
		1,282,005	1,064,628
25. COST OF SALES			
Opening stock - finished goods			
- own manufactured		**97,086**	64,679
- purchased for resale		**39,944**	13,106
		137,030	77,785
Purchases		**360,317**	230,928
Cost of goods manufactured	25.1	**673,242**	678,067
		1,170,589	986,780
Closing stock - finished goods			
- own manufactured	19	**(123,188)**	(97,086)
- purchased for resale	19	**(45,471)**	(39,944)
		(168,659)	(137,030)
		1,001,930	849,750

25.1 Cost of goods manufactured

	Note	2006	2005
Raw material consumed			
Opening stock		**68,062**	59,154
Purchases		**620,189**	596,053
		688,251	655,207
Closing stock		**(119,653)**	(68,062)
		568,598	587,145
Salaries, wages and other benefits	25.1.1	**50,317**	46,060
Stores and spares consumed		**12,530**	11,423
Depreciation on property, plant and equipment	15.1.2	**4,841**	5,782
Amortisation of intangible assets	16.1	**190**	230
Royalty		**13,297**	10,678
Fuel and power		**8,614**	7,688
Insurance		**2,728**	2,440
Rent, rates and taxes		**1,208**	702
Repairs and maintenance		**1,204**	892
Travelling and conveyance		**1,525**	1,507
Communication		**509**	457
Printing and stationery		**343**	310
Cartage and others		**187**	586
Provision for slow moving stock		**1,481**	1,500
Work in process - opening stock		**27,450**	28,117
Work in process - closing stock		**(21,780)**	(27,450)
Cost of goods manufactured		**673,242**	678,067

25.1.1 Salaries, wages and other benefits include Rs. 0.975 million (2005: Rs. 0.960 million) in respect of employee retirement benefits and Rs. 1.664 million (2005: Rs. 1.556 million) in respect of bonus to workers.

26. MARKETING, SELLING AND DISTRIBUTION COSTS

	Note	2006	2005
		(Rupees in '000)	
Publicity and sales promotions		**52,733**	33,512
Salaries and benefits	26.1	**24,236**	20,020
Rent, rates and taxes		**19,290**	16,403
Provision for doubtful debts		**11,297**	10,538
Utilities		**7,375**	5,374
Warranty obligations	12.2	**6,080**	4,470
Depreciation on property, plant and equipment	15.1.2	**5,801**	4,939
Travelling and conveyance		**4,373**	2,972
Communication		**3,709**	2,259
Printing and stationery		**1,303**	1,369
Repairs and renovations		**437**	205
Sundries		**541**	537
		137,175	102,598

26.1 Salaries and benefits include Rs. 1.514 million (2005: Rs. 1.210 million) in respect of employee retirement benefits.

27. ADMINISTRATIVE EXPENSES

	Note	2006	2005
Salaries and benefits	27.1	**16,554**	14,882
Rent, rates and taxes		**1,961**	1,634
Utilities		**1,901**	1,711
Communication		**2,278**	1,971
Travelling and conveyance		**944**	380
Depreciation on property, plant and equipment	15.1.2	**893**	817
Amortisation of intangible assets	16.1	**185**	226
Printing and stationery		**784**	688
		25,500	22,309

27.1 Salaries and benefits include Rs. 0.675 million (2005: Rs. 0.688 million) in respect of employee retirement benefits.

28. OTHER OPERATING EXPENSES

	Note	2006	2005
Legal and professional charges		**4,107**	3,586
Amortisation of premium on Pakistan Investment Bonds		**122**	144
Auditors' remuneration	28.1	**400**	385
Donation		**-**	461
Loss on revaluation of derivative financial instruments		**271**	-
Workers' profits participation fund	12.3	**2,247**	2,228
Workers' welfare fund		**881**	669
		8,028	7,473

28.1 Auditors' remuneration

	2006	2005
Audit fee	**240**	225
Certification and limited review	**120**	120
Out of pocket expenses	**40**	40
	400	385

	Note	2006	2005
29. FINANCE COSTS		**(Rupees in '000)**	
Mark-up on long term loans		**23,218**	16,686
Mark-up on short term running finances under mark-up arrangements		**40,751**	21,937
Interest on workers' profits participation fund	12.3	**219**	165
Finance lease charges		**2,234**	1,982
Interest on employee security deposit		**560**	451
Bank charges		**3,933**	3,664
		70,915	44,885

30. OTHER INCOME

	Note	2006	2005
Income from financial assets			
Interest on deposit accounts		**512**	270
Interest on Pakistan Investment Bonds (PIBs)		**476**	476
Income from non-financial assets			
Gain on disposal of property, plant and equipment	15.1.3	**962**	1,730
Amortisation of deferred income	6	**928**	928
Commissions and others		**2,734**	628
		5,612	4,032

31. TAXATION

	2006	2005
Current	**11,239**	15,832
Prior	**(3,619)**	-
Deferred	**4,158**	760
	11,778	16,592

31.1 The income tax assessments of the Company have been finalised up to and including the assessment year 2002-2003. Tax returns of subsequent tax years are deemed to be assessed under provisions of Income Tax Ordinance 2001. In respect of certain assessment years, the Company has filed appeals with appellate authorities for various disallowances and short credits of the taxes paid. However, no adverse liability is expected to occur.

31.2 Numerical reconciliation between average effective tax rate and applicable tax rate:	**Percent**	Percent
Applicable tax rate	**35.0**	35.0
Permanent differences	**(7.0)**	0.9
Tax effect of income assessed under Final Tax Regime (FTR) and others	**7.0**	3.9
Total tax expense	**35.0**	39.8

	2006	2005
32. EARNINGS PER SHARE - basic and diluted	**(Rupees in '000)**	
Profit for the year	**32,291**	25,053
	(No. of shares in '000)	
Weighted average number of ordinary shares	**13,317**	13,317
	(Rupees)	
Earnings per share - basic and diluted	**2.42**	1.88

32.1 The number of shares for the prior period has also been adjusted for the effect of bonus shares issued during the current year.

	Note	2006	2005
33. CASH AND CASH EQUIVALENTS		**(Rupees in '000)**	
Cash and bank balances	23	**72,534**	61,307
Short term running finance - secured		**(398,855)**	(331,856)
		(326,321)	(270,549)

34. FINANCIAL INSTRUMENTS

34.1 Interest / Mark-up Rate Risk Management

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will affect the value of financial instruments. In respect of income earning financial assets and interest / mark-up bearing financial liabilities, the following table indicate their effective interest / mark-up rates at the balance sheet date and the periods in which they will re-price or mature:

	2006					
	Effective mark up rates %	Interest/ mark-up Bearing			Non-interest / mark-up bearing	Total
		Maturity less than one year	Maturity one to five years	Maturity after five years		
		(Rupees in '000)				
Financial Assets						
Investment	7	-	7,026	-	-	**7,026**
Long term deposits	-	-	-	-	20,475	**20,475**
Trade debts	18-26	616,075	-	-	59,822	**675,897**
Advances and deposits	-	-	-	-	8,051	**8,051**
Other receivables	-	-	-	-	2,301	**2,301**
Cash and bank balances	9 - 10.5	-	11,260	-	61,274	**72,534**
		616,075	**18,286**	**-**	**151,923**	**786,284**
Financial Liabilities						
Long term loans	11.65-13.15	68,944	134,000	-	-	**202,944**
Liabilities against assets subject to finance leases	7-14	6,806	15,704	-	-	**22,510**
Long term deposits	5	-	10,858	-	-	**10,858**
Trade and other payables	-	-	-	-	270,324	**270,324**
Mark-up accrued on short term running finance and long term loans	-	-	-	-	17,505	**17,505**
Short term running finance	11.48-12.42	398,855	-	-	-	**398,855**
		474,605	**160,562**	**-**	**287,829**	**922,996**
Net financial assets / (liabilities)		**141,470**	**(142,276)**	**-**	**(135,906)**	**(136,712)**

	Effective mark up rates %	Interest/ mark-up Bearing			Non-interest / mark-up bearing	Total
		Maturity less than one year	Maturity one to five years	Maturity after five years		
	2005					
		(Rupees in '000)				
Financial Assets						
Investment	7	-	7,148	-	-	7,148
Long term deposits	-	-	-	-	17,344	17,344
Trade debts	18-26	521,433	-	-	67,327	588,760
Advances and deposits	-	-	-	-	5,235	5,235
Other receivables	-	-	-	-	3,289	3,289
Cash and bank balances	9 - 9.25	-	9,016	-	52,291	61,307
		521,433	16,164	-	145,486	683,083
Financial Liabilities						
Long term loans	10.05-12.05	63,615	125,305	-	-	188,920
Liabilities against assets subject to finance leases	7-14	5,536	17,076	-	-	22,612
Long term deposits	5	-	9,016	-	-	9,016
Trade and other payables	-	-	-	-	195,188	195,188
Mark-up accrued on short term running finance and long term loans	-	-	-	-	14,273	14,273
Short term running finance	9.76-10.76	331,856	-	-	-	331,856
		401,007	151,397	-	209,461	761,865
Net financial assets / (liabilities)		120,426	(135,233)	-	(63,975)	(78,782)

34.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk is mainly attributable to the outstanding debtor balances. The Company does not have a significant concentration of credit risk as exposure is spread over a large number of individual. Out of total financial assets, the amount exposed to credit risk is Rs.675.90 million (2005: Rs.588.76 million). To reduce its exposure to the credit risk, the Company has developed formal approval process and obtains third party guarantees in respect of certain credit risk exposures. Further, the management continuously monitors the credit exposure, reviews credit worthiness of its customers and makes provision against balances considered doubtful of recovery.

34.3 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Company follows an effective cash flow management to ensure availability of funds and to take appropriate measures for expected requirements.

34.4 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign suppliers and customers. Payables exposed to foreign currency risks are usually covered through foreign exchange forward cover contracts on the basis of management's assessment of fluctuations in rates.

34.5 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements in respect of remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

	Chief Executive		Directors		Executives		Total	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
	(Rupees in '000)							
Managerial remuneration	**3,870**	3,499	**3,010**	3,528	**3,561**	2,570	**10,441**	9,597
Retirement benefits	**322**	291	**251**	294	**297**	214	**870**	799
Reimbursable expenditure	**168**	159	**416**	550	**597**	436	**1,181**	1,145
Housing	**156**	156	**923**	1,215	**1,322**	1,012	**2,401**	2,383
Leave passage and others	**2,464**	2,564	**1,281**	1,252	**1,024**	928	**4,769**	4,744
	6,980	6,669	**5,881**	6,839	**6,801**	5,160	**19,662**	18,668
Number of persons	**1**	1	**3**	3	**4**	3	**8**	7

35.1 In addition to the above, the Chief Executive, Directors and Executives are provided with free use of the Company maintained cars and certain items of furniture and fixtures in accordance with their entitlement.

35.2 Directors' remuneration includes Rs.1.926 million (2005: Rs.1.708 million) being the remuneration of the Executive appointed as Alternate Director.

35.3 Aggregate amount charged in the financial statements for fee to three non-executive directors was Rs. 0.120 million (2005: three directors, Rs. 0.125 million).

36. TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The related parties comprises of parent company Singer (Pakistan) B.V., Netherlands - ultimate parent company Retail Holdings N.V., Netherlands, related foreign group companies, local associated companies, directors of the Company, companies where directors also hold directorships, key management personnel and employee retirement benefit funds. The aggregate value of transactions and outstanding balances as at 31 December 2006 with related parties other than those which have been disclosed else where are as follows:

		Transaction Value		Balance payable / (receivable)	
	Note	**2006**	2005	**2006**	2005
		(Rupees in '000)			
Royalty	36.1	**13,297**	10,678	**32,520**	19,223
Purchases of goods, materials and services	36.2	**171,100**	128,461	**31,081**	13,403
Dividend paid		**-**	9,904	**517**	517
Employee retirement benefits		**2,638**	2,573	**(3,578)**	(3,632)
Employee retirement benefits - field staff		**526**	285	**2,193**	1,956
	36.3	**3,164**	2,858	**(1,385)**	(1,676)

36.1 The Company accrues royalty to Singer Asia Limited, Cayman Islands (a subsidiary of Retail Holdings N.V., Netherlands) based on sales of the Company in accordance with the royalty agreement.

36.2 Purchases of goods, material and services are entered into on the basis of commercial terms and at market prices.

36.3 Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefits schemes and actuarial advice.

37. PLANT CAPACITY AND ACTUAL PRODUCTION

	Capacity	Actual Production	
		2006 (Units)	2005 (Units)
Sewing machines	50,000	**42,841**	33,800
Gas appliances	25,000	**15,974**	14,855
Refrigerators / deep freezers	25,000	**27,425**	23,028
Washing machines	15,000	**9,591**	6,939
Colour televisions	20,000	**17,388**	18,430

Capacity reflects units expected to be produced on the basis of normal production hours. The under utilisation of capacity is mainly attributed to market conditions.

38. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors in its meeting held on 30 March 2007 has proposed a bonus issue of 15% (2005: 17.5 % bonus issue). This appropriation will be approved in forthcoming Annual General Meeting.

39. DATE OF AUTHORISATION

These financial statements were authorised for issue in the meeting of Board of Directors held on 30 March 2007.

40. GENERAL

Figures have been rounded off to the nearest thousand rupees except stated otherwise.

Chief Financial Officer | Chief Operating Officer | Director

Chief Executive

PATTERN OF SHAREHOLDING

AS PER REQUIREMENT OF CODE OF CORPORATE GOVERNANCE AS AT DECEMBER 31, 2006

DESCRIPTION	No.of Shares
Associated Companies, Undertakings and Related Parties	
Singer (Pakistan) B.V. Holding Company	9,331,179
Continental Furnishing Co., (Pvt.) Ltd.	95
Pakistan Agencies Ltd.	95
Industrial Engineers Ltd.	95
First Dawood Investment Bank Ltd.	5,875
Chief Executive Officer	
Mr. Kamal Shah	24,288
Directors	
Mr. U.R. Usmani	786
Mr. Stephen H. Goodman (Nominee of Singer (Pakistan) B.V.)	383
Mr. Gavin Walker (Nominee of Singer (Pakistan) B.V.)	117
Mr. Rasheed Y. Chinoy	443,062
Mr. Jahangir Siddiqui	2,937
Mr. Peter James O Donnell (Nominee of Singer (Pakistan) BV)	14
Mr. Badaruddin F. Vellani (Alternate of Mr. Gavin Walker)	685
Director's Spouse	
Mrs. Kamal Shah	31,783
Executive	
Mr. Salahuddin Khan	854
Public Sector Companies and Corporations, Banks / Financial Institutions, Insurance Companies, Mutual Funds etc.	2,173,658
Shareholder holding ten percent or more voting interest	
Singer (Pakistan) B.V. Holding Company	9,331,179

PATTERN OF HOLDING OF SHARES HELD

BY THE SHAREHOLDERS OF SINGER PAKISTAN LIMITED
AS AT DECEMBER 31, 2006

SHAREHOLDING

Number of Shareholders	From	To	Total Shares held
190	1	100	8,198
195	101	500	52,761
168	501	1000	121,325
67	1001	5000	141,926
7	5001	10000	46,749
3	10001	15000	33,425
3	15001	20000	47,340
2	20001	25000	44,753
1	30001	35000	31,783
1	65001	70000	66,950
1	70001	75000	73,325
1	85001	90000	88,125
1	145001	150000	146,046
1	225001	230000	227,578
1	230001	235000	231,265
1	460001	465000	460,756
1	870001	875000	870,712
1	1290001	1295000	1,293,100
1	9110001	9115000	9,331,179
646			**13,317,296**

CATEGORIES OF SHAREHOLDERS

	Categories of Shareholders	Number of Shareholders	Shares held	Percentage %
1	Associated Companies, Undertakings and Related Parties	5	9,337,339	70.11
2	Joint Stock Companies	11	1,302,899	9.79
3	Individuals	627	1,806,299	13.56
4	Banks, Development Finance Institutions, NBFIs, Mutual Funds & Modarabas	3	870,759	6.54
	TOTAL	**646**	**13,317,296**	**100.00**

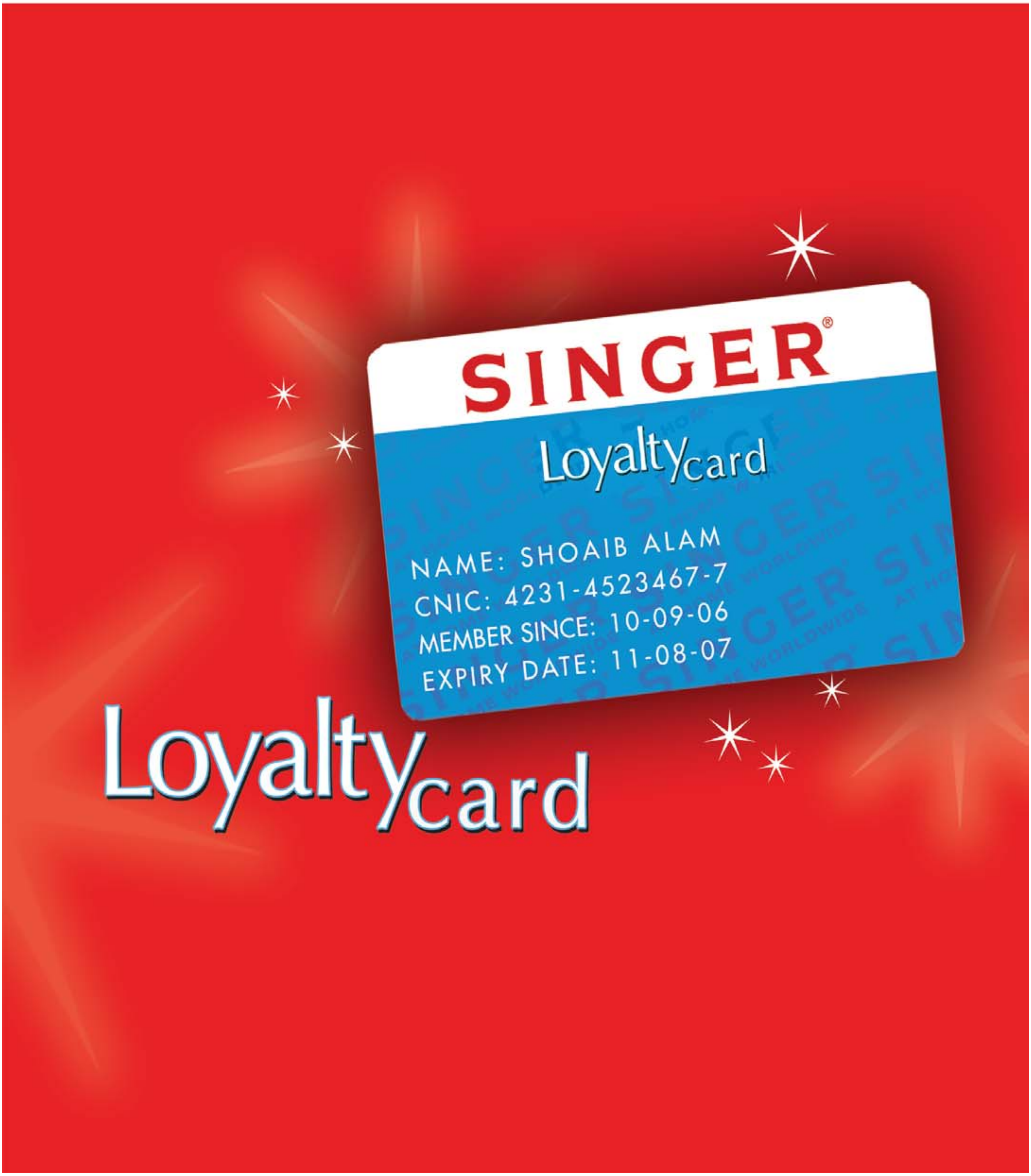
STATISTICAL SUMMARY

(Rupees in '000)

	2006	**2005**	2004	2003 (Restated)	2002	2001	2000	1999	1998	1997
ASSETS EMPLOYED										
Current assets	**1,094,432**	914,053	739,318	662,286	583,480	555,351	534,164	508,486	488,923	530,502
Current liabilities	**804,710**	654,973	510,860	381,974	363,785	342,973	396,557	369,487	354,068	399,388
NET CURRENT ASSETS	**289,722**	259,080	228,458	280,312	219,695	212,378	137,607	138,999	134,855	131,114
Property , plant & equipment	**110,312**	99,248	77,278	69,999	66,067	52,363	74,001	81,074	90,439	100,590
Intangible assets	**822**	560	986	1,369	1,177	918	-	-	-	-
Investment	**7,026**	7,148	7,292	7,412	-	-	-	-	-	-
Employee retirment benefits - prepayments	**3,578**	3,632	-	-	-	-	-	-	-	-
Long - Term deposits	**20,475**	17,344	16,302	13,844	9,596	8,985	8,085	7,397	6,353	7,753
Deferred cost	**-**	-	-	-	-	-	1,139	1,355	1,429	2,800
Deferred tax	**-**	-	-	692	-	676	867	-	-	-
TOTAL ASSETS EMPLOYED	**431,935**	387,012	330,316	373,628	296,535	275,320	221,699	228,825	233,076	242,257
FINANCED BY:										
Share capital	**133,173**	113,339	113,339	113,339	113,339	113,339	113,339	113,339	52,472	43,726
Reserves & unappropriated profit	**122,323**	109,866	98,980	90,514	77,502	77,582	67,933	69,619	131,951	139,869
Surplus on revaluation of fixed assets	**-**	-	-	-	-	-	29,153	29,153	29,153	29,153
Deferred income	**7,887**	8,815	9,743	10,671	11,141	-	-	-	-	-
Employee retirement benefits - obligation	**2,193**	1,956	-	-	-	-	-	-	-	-
Long term loans , Debenture Lease facilities, Deposit and Deferred liabilities	**166,359**	153,036	108,254	159,104	94,553	84,399	11,274	16,714	19,500	29,509
TOTAL CAPITAL EMPLOYED	**431,935**	387,012	330,316	373,628	296,535	275,320	221,699	228,825	233,076	242,257
Sales	**1,427,112**	1,197,188	979,541	835,781	720,415	646,668	606,257	597,477	561,433	605,560
Profit after taxation	**32,291**	25,053	19,799	13,012	8,420	7,232	6,814	7,035	7,125	7,862
Cash dividend										
Amount	**-**	-	14,167	11,333	8,500	8,500	8,500	8,500	6,297	-
%	**-**	-	12.5%	10%	7.5%	7.5%	7.5%	7.5%	10%	-
Bonus share										
Amount	*** 19,976**	19,834	-	-	-	-	-	-	60,687	8,746
%	*** 15%**	17.5%	-	-	-	-	-	-	116%	20%
Earnings per share After Tax	**2.42**	1.88	1.75	1.15	0.74	0.64	0.60	0.62	0.63	1.80

*** Proposed**

SINGER®


SINGER®
Loyalty card
NAME: SHOAIB ALAM
CNIC: 4231-4523467-7
MEMBER SINCE: 10-09-06
EXPIRY DATE: 11-08-07
Loyalty card

FORM OF PROXY

The Company Secretary
Singer Pakistan Limited,
Plot No. 39, Sector 19,
Korangi Industrial Area, Korangi,
KARACHI

I/We ____

of ____

being a member of **Singer Pakistan Limited** hereby appoint ____________________

____

of ____

or failing him ____

of ____

as my proxy in my absence to attend, speak and vote for me and on my behalf at the Forty Sixth Annual General Meeting of the Company to be held on Saturday April 28, 2007 and at any adjournment thereof.

As witness my / our hand this ____________________day of ________________ 2007.

Witness No. 1

Name : ____________________

Adress : ____________________

____

____

CNIC No. : ____________________

Rs. 5/-
Revenue
Stamp

____
Signature of Member(s)

Witness No. 2

Name : ____________________

Address : ____________________

____

____

CNIC No. : ____________________

____
(Name in Block letters)

Folio No. ____________________

Participant ID No. ____________________

Account No. in CDC ____________________

Important:

1. CDC Account Holders are requested to strictly follow the guidelines mentioned in the Notice of Meeting.
2. A Member entitled to attend a General Meeting is entitled to appoint a proxy to attend and vote instead of him/her.
3. Members are requested:
   (a) To affix Revenue Stamp of Rs. 5/- at the place indicated above.
   (b) to sign across the Revenue Stamp in the same style of signature as is registered with the Company.
   (c) To write down their Folio Numbers.
4. This form of proxy, duly completed and signed across a Rs. 5/- revenue stamp, must be deposited at the Company's Registered Office not less than 48 hours before the time for holding the meeting.

AFFIX
CORRECT
POSTAGE

The Company Secretary
Singer Pakistan Limited,
Plot No. 39, Sector 19,
Korangi Industrial Area, Korangi,
KARACHI

Fold : Here

Fold : Here

Fold : Here

Fold : Here