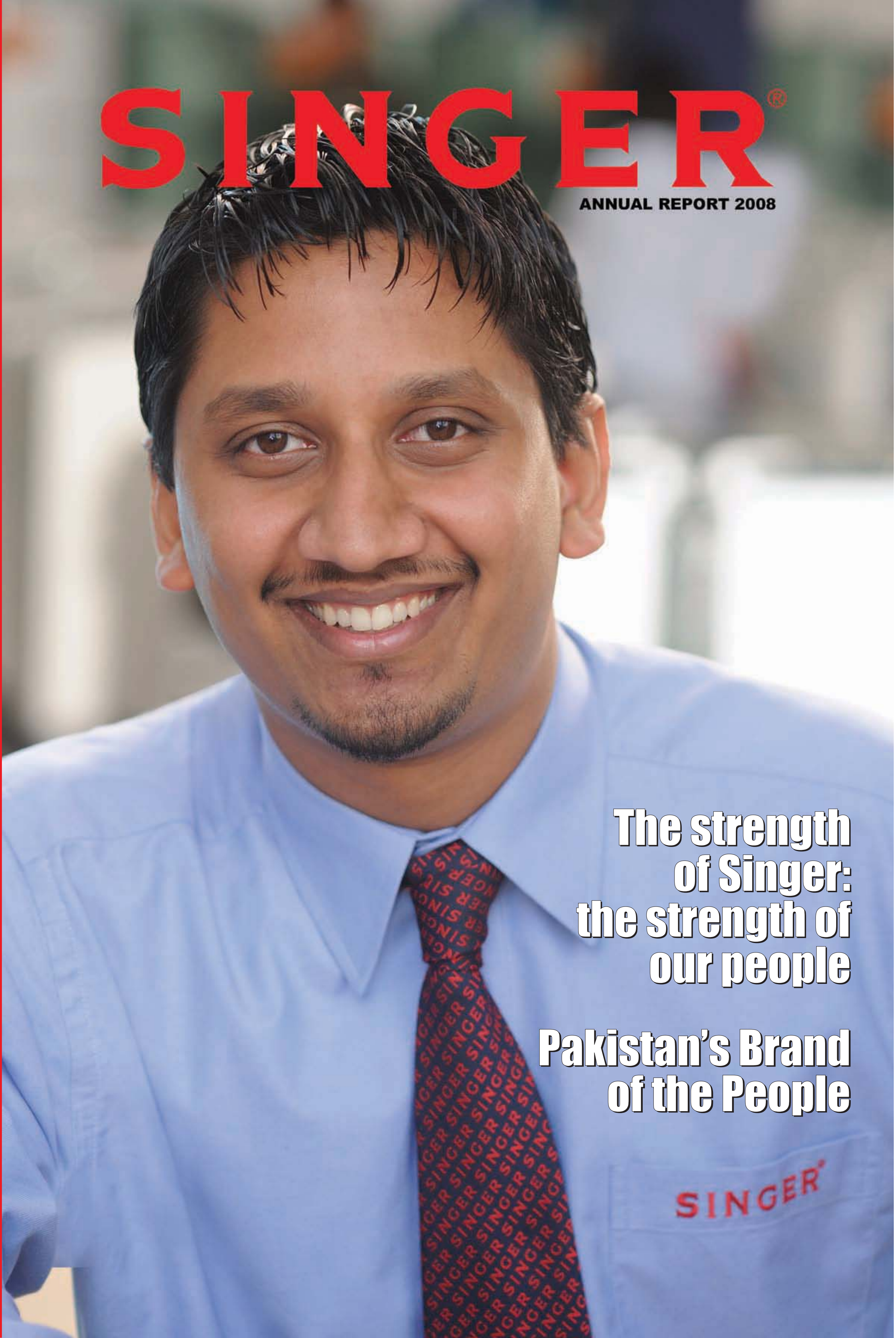


SINGER®

ANNUAL REPORT 2008

The strength of Singer: the strength of our people

Pakistan's Brand of the People

Singer Pakistan Limited Annual Report 2008

Singer has been operating in Pakistan since 1877, when the first Singer Sewing Machines went on sale in our shops.

Today, Singer Pakistan Limited is a large, diversified company with a presence throughout Pakistan. Singer has the largest retail network in South Asia with over 800 stores.

Beginning with the Sewing Machine, Singer's product portfolio has diversified to encompass a highly successful multi-product and consequently multi-brand strategy combining products of world's top brands with the company's own products across a range of household and industrial categories.

Singer (Pakistan) B.V. holds 70.28% of the issued share capital of Singer Pakistan Limited.

Singer Pakistan Limited was listed on Karachi and Lahore Stock Exchanges in 1985.

Contents

Our cover concept reflects Singer's status as Pakistan's favourite brand. In place of the usual glamour model or entertainment personality, it features the face of a Singer employee, chosen at random to represent the strength of our people.

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

SINGER
Singer Pakistan Limited
608, (6th Floor), Beaumont Plaza, Beaumont Road
Near PIDC House
Karachi-75530
Pakistan

www.singer.com.pk

Board of Directors

Kamal Shah	Chairman & Chief Executive Officer
Gavin J. Walker	(alternate: Badaruddin F. Vellani)
Peter James O'Donnell	(alternate: Fareed Khan)
Rasheed Y. Chinoy	
Jahangir Siddiqui	
U. R. Usmani	Chief Operating Officer
Ahmed S. Farrukh	

Company Secretary

Nasir Hussain

Audit Committee

Badaruddin F. Vellani	Chairman
Rasheed Y. Chinoy	Member
Jahangir Siddiqui	Member
U. R. Usmani	Member
Fareed Khan	Member
A. H. Dawood	Secretary

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Al-Falah Limited
Citibank, N. A.
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
JS Bank Limited
MCB Bank Limited
National Bank of Pakistan
Soneri Bank Limited
The Bank of Punjab
The Royal Bank of Scotland [Formerly ABN AMRO Bank (Pakistan) Limited]
United Bank Limited

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Share Registrar

Gangjees Registrar Services (Pvt.) Limited
513, Clifton Centre, Khyaban-e-Roomi
Clifton, Block-5
Karachi

Registered Office

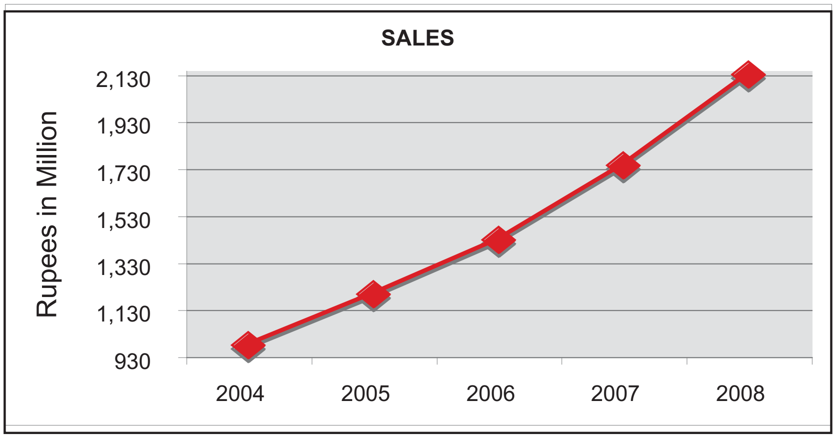
Plot No. 39, Sector 19
Korangi Industrial Area, Korangi
Karachi

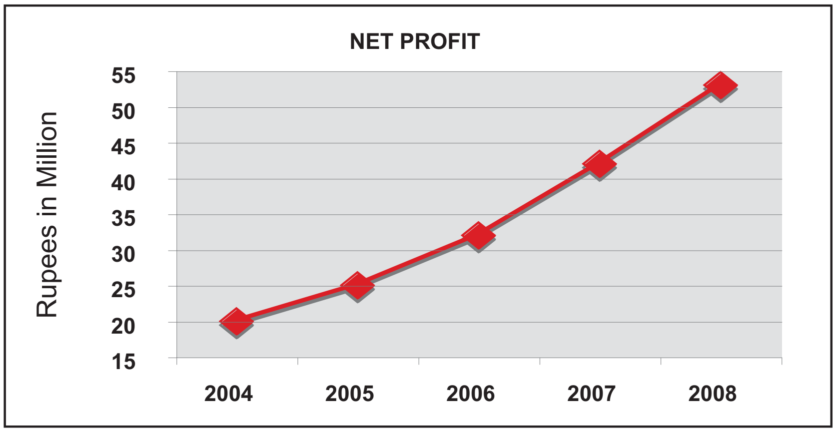
Head Office

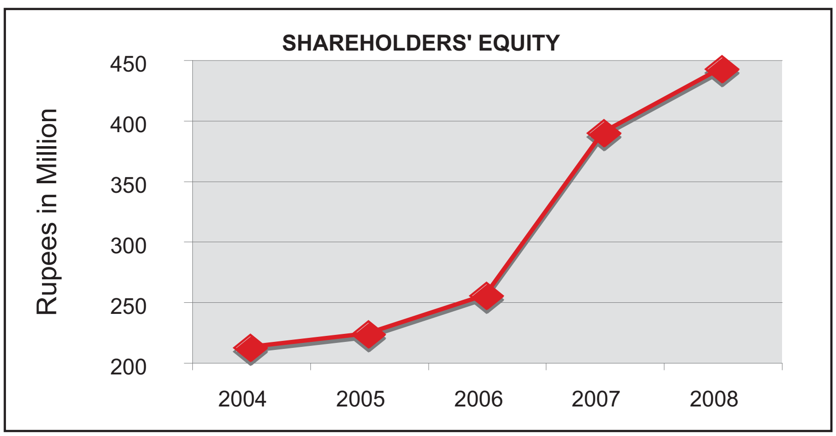
608, 6th Floor, Beaumont Plaza
Beaumont Road, Near PIDC House
Karachi

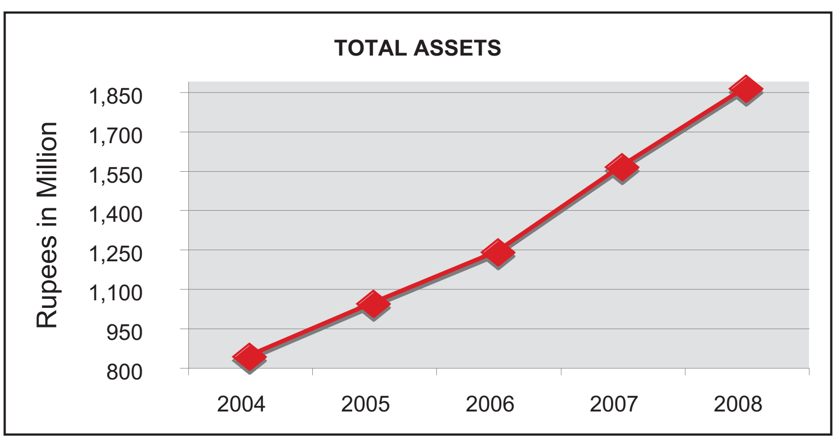
Website

www.singer.com.pk


SALES
Rupees in Million
2,130
1,930
1,730
1,530
1,330
1,130
930
2004
2005
2006
2007
2008


NET PROFIT
Rupees in Million
55
50
45
40
35
30
25
20
15
2004
2005
2006
2007
2008


SHAREHOLDERS' EQUITY
Rupees in Million
450
400
350
300
250
200
2004
2005
2006
2007
2008


TOTAL ASSETS
Rupees in Million
1,850
1,700
1,550
1,400
1,250
1,100
950
800
2004
2005
2006
2007
2008

(Rupees in '000')

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
ASSETS EMPLOYED										
Current Assets	1,601,194	1,361,138	1,094,432	914,053	739,318	662,286	583,480	555,351	534,164	508,486
Current Liabilities	1,155,202	918,298	804,710	654,973	510,860	381,974	363,785	342,973	396,557	369,487
NET CURRENT ASSETS	445,992	442,840	289,722	259,080	228,458	280,312	219,695	212,378	137,607	138,999
Property, Plant & Equipment	212,213	156,915	110,312	99,248	77,278	69,999	66,067	52,363	74,001	81,074
Intangible Assets	7,638	4,666	822	560	986	1,369	1,177	918	-	-
Investment	-	6,894	7,026	7,148	7,292	7,412	-	-	-	-
Employee retirement benefits - Prepayments	6,798	5,617	3,578	3,632	-	-	-	-	-	-
Long Term Deposits	32,100	27,396	20,475	17,344	16,302	13,844	9,596	8,985	8,085	7,397
Deferred Cost	-	-	-	-	-	-	-	-	1,139	1,355
Deferred Tax	-	-	-	-	-	692	-	676	867	-
TOTAL ASSETS EMPLOYED	704,741	644,328	431,935	387,012	330,316	373,628	296,535	275,320	221,699	228,825
FINANCED BY: Share Capital	275,668	245,038	133,173	113,339	113,339	113,339	113,339	113,339	113,339	113,339
Reserves & unappropriated profit	166,229	144,298	122,323	109,866	98,980	90,514	77,502	77,582	67,933	69,619
Surplus on revaluation of fixed assets	-	-	-	-	-	-	-	-	29,153	29,153
Deferred Income	6,031	6,959	7,887	8,815	9,743	10,671	11,141	-	-	-
Employee retirement benefits - Obligation	3,495	1,962	2,193	1,956	-	-	-	-	-	-
Long term loans, Debenture, Lease Facilities, Deposit and Deferred liabilities	253,318	246,071	166,359	153,036	108,254	159,104	94,553	84,399	11,274	16,714
TOTAL CAPITAL EMPLOYED	704,741	644,328	431,935	387,012	330,316	373,628	296,535	275,320	221,699	228,825
FINANCIAL PERFORMANCE										
Sales	2,131,378	1,744,173	1,427,112	1,197,188	979,541	835,781	720,415	646,668	606,257	597,477
Profit after taxation	52,561	41,951	32,291	25,053	19,799	13,012	8,420	7,232	6,814	7,035
Earning per share	1.91	1.52	1.43	1.88	1.75	1.15	0.74	0.64	0.60	0.62
Bonus share										
Amount	* 34,459	30,630	19,976	19,834	-	-	-	-	-	-
%	* 12.5%	12.5%	15.0%	17.5%	-	-	-	-	-	-
Cash dividend										
Amount	-	-	-	-	14,167	11,333	8,500	8,500	8,500	8,500
%	-	-	-	-	12.5%	10%	7.5%	7.5%	7.5%	7.5%

*** Proposed**

Kamal Shah - *Chairman & CEO*

Mr. Kamal Shah is the Chairman and Managing Director of Singer Pakistan Limited. He is a Fellow of the Institute of Chartered Accountants of Pakistan and an Associate of the Chartered Institute of Management Accountants - UK.

Mr. Shah serves on the boards of a number of Singer subsidiaries outside Pakistan.

Mr. Kamal Shah served as a member of the Prime Minister's Tax Reforms Commission which brought about major tax reforms in the country. Mr. Kamal Shah has also served as a member of National Engineering Manufacturers and Export Council (NEMEC) under the Chairmanship of the Commerce Minister for a number of years.

He has served as Vice President of American Business Council of Pakistan and Chairman of the Finance Committee of the Council for several years. Mr. Shah has also served as a member of the Managing Committee of Overseas Investors Chamber of Commerce and Chairman of the Finance Sub Committee of the Chamber.

Gavin J. Walker - *Director*

Mr. Walker is the President and Chief Executive Officer of Singer Asia Ltd. and was appointed to this position in August 2005.

Prior to joining the Company, Mr. Walker held offices as Managing Director and Chief Executive Officer of public quoted and private companies in the United Kingdom and South Africa.

Mr. Walker, served as Chief Executive Officer of Profum Ltd., a multi-brand retailer of electrical appliances and furniture with operations in 16 African countries and Australia (including SINGER® brand electrical appliances under licence).

Mr. Walker serves on the Board of a number of Singer Asia Subsidiaries.

Peter James O'Donnell - *Director*

Mr. Peter James O'Donnell is the Managing Director of UCL, Asia Ltd. Director, American Standard China Plumbing Products Ltd., Singer Asia Ltd., Singer (Sri Lanka) PLC, Singer Bangladesh Ltd. and Observer, Singer Thailand Public Company Ltd.

Mr. O'Donnell is an alumnus of both Harvard College and Harvard Business School.

Rasheed Y. Chinoy - *Director*

Mr. Rasheed Y. Chinoy graduated from the University of Birmingham, United Kingdom with a Degree in Business Administration and has been in the corporate sector for the last 50 years. Currently, he is the Chairman and Managing Director of Continental Furnishing Co. (Pvt) Limited.

He is a founder Director of Singer Industries Pakistan Limited which was the forerunner of Singer Pakistan Limited.

Mr. Chinoy has served on various boards of National and Multinational Companies in Pakistan; prominent amongst these companies were the Soneri Bank, Reckitt & Colman of Pakistan Group of Companies, The Johnson & Phillips Group Company, KESC and Haroon Oils Pakistan Ltd.

Presently, Mr. Rasheed Y. Chinoy is also on the Board of the following companies:

- State Life Insurance Corp. of Pakistan
- Dadex Eternit Ltd.
- Pakistan Agencies (Pvt.) Ltd.
- PNSC
- First Dawood Investment Bank Ltd.
- Fibercane (Pvt.) Ltd.

Jahangir Siddiqui - *Director*

Mr. Jahangir Siddiqui is the founder and Advisor of JS Group and Chairman of the JS Bank Limited. He founded JS Group in 1970 and led the group to become one of the largest and most profitable business houses in Pakistan with over 20,000 employees.

He retired from executive duties at JS Group in 1999 but remains an Advisor, in which capacity the Group is able to call on him to seek guidance on strategic matters. He also serves as Chairman of JS Bank Limited.

In the past he has served as a Member on the Economic Advisory Board formed by the Government of Pakistan in 1999 and the Exchange Reforms Committee of the Government of Pakistan which opened up Pakistan's capital markets to foreign investors.

Mr. Siddiqui was a member of the Karachi Stock Exchange from 1970-2001. He also served as a member of the Privatisation Commission when it was formed in 1991. He was elected President, Karachi Stock Exchange in 1990 and 1991.

Mr. Siddiqui serves on various Government of Pakistan boards and committees, in particular those related to investment, taxation and finance. He advises the Government on various matters.

He serves on the boards of a number of Pakistan's largest companies and dedicates time to two charitable foundations affiliated with JS Group.

Badaruddin F. Vellani - *Alternate Director*

Mr. Badaruddin F. Vellani is an Honours graduate in Chemical Engineering from the Loughborough University of Technology and is also a Barrister-at-Law from the Middle Temple (London). Mr. Vellani commenced legal practice at Karachi in 1982. He is enrolled as an Advocate of the Supreme Court of Pakistan and is entitled to appear before all courts and tribunals in Pakistan.

Mr. Vellani is a partner in the law firm of Vellani & Vellani.

He is presently a member of the board of directors of Unilever Pakistan Foods Limited, Parke Davis & Co. Limited, Novartis Pharma (Pakistan) Limited (where he is Vice Chairman of the Board), Shell Pakistan Limited (where he is also Chairman of its Audit Committee) and Esso Pakistan (Private) Limited. He is also an Alternate Director on the Board of Roche Pakistan Limited.

Mr. Vellani is the Chairman of the National Committee of the Aga Khan Foundation, Pakistan and the National Committee of the Aga Khan University Foundation Pakistan, and is a member of the Board of Directors of the Pakistan Centre for Philanthropy. Mr. Vellani is also a Council member and one of the Governors of Hisaar Foundation (a not for profit foundation for water, food and livelihood security). He is also a member of the National Committee in Pakistan of the International Chamber of Commerce (ICC) and on the ICC Task Forces on IT & E-Commerce, Enforcement of IP Rights and Arbitration.

Fareed Khan - *Alternate Director*

Mr. Fareed Khan is a Chartered Accountant from England and Wales and also from Pakistan.

He joined A. F. Ferguson & Co., Chartered Accountants, in 1965. He worked as a partner till 1982 and was involved in various assignments.

Mr. Khan worked as an external financial consultant on the Board of Industrial Management an organization managing nationalized industries and was also appointed an external financial consultant to a housing finance company for a few years.

Presently, he has set-up an Engineering Manufacturing Company, manufacturing different consumer appliances. He has also served on the Board of NBFI.

U. R. Usmani - *Director & COO*

Mr. Ubaid-ur-Rehman Usmani is Chief Operating Officer and Director Personnel & Administration.

He has done L.L.B. and M.A. in Economics and has attended other educational and training programs in various countries.

Mr. Usmani has been a Management Counsellor at Pakistan Institute of Management for several years and has also worked as Personnel Development Manager in Philips Electrical Company of Pakistan Ltd. and Director Human Resources in Parke Davis & Co. Ltd.

He is a senior member of the Management Committee of the Employers Federation of Pakistan and has also headed its various Sub-Committees and has undertaken special projects and also represented the Federation on various national and international forums.

Mr. Usmani is also Additional Secretary General of Workers-Employers Bilateral Council of Pakistan (WEBCOP).

He is a visiting faculty member of different universities and other educational institutions.

Ahmed S. Farrukh - *Director*

Mr. Ahmed S. Farrukh is Director Marketing at Singer Pakistan Limited.

He holds an MBA (Marketing Major) degree and has done numerous management development courses, both from Pakistan and abroad, notable being "Marketing Management Program" from Boston College, USA and "General Management Program" from National University of Singapore.

Prior to joining Singer, he worked with Eli Lilly and Glaxo.

Mr. Farrukh is currently the Secretary of the Marketing Association of Pakistan (MAP).

Management Committee

From Left to Right: Salahuddin Khan (Director Manufacturing),
Ahmed S. Farrukh (Director Marketing), Nasir Hussain (CFO & Company Secretary),
Kamal Shah (Chairman & CEO), U. R. Usmani (Director & COO),
Mahmood Ahmed (Director Sales) and Syed Aleem Hussain (Director Credit)

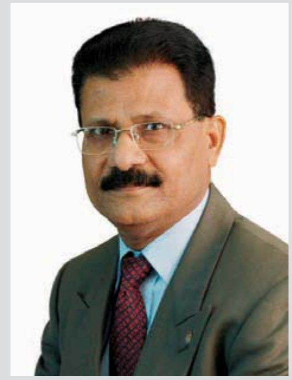
SINGER

Senior Management

Muhammad Azam Khan
Controller

Salman Ahmed
Factory Controller

S. M. Akhtar
Senior I. T. Manager



Abdul Hakeem Dawood
Chief Internal Auditor

Abdul Ghaffar
Commercial Manager

Waheed-ul-Hassan
Chief Engineer

Khalid Jamil
Refrigerators
Development Manager

M. Lateef-ud-Din Pasha
Director Administration

Farhana Farhad
Merchandising Manager

Abid Pervez
National Sales Manager North

Muzzafar Mehboob
National Sales Manager South

Hafiz Ashfaq Ahmed
National Service Manager

Notice is hereby given that the Forty-Eighth Annual General Meeting of SINGER PAKISTAN LIMITED will be held on Thursday, 30 April 2009 at 10.00 a.m. at Beach Luxury Hotel, Karachi, to transact the following businesses:

Ordinary Business

1. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 31 December 2008 together with the Reports of Directors' and Auditors' thereon.

2. To appoint Auditors of the Company for the financial year ending 31 December 2009 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. 300 million to Rs. 400 million by the creation of 10 million ordinary shares of Rs. 10/- each.

4. To capitalize a sum of Rs. 34,458,500 out of the un-appropriated profits of the Company for the issuance of 3,445,850 Bonus Shares to the Members of the Company as at the close of business on 19 April 2009 in proportion to their respective shareholding at that date (the effective rate being 12.5%, that is, 3 shares for every 24 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

Nasir Hussain
Company Secretary

Karachi: 8 April 2009

Notes

1) The Share Transfer Books of the Company will be closed and no transfer will be accepted for registration from 20 April 2009 to 30 April 2009 (both days inclusive).

2) A Member of the Company, 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. The proxy shall produce his/her original Computerized National Identity Cards (CNIC) or passport to prove his identity.

3) In case of corporate entity, the Board of Directors' / Trustees' resolution / power of attorney with specimen signature of the nominee shall be submitted with the proxy form to the Company, and the same shall be produced in original at the time of the meeting to authenticate the identity.

4) Members are requested to notify any change in their addresses immediately to our Registrar.

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

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

7) CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular 1 dated January 26, 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 Computerized National Identity Card (CNIC), 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 of corporate entity, the Board of Directors' / Trustees' 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 CNIC numbers shall be mentioned on the form.

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

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

v) In the case of corporate entity, the Board of Directors' / Trustees' 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-Eighth Annual General Meeting of Singer Pakistan Limited to be held on Thursday, 30 April 2009 at 10:00 a.m.

Item No. 3 of the Agenda - Special Business

Increase in Authorised 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. 300 million to Rs. 400 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-Eighth Annual General Meeting as an ordinary resolution:

> **Resolved that** the authorised share capital of the Company be and is hereby increased to Rs. 400 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. 400,000,000/- divided into 40,000,000 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. 34,458,500 from the un-appropriated profits of the Company for the issuance of Bonus Shares in the ratio of 3 ordinary shares for every 24 ordinary shares i.e. (at the rate of 12.5%). Those persons whose names appear on the Register of Members of the Company as at the close of business on 19 April 2009 will be entitled to the proposed issuance of Bonus Shares in the proportion mentioned above.

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

Resolved that:

1. A sum of Rs. 34,458,500 out of the un-appropriated profit of the Company be capitalized and applied for making payment in full of 3,445,850 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 19 April, 2009 in the proportion of three Bonus Shares for every twenty four 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.

The Directors of the Company are not directly or indirectly interested in these businesses except to the extent of their share holding in the Company.

The Directors of the Company are pleased to present the Annual Report together with the Audited Financial Statements of the Company for the year ended 31 December 2008.

Business Overview

We are pleased to report that the Revenue and profitability of your Company continued to grow despite the adverse business conditions throughout 2008, a very difficult year.

Sales for the year increased by 22% to Rs. 2.131 billion, as compared to Rs 1.744 billion in the previous year with major contribution in sales growth coming from appliances.

Gross Profit improved by 25% to Rs. 448.5 million from Rs. 358.3 million in the previous year. The reason for increase in gross profit is higher sales and higher earned carrying charges together with successful cost improvement programs.

Marketing, Selling & Distribution costs increased by Rs.32.6 million over the previous year. This is mainly due to increase in advertising, sales promotion and continued expansion of retail network. Administrative expenses increased by Rs 6 million due to inflation and increased human resources costs to support the growth. Profit from operations before finance costs has increased by 35.9% to Rs. 188.9 million from Rs. 139.0 million which was partly offset by higher finance costs of Rs. 39.5 million, mainly due to soaring interest rates.

Profit after taxation increased to Rs 52.5 million from Rs.42.0 million, a growth of 25 % over the previous year.

Sales Overview

The growth in sales was mainly due to growth in sales of appliances despite tough competition. The sewing machine sale was affected adversely due to reduced bulk orders. The Company has continued it's program to improve features and introduce new models and new products to grow sales. We also expanded our retail net work both in rural and urban areas and improved the after sales service by introducing state of the art Complaint Management System in all our Service Centres throughout the country.

Profitability and Appropriations

The profit for the year 2008 and proposed appropriations for the year 2009 are as follows:

	2008 (Rupees in '000)
Profit after Tax	52,561
Un-appropriated profit brought forward	331
Profit available for appropriations	52,892

	2009 (Rupees in '000)
Un-appropriated profit brought forward	52,892
Appropriations:	
Transfer to Revenue Reserve	(18,000)
Proposed Bonus Issue	(34,459)
Un-appropriated profit	433

Dividend

The Board has recommended that no cash dividend be paid for the year ended 31 December 2008. The Board has however proposed that a Bonus Issue in the proportion of three shares for every twenty four shares of Rs. 10/- each be made to all Members whose names appear on the Register of Members on 19th April 2009, 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 2008 increased by 25% to Rs 1.91 as against Rs. 1.52 for the previous year.

Future Outlook

The Company will continue to focus on introduction of new models, new products, innovative advertising and sales promotion and increased productivity in a highly competitive market however a lot will depend on the business environment in the country in 2009 which is looking like a difficult year right from the beginning.

Board of Directors

During the year, Election of Director took place on 09 August 2008 and following persons were elected as Directors of the company for a term of three years:

Mr. Kamal Shah
Mr.Gavin Walker (alternate : Mr. Badaruddin F. Vellani)
Mr. Peter James O' Donnell (alternate : Mr. Fareed Khan)
Mr. Rasheed Y. Chinoy
Mr. Jahangir Siddiqui
Mr. U. R. Usmani
Mr. Ahmed S. Farrukh

The board places on record its appreciation for the valuable services rendered by the outgoing Director Mr. Stephen H. Goodman.

No casual vacancy arose during the year.

Human Resources

As a leader in Retailing we believe in continuously investing in our single most important asset-our people. In order to achieve this objective we have set up Singer Retail Academy to ensure comprehensive and effective training programs for all positions. This should also improve productivity and increase career development opportunities and performance evaluation. Training programs were implemented during the year for all levels of field staff and Management.

The relationship between the management and employees continues to be satisfactory. The agreement with the Factory labour union expired and negotiations having remained inconclusive, the industrial disputes have been referred to the Labour Court for adjudication.

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

In line with Company's policy of recognizing the importance of Corporate Social Responsibilities the Company has undertaken following projects:

(a) Literacy Program:

The Company has undertaken a project of building and furnishing of primary schools for very poor children of remote areas.

(b) Anti-Narcotic Project:

Singer Pakistan has sponsored a tele film, which is shown in schools and colleges to educate children against the devastating effects of smoking and narcotics on their life and their family members.

A professional demonstrator conducts the screening which is followed by a quiz competition, in various schools and other educational institutions, explaining children about the devastating effects of drugs and smoking on them and their family.

(c) Restoration of Eye-Sight:

The Company is sponsoring a programme for restoration of eye sight through Al- Shifa Trust Eye Hospital.

The Consumer Protection Council has recognized the contribution made by Singer Pakistan and has given Helpline Trust 2nd CSR Award 2008 to your Company.

Award

During the year your Company has also been awarded the Consumers Choice Award from the Consumer Association of Pakistan for the best geyser and sewing machine.

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 2009.

Pattern of Shareholding

A statement of the general pattern of shareholding along with pattern of shareholding of certain classes of Shareholders whose disclosure is required under the Code of Corporate Governance is shown on page 65 of this report.

Holding Company

Singer (Pakistan) B.V. holds 70.28% 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 Financial Reporting 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 Provident, Gratuity and Pension Funds based on their latest un-audited accounts for the year ended 31 December 2007 are as follows:

- Provident Fund	Rs.	113.3	million
- Gratuity Fund	Rs.	46.4	million
- Pension Fund	Rs.	52.8	million

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

Name of Directors	Attendance
Mr. Kamal Shah	8
Mr. U. R .Usmani	8
Mr. Ahmed S. Farrukh	8
Mr. Fareed Khan (alternate of Mr. Goodman / James O' Donnell)	8
Mr. Rasheed Y. Chinoy	7
Mr. Badaruddin F. Vellani (alternate of Mr. Gavin Walker)	7
Mr. Jahangir Siddiqui	4

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

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: 3 April 2009

Our new Mega Store in Karachi

Panoramic view of the inside of the Mega Store

A unique WALL DISPLAY of LCD range at our Mega Store

Motorcycle with traffic signal and mannequin adds colour to the display

Singer provides comfort and entertainment in your home through SINGER SPLIT A/C, LCD TV & HOME THEATRE. Split A/C comes in 1.5 ton & 1 ton capacity; with elegant design, LED indicator, sleep timer and remote control. It has very effective cooling and noiseless operation.

SINGER LCD TV is a fully imported product, having features such as “Response Time of 5 milliseconds, Aspect Ratio of 16:9 and Resolution of 1366x768 Pixel” and can be hooked on to SINGER HOME THEATRE to create that surround-sound effect.

Singer provides all the appliances for a modern kitchen. SINGER REFERIGERATOR, COOKING RANGE, MICROWAVE and small appliances are dependable for the kitchen.

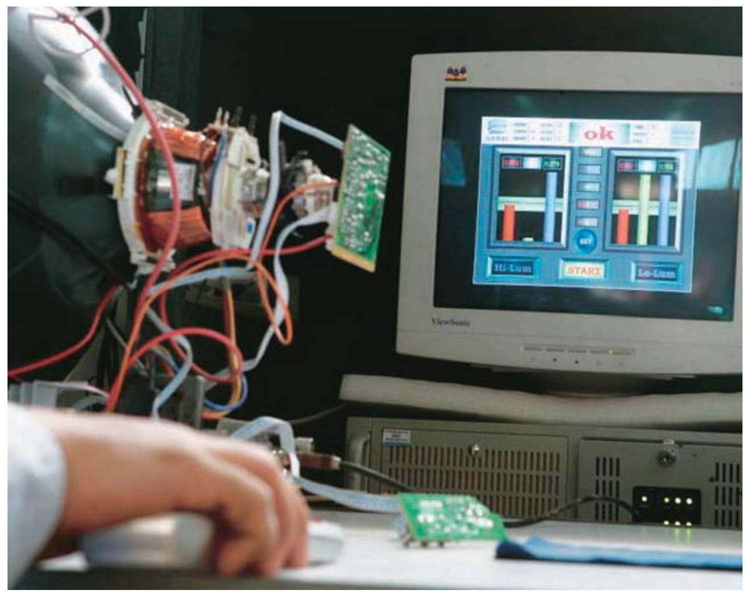
Add “STYLE & CONVENIENCE TO TASTE: THE SINGER WAY!”.

SINGER WATER HEATER provides uninterrupted hot water throughout the day and night for all bathing and washing needs. It is energy-efficient since new glass wool insulation is used. The Robert-Shaw Thermostat of USA is a unique feature with its “DOUBLE SAFETY (ECO)” because our standard is “YOUR SAFETY FIRST”.

SINGER WATER HEATER is the first one to get certification from the PAKISTAN STANDARDS & QUALITY CONTROL AUTHORITY (PSQCA). It was also voted as the “BEST GEYSER” in 2008 by the Consumers Association of Pakistan.

Front view of SINGER Factory at Korangi, Karachi

Dip soldering stage in CTV Assembly Plant



White balancing in CTV Assembly Plant

Final inspection of Refrigerators before packing

Vacuum forming section of the Refrigerator Plant.

Town Storming

Draped in SINGER Plus flags and uniforms, our Sales Staff become mobile advertisers and visit major shopping centres, distributing catalogues outlining exciting consumer promotions.

Call Centre

Our in-house and exclusive call centre plays a crucial and interactive role in bringing the customer closer to SINGER. Outbound "WELCOME" calls are a pleasant surprise, for many a customer. The Singer Pakistan Call Centre was declared the "CALL CENTRE CHAMPION FOR 2008" amongst all Singer Asia Call Centres.


SINGER
SINGER ASIA
Certificate of Appreciation
is hereby granted to:
The Singer Pakistan Call Centre
for outstanding performance and hereby declared
' CALL CENTRE CHAMP - 2008 '
Awarded: 14th January, 2009
Gavin Walker – President & CEO, Singer Asia

Consumers Choice Award

SINGER WATER HEATER AND SEWING MACHINE received the CONSUMERS CHOICE AWARD for 2008 for the best geyser and sewing machine from the Consumers Association of Pakistan.

Mr. Ahmed S. Farrukh, Director Marketing, Singer Pakistan Limited receiving the award from the chief guest Mr. M. A. Rauf Siddiqui, Minister for Industries & Commerce, Government of Sindh. Also seen in the picture is Mr. Robert W. Gibson, British Deputy High Commissioner in Pakistan.

Singer Pakistan has always considered Corporate Social Responsibility as a cardinal principle. It has therefore been making sustained efforts to discharge its Corporate Social Responsibility in selective fields in order to focus the most challenging areas such as awareness and prevention of narcotic evils, restoration of eyesight, extension in informal literacy and support to disadvantaged persons.

Restoration of Eyesight

Singer Pakistan has been sponsoring a program for restoration of eye-sight of needy and very poor people, free of cost, for treatment and prevention of blindness.

The arrangement has been made through Al-Shifa Trust Eye Hospital. The Trust also publicized it through print and electronic media.

Anti-Narcotic Project

In order to contain this social evil, which has become a very serious problem, particularly in school-going children, Singer Pakistan has sponsored a telefilm, which is displayed in schools and colleges to educate the young students against the disastrous effects of smoking cigarettes followed by narcotics slowly and stealthily on their health and life and its devastating impact on their families. The screening of the film is conducted by a professional demonstrator which is followed by a quiz

competition and award of pencils, inscribed with the slogan

نشہ نہیں کبھی نہیں

Over 10,000 students have already benefited under the program so far.

Pictures of students and our demonstrator may be seen here.

Literacy Program

As a community service, Singer Pakistan has undertaken a project in order to improve literacy through informal education in remote rural areas.

View of a classroom at a school.

Picture of a stitching class on Singer Sewing Machines.

Support to Disadvantaged

Singer Pakistan has sponsored sewing and confectionary classes by giving Singer Sewing Machines and Cooking Ranges to ABSA (Anjuman Behbood Samat Atfal), which is a Centre for disabled persons including deaf and dumb, run by the well-known registered NGO.

A Lady Trainer giving cooking training.

CSR Award

The Consumer Protection Council of Pakistan has recognized the contribution made by Singer Pakistan and given CPC-Helpline Trust 2nd CSR Award for 2008 to the Company.

Mr. U. R. Usmani receiving the 2nd CSR Award for Singer Pakistan from the wife of former Chief Justice of Pakistan Saeed-uz-Zaman Siddiqui.

Singer Retail Academy (SRA) has been established to devote its activities for training and development of the sales staff.

The objectives of the SRA will be:

- to ensure that the best available staff are hired for each position
- to impart comprehensive and effective training for all the field staff
- to improve the productivity of field staff;
- to provide career development opportunities for allthe field staff
- to establish effective mechanisms for performance evaluations
- to identify and reward individuals who perform above expectations
- to identify and coach individuals who perform below expectations
- to improve job satisfaction and company loyalty, thereby reducing staff turnover

SRA will set standards and ensure their implementation in all the facets of human resources, right from employment through performance evaluation, coaching, training, territory management, target setting, shop profitability, shop staffing and renumeration till the last step of staff separation. SRA will recognize the staff achievements by awarding diplomas and rewarding them in various forms.

SRA will prove to be an important milestone in the progress of the Company via development of its most important assets i.e. Human Resources.

Mr. Kamal Shah presents the SRA handbook to Mr. Javed A. Sheikh, Area Manager, Hyderabad.

Participants at the launching ceremony of SRA which was addressed by Mr. Kamal Shah.

A view of launching of SRA to Shop Managers.

Financial Reports

Financial Calendar

Annual Report 2007 - Published	10th March 2008
Forty Seventh Annual General Meeting	31st March 2008
Bonus Share 2007	31st March 2008

Interim Financial Statements

For the three months ended 31st March 2008 (unaudited)	29th April 2008
For the six months ended 30th June 2008 (reviewed)	22nd August 2008
For the nine months ended 30th September 2008 (unaudited)	29th October 2008

Annual Report & Annual General Meeting

Annual Report 2008 Approved	3rd April 2009
Forty Eighth Annual General Meeting	30th April 2009

Statement of Compliance with Best Practices of the Code of Corporate Governance

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 a listed 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 Board comprises seven Directors including the CEO. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present, the Board includes four 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. No casual vacancy occurred in the Board during the year.

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

6. The Board has developed a vision/mission statement, overall corporate strategy 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 including appointment, remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and other executive directors 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 the 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 Board has approved appointment of CFO, Company Secretary and Head of Internal Audit including the remuneration and terms and conditions of employment, as determined by the CEO. However no new appointment of Chief Financial Officer, Company Secretary or Head of Internal Audit has been made during the year.

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

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

13. 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.

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

15. The Board has formed an audit committee. It comprises of five members, of whom four members are non-executive directors including the Chairman.

16. The meetings of the audit committee were held at least once in 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.

17. The Board has set-up an effective internal audit function on a full time basis.

18. 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.

19. 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.

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

Kamal Shah
Chairman and Chief Executive Officer

KPMG Taseer Hadi & Co.
Chartered Accountants
First Floor
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 Karachi and Lahore 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 2008.

KPMG Taseer Hadi & Co.

Date: 3 April 2009
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

KPMG Taseer Hadi & Co.
Chartered Accountants
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Sheikh Sultan Trust Building No.2
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Auditors' Report to the Members

We have audited the annexed balance sheet of Singer Pakistan Limited ("the Company") as at 31 December 2008 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 accounts 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 accounts 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 2008 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.

Date: 3 April 2009
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Balance Sheet

	Note	2008	2007
		(Rupees in '000)	
Equity and Liabilities			
Share capital and reserves			
Authorised capital 30,000,000 (2007: 25,000,000) ordinary shares of Rs. 10 each		**300,000**	250,000
Issued, subscribed and paid-up capital	4	**275,668**	245,038
Capital reserve		**5,000**	5,000
Revenue reserve		**108,337**	96,337
Unappropriated profit		**52,892**	42,961
Total Equity		**441,897**	389,336
Non-current liabilities			
Long term loans - secured	5	**161,354**	186,459
Liabilities against assets subject to finance leases	6	**51,854**	35,124
Long term deposits	7	**21,450**	16,033
Employee retirement benefits - obligation	8	**3,495**	1,962
Deferred tax liabilities	9	**18,660**	8,455
Deferred income	10	**6,031**	6,959
Total non-current liabilities		**262,844**	254,992
Current liabilities			
Trade and other payables	11	**352,501**	349,072
Mark-up accrued on short term running finances and long term loans		**39,938**	22,879
Short term running finance - secured	12	**630,624**	447,054
Current portion of long term loans	5	**115,104**	88,167
Current portion of liabilities against assets subject to finance leases	6	**17,035**	11,126
Total current liabilities		**1,155,202**	918,298
Total equity and liabilities		**1,859,943**	1,562,626
Contingencies and commitments	13		

The annexed notes 1 to 39 form an integral part of these financial statements.

	Note	2008	2007
		(Rupees in '000)	
Assets			
Non-current assets			
Property, plant and equipment	14	**212,213**	156,915
Intangible assets	15	**7,638**	4,666
Investment		**-**	6,894
Employee retirement benefits - prepayment	8	**6,798**	5,617
Long term deposits	16	**32,100**	27,396
Total non-current assets		**258,749**	201,488
Current assets			
Stores, spares and loose tools		**5,319**	5,433
Stock-in-trade	17	**501,985**	393,286
Trade debts	18	**887,628**	808,842
Advances, deposits and prepayments	19	**28,400**	23,640
Other receivables	20	**10,100**	9,178
Taxation - net		**38,668**	21,346
Cash and bank balances	21	**129,094**	99,413
Total current assets		**1,601,194**	1,361,138
Total assets		**1,859,943**	1,562,626

Chief Financial Officer

Chief Operating Officer

Director

Chief Executive

Profit and Loss Account

	Note	2008	2007
		(Rupees in '000)	
Sales		**2,131,378**	1,744,173
Earned carrying charges		**218,458**	179,792
Sales tax / excise duty, commissions and discounts		**(423,156)**	(340,267)
Net sales	22	**1,926,680**	1,583,698
Cost of sales	23	**(1,478,226)**	(1,225,362)
Gross profit		**448,454**	358,336
Marketing, selling and distribution costs	24	**(210,305)**	(177,731)
Administrative expenses	25	**(36,176)**	(30,149)
Other operating expenses	26	**(13,119)**	(11,450)
		(259,600)	(219,330)
Profit from operations before finance costs		**188,854**	139,006
Finance costs	27	**(125,422)**	(85,876)
		63,432	53,130
Other income	28	**5,358**	9,123
Profit before taxation		**68,790**	62,253
Taxation	29	**(16,229)**	(20,302)
Profit after taxation		**52,561**	41,951
		(Rupees)	
Earnings per share - basic and diluted	30	**1.91**	1.52

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Financial Officer

Chief Operating Officer

Director

Chief Executive

	Note	2008	2007
Cash Flows From Operating Activities		**(Rupees in '000)**	
Profit before taxation		**68,790**	62,253
Adjustment for:			
- Depreciation on property, plant and equipment		**18,048**	13,627
- Amortisation of intangible assets		**2,433**	384
- Finance costs		**125,422**	85,876
- Amortisation on investment		**94**	132
- Gain on sale of property, plant and equipment		**(94)**	(747)
- Amortisation of deferred income		**(928)**	(928)
- Provision for doubtful debts		**8,735**	14,086
- Provision for slow moving stock		**229**	182
- Provision / (reversal) for employee retirement and other service benefits		**595**	(1,378)
		223,324	173,487
Working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		**114**	(2,350)
Stock-in-trade		**(108,928)**	(88,016)
Trade debts		**(87,521)**	(147,031)
Advances, deposits and prepayments		**(4,760)**	(9,739)
Other receivables		**(922)**	(6,877)
		(202,017)	(254,013)
Increase / (decrease) in current liabilities			
Trade and other payables		**3,277**	36,472
Net cash from / (used in) operations		**24,584**	(44,054)
Income tax paid		**(23,346)**	(17,726)
Finance costs paid		**(101,417)**	(77,086)
Employee retirement and other service benefits paid		**(243)**	(892)
Security deposits received		**5,417**	5,175
Long term deposits paid		**(4,704)**	(6,921)
Net cash used in operating activities		**(99,709)**	(141,504)
Cash Flows From Investing Activities			
Capital expenditure		**(43,487)**	(32,323)
Proceeds from disposal of property, plant and equipment		**461**	2,300
Encashment of investment at maturity		**6,800**	-
Net cash used in investing activities		**(36,226)**	(30,023)
Cash Flows From Financing Activities			
Lease rentals paid		**(19,786)**	(13,364)
Net additions in long term loans		**1,832**	71,682
Subscription received against right shares		**-**	91,889
Net cash (used in) / from financing activities		**(17,954)**	150,207
Net decrease in cash and cash equivalents		**(153,889)**	(21,320)
Cash and cash equivalents at beginning of the year		**(347,641)**	(326,321)
Cash and cash equivalents at end of the year	31	**(501,530)**	(347,641)

The annexed notes 1 to 39 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 2008

	Issued subscribed and paid-up capital	Capital reserve	Revenue reserve	Unappropriated profit	Total
	(Rupees in '000)				
Balance as at 1st January 2007	133,173	5,000	84,337	32,986	**255,496**
Changes in equity for 2007					
Issue of bonus shares for the year ended 31 December 2006 @ 15% per share	19,976	-	-	(19,976)	**-**
Transfer to revenue reserve	-	-	12,000	(12,000)	**-**
Total recognised income and expense - profit for the year	-	-	-	41,951	**41,951**
Issue of right shares during the year in the ratio of 6 shares for every 10 shares held @ Rs. 10 per share	91,889	-	-	-	**91,889**
Balance as at 31 December 2007	245,038	5,000	96,337	42,961	**389,336**
Changes in equity for 2008					
Issue of bonus shares for the year ended 31 December 2007 @ 12.5% per share	30,630	-	-	(30,630)	**-**
Transfer to revenue reserve	-	-	12,000	(12,000)	**-**
Total recognised income and expense - profit for the year	-	-	-	52,561	**52,561**
Balance as at 31 December 2008	**275,668**	**5,000**	**108,337**	**52,892**	**441,897**

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Financial Officer

Chief Operating Officer

Director

Chief Executive

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 located at Plot No. 39, Sector 19, Korangi Industrial Area, Korangi, 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. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for the remeasurement of derivative instruments at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency and rounded to the nearest thousand rupee except stated otherwise.

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 and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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. In preparing these financial statements, the significant judgements made by the management in applying accounting policies include:

- Property, plant and equipment and intangible assets (note 3.1 and 3.2)
- Employee retirement benefits (note 3.3)
- Store, spares and loose tools (note 3.4)
- Stock-in-trade (note 3.5)
- Trade debts and other receivables (note 3.6)
- Deferred income (note 3.9)
- Warranty obligations (note 3.12)
- Taxation (note 3.15)

2.5 Initial application of a Standard or an Interpretation

During the year amendment to IAS 39-Financial Instruments: Recognition and Measurement and IFRS 7- Financial Instruments: Disclosures - regarding reclassification of financial assets became effective from 1 July 2008. Further IFRIC 11-Group and Treasury Share Transactions, IFRIC 12- Service Concession Arrangements and IFRIC 14-The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction became effective during the year. The application of these amendments to IFRS and interpretations did not have any material effect on the Company's financial statements.

2.6 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 1 January 2009 and are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain increased disclosures in the certain cases:

- Revised IAS 1 - Presentation of Financial Statements (effective 1 January 2009)
- Revised IAS 23 - Borrowing Costs (effective 1 January 2009)
- IAS 29 - Financial Reporting in Hyperinflationary Economies (effective 28 April 2009)
- Amendment to IAS 27 - Consolidated and Separate Financial Statements (effective 1 July 2009)
- Amendment to IAS 32 - Financial Instruments: Presentation and IAS 1 - Presentation of Financial Statements (effective 1 January 2009)
- Amendment to IAS 39 - Financial Instruments: Recognition and Measurement - eligible hedged items (effective 1 July 2009)
- Amendment to IFRS 1 - First-time Adoption of International Financial Reporting Standards and consequential amendments to IAS 27 - Consolidated and Separate Financial Statements (effective 1 January 2009)
- Restructuring of IFRS 1-First-time Adoption of International Financial Reporting Standards (effective 1 July 2009)
- Amendment to IFRS 2 - Share-based Payment - vesting conditions and cancellations (effective 1 January 2009)
- Revised IFRS 3 - Business Combinations (effective 1 July 2009)
- IFRS 4 - Insurance Contracts (effective 1 January 2009)
- IFRS 7 - Financial Instruments: Disclosures (effective 28 April 2008)
- Amendments to IFRS 7 - Improving Disclosures about Financial Instruments (effective 1 January 2009)
- IFRS 8 - Operating Segments (effective 1 January 2009)
- Amendment to IFRIC 9 - Reassessment of Embedded Derivatives and consequential amendment to IAS 39 - Financial Instruments: Recognition and Measurement (effective 30 June 2009)
- IFRIC 15 - Agreement for the Construction of Real Estate (effective 1 October 2009)
- IFRIC 16 - Hedge of Net Investment in a Foreign Operation (effective 1 October 2008)
- IFRIC 17 - Distributions of Non-cash Assets to Owners and related amendments to IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations and IAS 10
- Events after the Balance Sheet Date (effective 1 July 2009)
- IFRIC 18 - Transfer of Assets from Customers (effective 1 July 2009)
- The IASB's annual improvements project published in May 2008 (effective 1 January 2009)
- IFRIC 13- Customer Loyalty Programmes ("the Interpretation") was issued by the International Financial Reporting Interpretation Committee providing guidance on the accounting by the entity that grants to its customers award credits as a part of sales transactions and subject to meeting any qualifying conditions, the customers can redeem in future for free or discounted goods or services.

The Interpretation is effective from annual period beginning on or after 1 July 2008. The Company is currently evaluating the application of the Interpretation on customer loyalty programmes operated by the Company, whereby customers meeting certain qualifying conditions are provided with loyalty cards which make them eligible for discount on subsequent purchases of products.

3. Summary of 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 Property, plant and equipment

Owned

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure directly attributable to the acquisition of an asset.

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 is charged from the month in which the asset is available for use and on disposals up to 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 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. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. Gains and losses on disposal of assets are taken to profit and loss account currently.

Leased

Leased assets in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance lease are stated at amounts equal to the lower of their fair value and present value of minimum lease payments at inception of the lease.

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. Outstanding obligations under the lease less finance costs allocated to future periods are shown as liability.

Capital work in progress

Capital work-in-progress is stated at cost. It includes expenditure incurred and advances made in respect of operating fixed assets under construction. These cost are transferred to fixed assets as and when assets are available for use.

3.2 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 that are directly associated with identifiable software products and have probable economic benefit beyond one year are recognized as intangible assets.

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

3.3 Employee retirement and other service benefits

Defined benefit plans:

a) The Company operates a 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 higher of 10% of the actuarial liability or plan assets are recognised over the expected average remaining working lives 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 unapproved 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.

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

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 Collective Bargaining Agent (CBA) and for other permanent employees as per the service rules of the Company.

3.4 Stores, spares and loose tools

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

Provision for obsolete and slow moving stores, spares and loose tools is determined based on management's best estimate regarding their future usability.

3.5 Stock-in-trade

Stock-in-trade is valued at the lower of cost determined on first-in-first-out basis and net realisable 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 allocation of manufacturing overheads. Cost of goods purchased for resale comprises of purchase price, import duties, taxes (other than those subsequently recoverable by the entity from the taxing authorities) 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.

3.6 Trade debts and other receivables

These are initially recognized at fair value and are subsequently measured at amortized cost.

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.

3.7 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 amortised cost using effective interest rate method.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise 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.

3.9 Government grants

Government grants are included in non-current liabilities as deferred income and are recognised in profit and loss account on a systematic basis over the useful life of the asset.

3.10 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.

3.11 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.

3.12 Warranty obligations

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

3.13 Revenue recognition

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

Revenue from services rendered is recognised in profit and loss account when the related services are performed.

Carrying charges representing the difference between the cash sale price and hire purchase price are recognised in the profit and loss account using the effective interest method.

Return on bank deposits and investments is recognised on a time proportion basis using the effective interest rate method.

3.14 Expenses

All expenses are recognized in the profit and loss account on an accrual basis.

3.15 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, and taxes paid under the Final Tax Regime. The charge for current tax includes adjustments to charge for prior years, if any.

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.

3.16 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing cost, if any, are capitalised as part of the cost of the relevant asset.

3.17 Financial instruments

Financial assets and liabilities are initially measured at fair value plus directly attributable transaction costs when the Company becomes a party to the contractual provisions of the instrument, and subsequently measured at fair value or amortized cost as the case may be. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to profit and loss account.

3.18 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.

3.19 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.

3.20 Impairment

The carrying amount of the Company's assets is reviewed at each balance sheet date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account.

3.21 Foreign currency transactions

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.

3.22 Proposed distribution and transfer between reserves

Dividends distribution to the Company's shareholders is recognised as a liability in the period in which dividends are approved. Transfer between reserves made subsequent to the balance sheet date is considered as non-adjusting event and is recognised in the financial statements in the period in which such transfers are made.

4. Issued, Subscribed and Paid-up Capital

2008	2007		2008	2007
(Number of shares)			(Rupees in '000)	
		Fully paid-up ordinary shares of Rs. 10 each		
11,461,568	11,461,568	Issued for cash	**114,615**	114,615
703,733	703,733	Issued for consideration other than cash	**7,037**	7,037
15,401,501	12,338,523	Issued as bonus shares	**154,016**	123,386
27,566,802	24,503,824		**275,668**	245,038

At 31 December 2008 Singer (Pakistan) B.V., Netherlands, which is wholly owned subsidiary of Retail Holdings N.V., Netherlands, held 19,372,706 (2007: 17,220,184) ordinary shares of Rs. 10 each.

5. Long Term Loans - Secured

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

	Security	Instalments payable	Repayment period	Mark-up rate	2008	2007
					(Rupees in '000)	
Term loan 1	5.1	half-yearly	2008-2011	6 Months KIBOR plus 1.25%	**83,333**	100,000
Term loan 2	5.1	quarterly	2006-2010	6 Months KIBOR plus 1.5%	**37,500**	62,500
Term loan 3	5.1	quarterly	2006-2010	6 Months KIBOR plus 1.5%	**32,812**	51,563
Term loan 4	5.2	quarterly	2007-2011	6 Months KIBOR plus 1.5%	**28,125**	40,625
Term loan 5	5.2	quarterly	2005-2009	6 Months KIBOR plus 1.0%	**4,688**	10,938
Term loan 6		quarterly	2004-2008	6 Months KIBOR plus 2.5%	**-**	9,000
Term loan 7	5.3	half-yearly	2009-2013	6 Months KIBOR plus 0.9%	**60,000**	-
Term loan 8	5.4	half-yearly	2009-2012	6 Months KIBOR plus 1.2%	**30,000**	-
					276,458	274,626
Current portion of long term loans						
Term loan 1	5.1	half-yearly	2008-2011	6 Months KIBOR plus 1.25%	**(33,333)**	(16,667)
Term loan 2	5.1	quarterly	2006-2010	6 Months KIBOR plus 1.5%	**(25,000)**	(25,000)
Term loan 3	5.1	quarterly	2006-2010	6 Months KIBOR plus 1.5%	**(18,750)**	(18,750)
Term loan 4	5.2	quarterly	2007-2011	6 Months KIBOR plus 1.5%	**(12,500)**	(12,500)
Term loan 5	5.2	quarterly	2005-2009	6 Months KIBOR plus 1.0%	**(4,688)**	(6,250)
Term loan 6		quarterly	2004-2008	6 Months KIBOR plus 2.5%	**-**	(9,000)
Term loan 7	5.3	half-yearly	2009-2013	6 Months KIBOR plus 0.9%	**(13,333)**	-
Term loan 8	5.4	half-yearly	2009-2012	6 Months KIBOR plus 1.2%	**(7,500)**	-
					(115,104)	(88,167)
					161,354	186,459

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

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

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

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

6. Liabilities against Assets subject to Finance Leases

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

	2008			2007		
	Minimum lease payments	**Finance charge**	**Present value of minimum lease payments**	Minimum lease payments	Finance charge	Present value of minimum lease payments
	------------(Rupees in '000)------------					
Not later than one year	**26,029**	**8,994**	**17,035**	15,611	4,485	11,126
Later than one year and not later than five years	**64,425**	**12,571**	**51,854**	41,853	6,729	35,124
	90,454	**21,565**	**68,889**	57,464	11,214	46,250

The above 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 16.07% (2007: 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 plus 1.5% to 3% (2007: KIBOR plus 2.25% to 3.0%) determined on quarterly / semi-annual basis for future rentals.

The Company has entered into Ijarah arrangements with a financial institution in respect of vehicles . Islamic Financial Accounting Standard (IFAS) No. 2 "Ijarah" was notified by SECP vide S.R.O. 431 (I) / 2007 on 22 May 2007. The said IFAS requires the Ujrah payments under such arrangements to be recognised as an expense over the ijarah term. The Company intends to acquire such assets at the end of the lease term and has consequently recorded such arrangements under IAS-17 "Leases".

7. Long Term Deposits

This represents security deposits from field staff repayable on retirement, resignation or termination from service and carries interest at 5% (2007: 5%) compounded annually.

8. Employee Retirement Benefits

The actuarial valuation of both pension and gratuity schemes was carried out as at 31 December 2008. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

	2008	2007
- Discount rate per annum compound	**15%**	10%
- Expected rate of increase in salaries	**8%-13%**	8%
- Expected rate of return on plan assets	**15%**	12.5%
- Expected rate of increase in pension	**0%**	0%

	Pension fund		Gratuity					
			Permanent employees		Field staff		Total	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	(Rupees in '000)							
Amounts recognised in balance sheet are as follows:								
Present value of defined benefit obligation	**33,758**	39,931	**53,918**	50,377	**2,360**	1,755	**56,278**	52,132
Fair value of plan assets	**(59,053)**	(51,456)	**(58,762)**	(53,293)	**-**	-	**(58,762)**	(53,293)
	(25,295)	(11,525)	**(4,844)**	(2,916)	**2,360**	1,755	**(2,484)**	(1,161)
Un recognised actuarial gains	**18,497**	5,908	**5,979**	3,123	**-**	-	**5,979**	3,123
(Asset) / liability in balance sheet	**(6,798)**	(5,617)	**1,135**	207	**2,360**	1,755	**3,495**	1,962
Movements in net (assets) / liability recognised in balance sheet are as follows:								
Opening balance	**(5,617)**	(3,251)	**207**	(327)	**1,755**	2,193	**1,962**	1,866
Net (surplus) / charge for the year	**(1,181)**	(2,366)	**928**	534	**848**	454	**1,776**	988
Contribution / payments during the year	**-**	-	**-**	-	**(243)**	(892)	**(243)**	(892)
Closing balance	**(6,798)**	(5,617)	**1,135**	207	**2,360**	1,755	**3,495**	1,962
Movement in present value of defined benefit obligations								
Liability for defined benefit obligation at 1 January	**39,931**	31,666	**50,377**	41,294	**1,755**	2,193	**52,132**	43,487
Benefits paid by the plan	**(1,042)**	(1,042)	**(1,410)**	(18)	**(243)**	(892)	**(1,653)**	(910)
Current service cost	**1,251**	941	**2,281**	1,831	**848**	454	**3,129**	2,285
Interest cost	**3,940**	3,130	**4,293**	3,693	**-**	-	**4,293**	3,693
Actuarial (gains) / losses	**(10,322)**	5,236	**(1,623)**	3,577	**-**	-	**(1,623)**	3,577
Liability for defined benefit obligation at 31 December	**33,758**	39,931	**53,918**	50,377	**2,360**	1,755	**56,278**	52,132
Movement in plan assets								
Fair value of plan assets - beginning of the year	**51,456**	46,765	**53,293**	44,705	**-**	-	**53,293**	44,705
Benefits paid	**(1,042)**	(1,042)	**(1,410)**	(18)	**-**	-	**(1,410)**	(18)
Expected return on plan assets	**6,287**	5,640	**5,646**	4,990	**-**	-	**5,646**	4,990
Actuarial gains	**2,352**	93	**1,233**	3,616	**-**	-	**1,233**	3,616
Fair value of plan assets - end of the year	**59,053**	51,456	**58,762**	53,293	**-**	-	**58,762**	53,293
Expense recognised in profit or loss account								
Current service cost	**1,251**	941	**2,281**	1,831	**848**	454	**3,129**	2,285
Interest cost	**3,940**	3,130	**4,293**	3,693	**-**	-	**4,293**	3,693
Expected return on plan assets	**(6,287)**	(5,640)	**(5,646)**	(4,990)	**-**	-	**(5,646)**	(4,990)
Amortisation of actuarial gain	**(85)**	(797)	**-**	-	**-**	-	**-**	-
	(1,181)	(2,366)	**928**	534	**848**	454	**1,776**	988

	Pension fund		Gratuity					
			Permanent employees		Field staff		Total	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	(Rupees in '000)							
Return on plan assets is as follows:								
Expected return on plan assets	**6,287**	5,640	**5,646**	4,990	**-**	-	**5,646**	4,990
Actuarial gain on plan assets	**2,352**	93	**1,233**	3,616	**-**	-	**1,233**	3,616
Return on plan assets	**8,639**	5,733	**6,879**	8,606	**-**	-	**6,879**	8,606
The expense is recognised in the following line items in the profit and loss account :								
Cost of sales	**(394)**	(789)	**261**	150	**-**	-		
Marketing, selling and distribution costs	**(453)**	(907)	**348**	200	**848**	454		
Administrative expenses	**(334)**	(670)	**319**	184	**-**	-		
	(1,181)	(2,366)	**928**	534	**848**	454		
Composition of plan assets	(Percent %)							
Equity	**0.2**	0.2	**-**	-	**-**	-		
Debt instruments	**89.9**	98.8	**98.1**	100	**-**	-		
Others	**9.9**	1	**1.9**	-	**-**	-		
Expected return on plan assets								
Expected return on equity securities	**10**	12.5	**-**	-	**-**	-		
Expected return on debt instruments	**16**	12.5	**16**	12.5	**-**	-		
Expected return on others	**4.5**	4	**4.5**	4	**-**	-		

Historical information	**2008**	2007	2006	2005	2004
	(Rupees in '000)				
Present value of the defined benefit obligation	**(90,036)**	(92,063)	(75,153)	(66,448)	(64,185)
Fair value of plan assets	**117,815**	104,749	91,470	81,818	74,428
Surplus in the plan	**27,779**	12,686	16,317	15,370	10,243
Experience adjustments arising on plan liabilities	**(12,364)**	(8,813)	(3,273)	(516)	(8,616)
Experience adjustments arising on plan assets	**3,585**	3,709	8,405	2,836	12,941

9. Deferred Tax Liabilities

	Note	2008	2007
		(Rupees in '000)	
Taxable temporary differences arising on:			
Accelerated tax depreciation and leased asset		**29,739**	17,295
Deductible temporary differences arising on:			
Provision for slow moving stock-in-trade		**(1,589)**	(1,408)
Provision for doubtful debts		**(6,859)**	(6,920)
Provision for warranty obligations		**(1,889)**	-
Provision for employee retirement and other service benefits		**(742)**	(512)
		18,660	8,455

10. Deferred Income

	Note	2008	2007
Grant amount		**11,141**	11,141
Accumulated amortisation-opening		**(4,182)**	(3,254)
Amortisation during the year	28	**(928)**	(928)
		(5,110)	(4,182)
Balance as at 31 December		**6,031**	6,959

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.

11. Trade and Other Payables

	Note	2008	2007
		(Rupees in '000)	
Creditors		**135,802**	116,197
Bills payable		**102,356**	113,877
Accrued liabilities		**23,492**	20,845
Due to associated companies	11.1		
- for royalty		**32,771**	34,841
- for goods		**11,406**	8,355
- others		**517**	709
		44,694	43,905
Advances from dealers		**3,150**	3,014
Retention from employees		**7,096**	5,104
Provision in respect of compensated absences	11.2	**1,067**	995
Provisions in respect of warranty obligations	11.3	**6,002**	4,958
Sales tax and excise duty		**17,820**	31,127
Unrealised loss on derivative financial instruments		**-**	987
Workers' profits participation fund	11.4	**4,055**	3,627
Workers' welfare fund		**1,479**	1,369
Unclaimed dividends		**808**	808
Others		**4,680**	2,259
		352,501	349,072

11.1 The maximum aggregate amount due to associated companies at the end of any month during the year was Rs. 59.2 million (2007: Rs. 82.4 million).

11.2 The Company has recognised a provision of Rs. 0.643 million (2007: Rs. 0.746 million) for compensated absences while compensated absences amounting to Rs. 0.571 million were utilised (2007: Rs. 0.552 million) during the year against provision.

11.3 Warranty obligations

	Note	2008	2007
		(Rupees in '000)	
Balance at beginning of the year		**4,958**	4,236
Additional provision	24	**5,526**	6,488
Provision utilised during the year		**(4,482)**	(5,766)
Balance at end of the year		**6,002**	4,958

11.4 Workers' profits participation fund

	Note	2008	2007
Balance at beginning of the year		**3,627**	3,171
Allocation for the year	26	**3,698**	3,422
Interest on funds utilised in the Company's business	27	**357**	205
		7,682	6,798
Payments made during the year		**(3,627)**	(3,171)
Balance at end of the year		**4,055**	3,627

12. Short Term Running Finance - Secured

This represents short term running finance facilities from various banks aggregating to Rs. 833.1 million (2007: Rs. 783.1 million), carrying mark-up rate ranging from 11.54 percent to 18.7 percent (2007: 10.43 percent to 11.54 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.

13. Contingencies and Commitments

13.1 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 on behalf of the Company amounting to Rs. 0.966 million (2007: Rs. 0.966 million).

13.2 Commitments

	Note	2008	2007
		(Rupees in '000)	
Outstanding letters of credit		**123,007**	169,398
Software development		**24,828**	19,037

14. Property, Plant and Equipment

	Note	2008	2007
Operating assets	14.1	**189,337**	138,274
Capital work-in-progress	14.2	**22,876**	18,641
		212,213	156,915

14.1 Operating assets

	Lease-hold Land	Buildings on lease-hold land	Leasehold improve-ments	Plant and machinery Owned	Plant and machinery Leased	Furniture and equipment	Vehicles Owned	Vehicles Leased	Computers Owned	Computers Leased	Total
	(Rupees in '000)										
At 1 January 2008											
Cost	350	23,711	69,741	117,015	18,055	21,160	1,632	21,967	8,269	5,502	**287,402**
Accumulated depreciation	(104)	(8,493)	(18,748)	(90,416)	(3,152)	(12,721)	(1,116)	(6,797)	(6,870)	(711)	**(149,128)**
Net book value	246	15,218	50,993	26,599	14,903	8,439	516	15,170	1,399	4,791	**138,274**
During the year 2008											
Additions / transfer from CWIP	-	7,455	30,304	1,288	13,869	8,199	271	6,173	1,161	758	**69,478**
Transfer											
Cost	-	-	-	-	-	-	5,135	(5,135)	-	-	**-**
Depreciation	-	-	-	-	-	-	(2,568)	2,568	-	-	**-**
	-	-	-	-	-	-	2,567	(2,567)	-	-	**-**
Disposals											
Cost	-	-	(214)	-	-	-	(973)	-	-	-	**(1,187)**
Depreciation	-	-	125	-	-	-	695	-	-	-	**820**
	-	-	(89)	-	-	-	(278)	-	-	-	**(367)**
Depreciation charge for the year	(4)	(740)	(7,866)	(1,922)	(1,726)	(1,702)	(89)	(2,060)	(750)	(1,189)	**(18,048)**
Closing net book value	**242**	**21,933**	**73,342**	**25,965**	**27,046**	**14,936**	**2,987**	**16,716**	**1,810**	**4,360**	**189,337**
As at 31 December 2008											
Cost	350	31,166	99,831	118,303	31,924	29,359	6,065	23,005	9,430	6,260	**355,693**
Accumulated depreciation	(108)	(9,233)	(26,489)	(92,338)	(4,878)	(14,423)	(3,078)	(6,289)	(7,620)	(1,900)	**(166,356)**
Net book value	**242**	**21,933**	**73,342**	**25,965**	**27,046**	**14,936**	**2,987**	**16,716**	**1,810**	**4,360**	**189,337**
Depreciation rate % per annum	1	2.5	10	8.33	8.33	10	20	20	20	20	
At 1 January 2007											
Cost	350	22,885	48,660	115,308	16,035	17,130	2,775	17,344	6,480	2,259	249,226
Accumulated depreciation	(100)	(7,875)	(14,501)	(89,329)	(2,072)	(11,641)	(2,235)	(5,289)	(5,056)	(957)	(139,055)
Net book value	250	15,010	34,159	25,979	13,963	5,489	540	12,055	1,424	1,302	110,171
During the year 2007											
Additions / transfer from CWIP	-	1,001	23,713	2,617	2,020	4,177	59	4,623	676	4,397	43,283
Transfer											
Cost	-	-	-	-	-	-	-	-	1,154	(1,154)	-
Depreciation	-	-	-	-	-	-	-	-	(1,039)	1,039	-
	-	-	-	-	-	-	-	-	115	(115)	-
Disposals											
Cost	-	(175)	(2,632)	(910)	-	(147)	(1,202)	-	(41)	-	(5,107)
Depreciation	-	24	1,335	875	-	121	1,199	-	-	-	3,554
	-	(151)	(1,297)	(35)	-	(26)	(3)	-	(41)	-	(1,553)
Depreciation charge for the year	(4)	(642)	(5,582)	(1,962)	(1,080)	(1,201)	(80)	(1,508)	(775)	(793)	(13,627)
Closing net book value	246	15,218	50,993	26,599	14,903	8,439	516	15,170	1,399	4,791	138,274
As at 31 December 2007											
Cost	350	23,711	69,741	117,015	18,055	21,160	1,632	21,967	8,269	5,502	287,402
Accumulated depreciation	(104)	(8,493)	(18,748)	(90,416)	(3,152)	(12,721)	(1,116)	(6,797)	(6,870)	(711)	(149,128)
Net book value	246	15,218	50,993	26,599	14,903	8,439	516	15,170	1,399	4,791	138,274
Depreciation rate % per annum	1	2.5	10	8.33	8.33	10	20	20	20	20	

14.1.2 Depreciation for the year has been allocated as follows:

	Note	2008	2007
		(Rupees in '000)	
Cost of sales	23.1	**3,580**	4,709
Marketing, selling and distribution costs	24	**12,957**	7,547
Administrative expenses	25	**1,511**	1,371
		18,048	13,627

14.1.3 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)-------------						
Vehicles							
- Suzuki Khyber	418	418	-	155	155	Tender	Waqar Hyder Kazmi, Karachi
- Suzuki Cultus	555	277	278	306	28	Tender	Rehan Mithani, Karachi
Written downvalue not exceeding Rs. 50,000 each	214	125	89	-	(89)	Scrapped	
2008	**1,187**	**820**	**367**	**461**	**94**		
2007	5,107	3,554	1,553	2,300	747		

14.2 Capital work in progress

	2008	2007
	(Rupees in '000)	
Balance as at 1 January	**18,641**	141
Additions during the year	**9,426**	21,087
Transfers to operating assets	**(5,191)**	(2,587)
Balance as at 31 December	**22,876**	18,641
Breakup of capital work in progress is as follows:		
- Plant and machinery	**698**	222
- IT project / ERP system	**22,178**	18,419
	22,876	18,641

15. Intangible Assets

		Cost			Rate	Amortisation			Written down value as at 31 December
		As at 1 January	Additions	As at 31 December	%	As at 1 January	For the year	As at 31 December	
		------(Rupees in '000)------				------(Rupees in '000)------			
Software	**2008**	**7,817**	**5,405**	**13,222**	**25**	**3,151**	**2,433**	**5,584**	**7,638**
Software	2007	3,589	4,228	7,817	25	2,767	384	3,151	4,666

15.1 Amortization for the year has been allocated as follows:

	Note	2008	2007
		(Rupees in '000)	
Cost of sales	23.1	**1,216**	192
Administrative expenses	25	**1,217**	192
		2,433	384

16. Long Term Deposits

	2008	2007
Deposits		
- shops and others	**26,284**	23,163
- leases	**5,816**	4,233
	32,100	27,396

17. Stock-in-Trade

	Note	2008	2007
		(Rupees in '000)	
Raw materials			
- in stores		**28,701**	24,166
- in third party premises	17.1	**3,320**	6,448
- in bonded warehouse		**72,857**	54,438
- in transit		**50,392**	39,979
		155,270	125,031
Work in process		**46,847**	31,747
Finished goods			
- own manufactured		**223,260**	166,170
- purchased for resale		**81,659**	75,160
		304,919	241,330
Provision for slow moving items	17.2	**(5,051)**	(4,822)
		501,985	393,286

17.1 This includes raw materials lying at premises of certain vendors where these are processed to be used in the next stage of production.

17.2 The Company has recognised a provision of Rs. 0.229 million (2007: Rs. 0.182 million) for slow moving items.

18. Trade Debts

	Note	2008	2007
		(Rupees in '000)	
Considered good			
Hire purchase	18.1		
- Retail		**724,111**	623,711
- Institutional		**220,075**	216,503
		944,186	840,214
Unearned carrying charges	18.2	**(117,555)**	(101,404)
		826,631	738,810
Dealers		**60,997**	70,032
		887,628	808,842
Considered doubtful		**17,618**	19,542
		905,246	828,384
Provision for doubtful debts	18.3	**(17,618)**	(19,542)
		887,628	808,842

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

18.2 During the year, the Company has recognized carrying charges based on effective interest method. Previously these were recognised on straight line basis. Management considers that the impact of such change in realising carrying charges is not material.

18.3 The Company has recognised a provision of Rs. 8.735 million (2007: Rs. 14.086 million) for doubtful debts while debts amounting to Rs. 10.659 million were written off (2007: Rs.10.844 million) during the year against provision.

19. Advances, Deposits and Prepayments

	Note	2008	2007
		(Rupees in '000)	
Advances - considered good			
- Employees and executives	19.1	**1,157**	677
- Suppliers		**3,023**	935
- Software development		**7,886**	7,886
		12,066	9,498
Deposits			
- Trade		**475**	825
- Customs and others		**9,154**	8,167
		9,629	8,992
Prepayments		**6,705**	5,150
		28,400	23,640

19.1 The advances due from executives amount to Rs. 0.241 million (2007: Rs. 0.452 million).

19.2 The maximum aggregate amount of advances due from executives at the end of any month during the year was Rs. 0.439 million (2007: Rs. 1.278 million).

20. Other Receivables

	Note	2008	2007
		(Rupees in '000)	
Insurance and other claims		**12,781**	11,256
Accrued interest income		**-**	764
Others		**1,497**	1,309
		14,278	13,329
Provision for doubtful claims		**(4,178)**	(4,151)
		10,100	9,178

21. Cash and Bank Balances

	Note	2008	2007
Balances with banks			
- current accounts		**4,662**	7,814
- deposit accounts		**25,533**	16,033
		30,195	23,847
Cash in hand		**1,080**	1,426
Cash in transit		**97,819**	74,140
		129,094	99,413

22. Net Sales

	Note	2008	2007
Sales			
- Local		**2,117,332**	1,742,751
- Export		**14,046**	1,422
		2,131,378	1,744,173
Earned carrying charges		**218,458**	179,792
		2,349,836	1,923,965
Sales tax / excise duty		**(274,234)**	(218,773)
Commissions / discounts		**(148,922)**	(121,494)
		(423,156)	(340,267)
		1,926,680	1,583,698

23. Cost of Sales

	Note	2008	2007
Opening stock - finished goods			
- own manufactured		**166,170**	123,188
- purchased for resale		**75,160**	45,471
		241,330	168,659
Purchases		**603,073**	463,025
Cost of goods manufactured	23.1	**938,742**	835,008
		1,783,145	1,466,692
Closing stock - finished goods			
- own manufactured		**(223,260)**	(166,170)
- purchased for resale		**(81,659)**	(75,160)
		(304,919)	(241,330)
		1,478,226	1,225,362

23.1 Cost of goods manufactured

	Note	2008	2007
		(Rupees in '000)	
Opening stock of raw materials		**125,031**	119,653
Purchases		**851,901**	736,502
		976,932	856,155
Closing stock of raw materials		**(155,270)**	(125,031)
Raw material consumed		**821,662**	731,124
Salaries, wages and other benefits	23.2	**71,313**	58,964
Stores and spares consumed		**12,772**	13,044
Depreciation on property, plant and equipment	14.1.2	**3,580**	4,709
Amortisation of intangible assets	15.1	**1,216**	192
Royalty		**18,577**	16,438
Fuel and power		**12,738**	9,239
Insurance		**3,984**	2,766
Rent, rates and taxes		**1,849**	2,273
Repairs and maintenance		**2,974**	3,132
Travelling and conveyance		**1,825**	2,008
Communication		**434**	460
Printing and stationery		**602**	341
Cartage and others		**87**	103
Provision for slow moving stock		**229**	182
		953,842	844,975
Work in process			
Opening stock		**31,747**	21,780
Closing stock		**(46,847)**	(31,747)
		(15,100)	(9,967)
Cost of goods manufactured		**938,742**	835,008

23.2 Salaries, wages and other benefits include Rs. 1.315 million (2007: Rs. 0.506 million) in respect of employee retirement benefits and Rs. 1.920 million (2007: Rs. 1.693 million) in respect of bonus to workers.

24. Marketing, Selling and Distribution Costs

	Note	2008	2007
		(Rupees in '000)	
Publicity and sales promotion		**89,115**	73,674
Salaries and benefits	24.1	**36,507**	30,832
Rent, rates and taxes		**32,264**	24,073
Provision for doubtful debts	18.3	**8,735**	14,086
Utilities		**8,887**	8,961
Warranty obligations	11.3	**5,526**	6,488
Depreciation on property, plant and equipment	14.1.2	**12,957**	7,547
Travelling and conveyance		**6,082**	4,596
Communication		**4,969**	3,974
Printing and stationery		**3,010**	2,546
Repairs and renovations		**115**	371
Training and sundries		**2,138**	583
		210,305	177,731

24.1 Salaries and benefits include Rs. 1.864 million (2007: Rs. 0.960 million) in respect of employee retirement benefits.

25. ADMINISTRATIVE EXPENSES

	Note	2008	2007
		(Rupees in '000)	
Salaries and benefits	25.1	**22,691**	19,391
Rent, rates and taxes		**2,845**	2,432
Utilities		**2,462**	2,239
Communication		**3,105**	2,622
Travelling and conveyance		**1,352**	1,076
Depreciation on property, plant and equipment	14.1.2	**1,511**	1,371
Amortisation of intangible assets	15.1	**1,217**	192
Printing and stationery		**993**	826
		36,176	30,149

25.1 Salaries and benefits include Rs. 1.158 million (2007: Rs. 0.388 million) in respect of employee retirement benefits.

26. OTHER OPERATING EXPENSES

	Note	2008	2007
		(Rupees in '000)	
Legal and professional charges		**4,270**	2,704
Amortisation of premium on Pakistan Investment Bonds		**94**	132
Auditors' remuneration	26.1	**570**	525
Donation	26.2	**203**	127
Loss on revaluation of derivative financial instruments		**-**	987
Exchange loss		**2,805**	2,184
Workers' profits participation fund	11.4	**3,698**	3,422
Workers' welfare fund		**1,479**	1,369
		13,119	11,450

26.1 Auditors' remuneration

	2008	2007
Audit fee	**325**	280
Certification and limited review	**195**	195
Out of pocket expenses	**50**	50
	570	525

26.2 No director or his spouse has any interest in the donee's fund.

27. FINANCE COSTS

	Note	2008	2007
		(Rupees in '000)	
Mark-up on long term loans		**37,703**	33,901
Mark-up on short term running finances under mark-up arrangements		**76,445**	44,603
Interest on workers' profits participation fund	11.4	**357**	205
Finance lease charges		**6,794**	3,416
Interest on employee security deposit		**820**	802
Bank charges		**3,303**	2,949
		125,422	85,876

28. OTHER INCOME

	Note	2008	2007
Income from financial assets			
Interest on deposit accounts		**966**	826
Interest on Pakistan Investment Bonds (PIBs)		**476**	476
Income from non-financial assets			
Gain on disposal of property, plant and equipment	14.1.3	**94**	747
Amortisation of deferred income	10	**928**	928
Service income and others		**2,894**	6,146
		5,358	9,123

29. Taxation

	2008	2007
	(Rupees in '000)	
Current	**11,391**	17,644
Prior	**(5,367)**	-
Deferred	**10,205**	2,658
	16,229	20,302

29.1 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 unless selected for an audit by the taxation authorities. 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.

29.2 Numerical reconciliation between average effective tax rate and applicable tax rate:

	2008	2007
	(Percent)	
Applicable tax rate	**35.0**	35.0
Prior year	**(7.8)**	-
Permanent differences, tax effect of income assessed under Final Tax Regime	**(3.6)**	(2.4)
Total tax expense	**23.6**	32.6

30. Earnings Per Share - Basic and Diluted

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	2008	2007
	(Rupees in '000)	
Profit for the year	**52,561**	41,951
	(Number of shares in '000)	
Weighted average number of ordinary shares	**27,567**	27,567
	(Rupees)	
Earnings per share - basic and diluted	**1.91**	1.52

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

31. Cash and Cash Equivalents

	Note	2008	2007
		(Rupees in '000)	
Cash and bank balances	21	**129,094**	99,413
Short term running finances - secured		**(630,624)**	(447,054)
		(501,530)	(347,641)

32. Financial Instruments and Related Disclosures

32.1 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:

	2008					
	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						
Long term deposits	-	-	-	-	32,100	**32,100**
Trade debts	22-34	826,631	-	-	60,997	**887,628**
Advances and deposits	-	-	-	-	10,786	**10,786**
Other receivables	-	-	-	-	10,100	**10,100**
Cash and bank balances	15.2	25,533	-	-	103,561	**129,094**
		852,164	**-**	**-**	**217,544**	**1,069,708**
Financial Liabilities						
Long term loans	16.67-17.20	115,104	161,354	-	-	**276,458**
Liabilities against assets subject to finance leases	7-16.07	17,035	51,854	-	-	**68,889**
Long term deposits	5	-	21,450	-	-	**21,450**
Trade and other payables	-	-	-	-	314,507	**314,507**
Mark-up accrued on short term running finances and long term loans	-	-	-	-	39,938	**39,938**
Short term running finances	11.54-18.70	630,624	-	-	-	**630,624**
		762,763	**234,658**	**-**	**354,445**	**1,351,866**
		89,401	**(234,658)**	**-**	**(136,901)**	**(282,158)**

	2007					
	Effective mark up rates %	Interest / mark-up Bearing			Non-interest / mark-up bearing	Total
		Maturity upto one year	Maturity one to five years	Maturity after five years		
		-------------------------------(Rupees in '000)---------------------------				
Financial Assets						
Investment	7	6,894	-	-	-	6,894
Long term deposits	-	-	-	-	27,396	27,396
Trade debt	18-26	738,810			70,032	808,842
Advances and deposits	-	-	-	-	9,669	9,669
Other receivables	-	-	-	-	9,178	9,178
Cash and bank balances	9 - 11	5,000	11,033	-	83,380	99,413
		750,704	**11,033**	**-**	**199,655**	**961,392**
Financial Liabilities						
Long term loans	11.00-12.50	88,167	186,459	-	-	274,626
Liabilities against assets subject to finance leases	7-14	11,126	35,124	-	-	46,250
Long term deposits	5	-	16,033	-	-	16,033
Trade and other payables	-	-	-	-	301,910	301,910
Mark-up accrued on short term running finances and long term loans	-	-	-	-	22,879	22,879
Short term running finance	10.43-11.54	447,054	-	-	-	447,054
		546,347	**237,616**	**-**	**324,789**	**1,108,752**
		204,357	**(226,583)**	**-**	**(125,134)**	**(147,360)**

32.2 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail completely 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 individuals. Out of total financial assets, the amount exposed to credit risk is Rs. 919.423 million (2007: Rs. 836.510 million). To reduce its exposure to 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.

32.3 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.

32.4 Foreign exchange risk

Foreign exchange risk is the risk of loss through changes in foreign currency rates. The exchange risk against foreign currency letter of credits is managed through foreign exchange forward contracts, where appropriate in respect of foreign currency denominated transactions.

32.5 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

32.6 Interest / mark-up rate risk

The interest / mark-up rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest /mark up rate. Sensitivity to interest / mark-up rate risk arises from mismatches of financial assets and liabilities that mature or reprice in a given period. The Company has long term Rupee based loans at variable rates. Variable rate loans have a prepayment option, which can be exercised upon any adverse movement. Rates on short term loans are effectively fixed.

33. Capital Risk Management

The management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management closely monitors the return on capital along with the level of distributions to ordinary shareholders. There were no major changes in the Company’s approach to capital management during the year.

34. 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	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	(Rupees in '000)							
Managerial remuneration	**5,625**	4,570	**3,049**	2,659	**7,866**	5,605	**16,540**	12,834
Retirement benefits	**469**	381	**254**	221	**655**	462	**1,378**	1,064
Reimbursable expenditure	**246**	195	**344**	320	**2,124**	1,246	**2,714**	1,761
Housing	**353**	156	**768**	715	**2,853**	2,101	**3,974**	2,972
Leave passage and others	**3,686**	3,319	**1,189**	962	**2,231**	1,759	**7,106**	6,040
	10,379	8,621	**5,604**	4,877	**15,729**	11,173	**31,712**	24,671
Number of persons	**1**	1	**2**	2	**9**	8	**12**	11

34.1 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.

34.2 Directors' remuneration includes Rs. Nil (2007: Rs. 2.247 million) being the remuneration of the Executive Director appointed as Alternate Director.

34.3 Aggregate amount charged in the financial statements for fee to four non-executive directors was Rs. 0.275 million (2007: Rs. 0.115 million).

35. Transactions with Related Parties

Related parties comprise 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 2008 with related parties other than those which have been disclosed elsewhere are as follows:

		Transaction value		Balance payable / (receivable)	
	Note	**2008**	2007	**2008**	2007
		(Rupees in '000)			
Royalty	35.1	**18,577**	16,438	**32,771**	34,841
Purchase of goods, materials and services	35.2	**169,630**	220,770	**11,406**	8,355
Dividend on non-remittable shares		**-**	-	**517**	517
Markup income on term deposits	35.3	**801**	-	**-**	-
Interest expense	35.4	**4,841**	-	**2,095**	-
Short term running finance - secured		**-**	-	**45,475**	-
Employee retirement benefits	35.6	**4,337**	1,854	**(3,303)**	(3,655)

35.1 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.

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

35.3 This represents placement of Term Deposit Receipt for a tenure of 3 months at rates negotiated with an associated financial institution.

35.4 This represent interest expense accrued on running finance facility availed from an associated financial institution at negotiated rates.

35.5 There are no transactions with the key management personnel other than under their terms of employments / entitlements. Details of the remuneration to key management personnel is detailed in note 34 to these financial statements.

35.6 Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefit schemes and actuarial advice. Particulars of transactions with worker's profit participation fund and employee retirement benefit plans are disclosed in notes 11.4 and 8 to these financial statements.

36. Plant Capacity and Actual Production

		2008	2007
	Capacity	**Actual production**	
	(Units)	**(Units)**	(Units)
Sewing machines	50,000	**35,601**	44,556
Gas appliances	25,000	**17,775**	17,730
Refrigerators / deep freezers	25,000	**33,717**	29,880
Washing machines	15,000	**7,863**	10,980
Colour televisions	20,000	**14,627**	21,456

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.

37. Corresponding Figures

Previous year's figures of Claims amounting to Rs. 2.142 million appearing in Advances, deposits and prepayments have been reclassified to Other Receivables for the purpose of better presentation.

38. Non-Adjusting Event after Balance Sheet Date

The Board of Directors in its meeting held on 3 April 2009 has proposed a bonus issue of 12.5% (2007: 12.5%). 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 3 April 2009.

Chief Financial Officer | Chief Operating Officer | Director

Chief Executive

As per requirement of Code of Corporate Governance

Description	No. of Shares
Associated Companies, Undertakings and Related Parties	
Singer (Pakistan) B.V. Holding Company	19,372,706
First Dawood Investment Bank Limited	33,759
Continental Furnishing Co. (Pvt.) Limited	195
Pakistan Agencies Limited	195
Industrial Engineers Limited	195
Chief Executive Officer	
Mr. Kamal Shah	50,704
Directors	
Mr. Gavin J. Walker (Nominee of Singer (Pakistan) B.V.)	150
Mr. Peter James O'Donnell (Nominee of Singer (Pakistan) BV)	18
Mr. Rasheed Y. Chinoy	866,332
Mr. Jahangir Siddiqui	19,861
Mr. U. R. Usmani	1,624
Mr. Badaruddin F. Vellani (Alternate of Mr. Gavin J. Walker)	1,416
Mr. Fareed Khan (Alternate of Mr. Peters James O'Donnell)	112
Director's Spouse	
Mrs. Kamal Shah	65,790
Executives	1,803
Public Sector Companies and Corporations, Banks / Financial Institutions, Insurance Companies, Mutual Funds etc.	4,879,533
Shareholder holding ten percent or more voting interest	
Singer (Pakistan) B.V. Holding Company	19,372,706
Jahangir Siddiqui & Co. Limited	4,794,975

Pattern of Holding of Shares held by the Shareholders

Number of Shareholders	Shareholding From		To	Total Number of Shares Held
228	1	-	100	8,330
242	101	-	500	59,216
154	501	-	1000	112,074
162	1001	-	5000	300,582
10	5001	-	10000	73,001
7	10001	-	15000	83,211
2	15001	-	20000	36,239
3	20001	-	25000	69,986
1	25001	-	30000	25,187
1	30001	-	35000	32,347
1	45001	-	50000	49,288
2	65001	-	70000	133,918
1	180001	-	185000	181,966
1	370001	-	375000	370,979
1	435001	-	440000	437,950
1	470001	-	475000	471,084
1	950001	-	955000	953,763
1	4790001	-	4795000	4,794,975
1	19370001	-	9375000	19,372,706
820				**27,566,802**

Categories of Shareholders

S.No.	Categories of Share Holders	Number of Shareholders	Number of Shares Held	Percentage %
1	Associated Companies, Undertakings and Related Parties	7	19,407,050	70.40
2	Joint Stock Companies	16	4,874,685	17.68
3	Individuals	792	3,280,219	11.90
4	Banks, Development Finance Institutions, NBFIs, Mutual Funds & Modrabas	5	4,848	0.02
	TOTAL	**820**	**27,566,802**	**100.00**

SINGER®

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 Eighth Annual General Meeting of the company to be held on Thursday, 30 April 2009 and at any adjournment thereof.

As witness my / our hand this __________________ day of ________________ 2009.

Witness No. 1

Name : ______________________

Address : ______________________

____

____

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

Singer Pakistan Limited
608, (6th Floor), Beaumont Plaza
Beaumont Road, Near PIDC House
Karachi-75530, Pakistan

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