2010 Edition of the Singer Pakistan Limited Annual Report

Our picture location is the Singer Mega Showroom at Shahrah-e-Faisal, Karachi.

SINGER®

Annual Report 2010

THE DURABLE GIANT GROWS STRONGER

The Glorious 10 Years ... Page 8

Our net sales and profit from operations continued to grow ... Page 15

CSR - Singer participates in the war against narcotics ... Page 31

Financial reports ... Page 35

Our cover this year features one of the latest flat panel television marketed by Singer in Pakistan today.
It is symbolic of a varied and substantial portfolio of products and services, all of premium quality and value that Singer offers across a wide range of applications to consumers.

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SINGER
Singer Pakistan Limited
Plot # 39, Sector # 19, Korangi
Industrial Area, Karachi-74900,
Pakistan.
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(0331) 2870001-10
Fax: +9221-35052956
Free Helpline: 0800-23450

Website: www.singer.com.pk

Our Vision

- To be the leading retailer of home appliances in Pakistan.

Our Mission

- To improve the standard of life of our customers by offering high quality products and services at affordable prices.

Our Values

- **Customers**
  We strive our best to live up to the expectations of our customers by providing quality products at affordable prices, efficient services and an enjoyable shopping experience.

- **Employees**
  We respect our employees and encourage teamwork while providing opportunities for career development.

- **Shareholders**
  We provide a reasonable return while safeguarding their investment.

- **Competitors**
  We respect our competitors and recognize their contribution to the market.

- **Community**
  We conduct our business by conforming to the highest ethical standards and share the social responsibility of the less fortunate.

Our Objectives

- Provide our customers with the best services and shopping experience.
- Provide our customers with products of modern technology.
- Develop our employees to achieve their potential.
- Provide our shareholders with steady asset growth and return on investment in line with the industry norm.
- To establish a culture of learning and leadership development and ethical business performance.
- Continuously respond to market signals and endeavour to be the market leader.

Company Information

Board of Directors

Kamal Shah
Chairman

Syed Aleem Hussain
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

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
Bank Islami Pakistan Limited
Citibank, N.A.
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
National Bank of Pakistan
Soneri Bank Limited
The Bank of Punjab
United Bank Limited

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Share Registrar

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

Registered and Head Office

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

Website

www.singer.com.pk

Notice of Meeting

Notice

Notice is hereby given that the Fiftieth Annual General Meeting of SINGER PAKISTAN LIMITED will be held on Friday, 29 April 2011 at 11.00 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 2010 together with the Reports of Directors' and Auditors' thereon.

2. To appoint Auditors of the Company for the financial year ending 31 December 2011 and to fix their remuneration.

Special Business

3. To capitalize a sum of Rs. 34,113,910 out of the un-appropriated profits and revenue reserves of the Company for the issuance of 3,411,391 Bonus Shares to the Members of the Company as at the close of business on 18 April 2011 in proportion to their respective shareholding at that date (the effective rate being 10%, that is, 1 shares for every 10 shares).

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

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 2011

Notice of Meeting

Notes

The Share Transfer Books of the Company will be closed and no transfer will be accepted for registration from 19 April 2011 to 29 April 2011 (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, 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 I 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.

Notice of Meeting

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 Fiftieth Annual General Meeting of Singer Pakistan Limited to be held on Friday, 29 April 2011 at 11:00 am.

Item No. 3 of the Agenda - Special Business

Issue of Bonus Shares:

In the opinion of the Board of Directors, the financial results of the Company justifies the capitalization of a sum of Rs. 34,113,910 from the un-appropriated profits and revenue reserves of the Company for the issuance of Bonus Shares in the ratio of 1 ordinary shares for every 10 ordinary shares i.e. (at the rate of 10%). Those persons whose names appear on the Register of Members of the Company as at the close of business on 18 April 2011 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. 34,113,910 out of the un-appropriated profit and revenue reserves of the Company be capitalized and applied for making payment in full of 3,411,391 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 18 April, 2011 in the proportion of one Bonus Shares for every ten 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.

CHAIRMAN'S REPORT

Dear Shareholders,

2010 was a difficult year for Pakistan and also for your Company in view of wide spread destruction caused by unprecedented floods in the country which damaged infrastructure, standing crops, livestock and valuable human lives. A number of our shops were damaged by floods and many of our loyal and dedicated customers suffered damage to their homes and household effects including appliances. The consumer purchasing power shrunk due to flood damages, high inflation, power outages and ever increasing energy and credit costs. Inflation which started the year with 13.7% remained high throughout the year and closed at 15.5%. State Bank kept the money supply tight and increased the discount rate from 12.5% to 14%.

Our strategy during this period was to minimize exposure and protect our assets and achieve a reasonable growth in Net Sales (7.9%). We took this opportunity to focus on long term strategy of improving competitiveness, quality and adding new features to our products and improving productivity in both Manufacturing and Marketing. The Manufacturing facility was reorganized to focus on improving quality and features of our existing product and assemble new products such as LCD, LED TV and Split Air conditioners. The Distribution network was reviewed and shops with low productivity were closed or relocated. A new system of evaluation of performance of field sales staff was introduced to improve productivity. Selling and Administrative Expenses were reviewed and kept under control. Head Office was shifted to the Factory which is expected to realise considerable savings going forward.

A number of new products and new models with new features were introduced. Environment friendly Solar Water heater with standby arrangement with natural gas was marketed through selected shops. After Sales Service was given high priority to increase customer satisfaction and increase their loyalty with Singer brand. We continued to implement our various Social Responsibility programs which include very successful Drug Awareness program in Schools. Details are given on page 31.

The new ERP System was introduced in most of our shops during the year and it is expected to be fully implemented by the middle of 2011. The System is a real-time online system and, when fully implemented, will enable us to manage inventory more efficiently thus reducing the inventory carrying cost as well as stock out situation in shops. It will also help in managing and controlling receivables timely and more effectively. This will help us to maintain our position as the largest retailer of appliances in the country.

I resigned as Chief Executive Officer of the Company on the close of business on 31st December 2010 but continued to be a Director and Chairman of the Company. The Board of Directors appointed Syed Aleem Hussain, a key Executive of the Company with several years of experience in the Company in various positions, as Chief Executive Officer effective 1st January 2011.

Finally, I would like to thank all employees of the company for their dedication and commitment to the Company. I would also like to thank the Board of Directors and the Audit Committee for their guidance and support. I take this opportunity to thank our shareholders for their continued support.

Kamal Shah
Chairman

Karachi: 31 March 2011

The Glorious 10 Years

Sales

2,263
In 2010

647
In 2001

Profit from Operations

207
In 2010

62
In 2001

Shareholders' Equity

807
In 2010

191
In 2001

Total Assets

1,209
In 2010

275
In 2001

All figures are Rupees in Millions

Ten Years at a Glance

(Rupees in '000')

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
ASSETS EMPLOYED		(Restated)	(Restated)							
Current Assets	1,831,867	1,609,991	1,593,872	1,361,138	1,094,432	914,053	739,318	662,286	583,480	555,351
Current Liabilities	1,339,354	1,160,329	1,156,781	918,298	804,710	654,973	510,860	381,974	363,785	342,973
NET CURRENT ASSETS	492,513	449,662	437,091	442,840	289,722	259,080	228,458	280,312	219,695	212,378
Property, Plant & Equipment	661,989	210,499	212,213	156,915	110,312	99,248	77,278	69,999	66,067	52,363
Intangible Assets	3,607	5,083	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	18,795	15,863	30,139	5,617	3,578	3,632	-	-	-	-
Long Term Deposits	32,104	31,844	32,100	27,396	20,475	17,344	16,302	13,844	9,596	8,985
Deferred Cost	-	-	-	-	-	-	-	-	-	-
Deferred Tax	-	-	-	-	-	-	-	692	-	676
TOTAL ASSETS EMPLOYED	1,209,008	712,951	719,181	644,328	431,935	387,012	330,316	373,628	296,535	275,320
FINANCED BY:										
Share Capital	341,140	310,127	275,668	245,038	133,173	113,339	113,339	113,339	113,339	113,339
Reserves & unappropriated profit	159,757	162,849	181,805	144,298	122,323	109,866	98,980	90,514	77,502	77,582
Surplus on revaluation of fixed assets	305,615	-	-	-	-	-	-	-	-	-
Deferred Income	4,175	5,103	6,031	6,959	7,887	8,815	9,743	10,671	11,141	-
Employee retirement benefits - Obligation	3,929	5,173	2,360	1,962	2,193	1,956	-	-	-	-
Long term loans, Debenture, Lease Facilities, Deposit and Deferred liabilities	394,392	229,699	253,317	246,071	166,359	153,036	108,254	159,104	94,553	84,399
TOTAL CAPITAL EMPLOYED	1,209,008	712,951	719,181	644,328	431,935	387,012	330,316	373,628	296,535	275,320
FINANCIAL PERFORMANCE										
Sales	2,263,122	2,116,878	2,131,378	1,744,173	1,427,112	1,197,188	979,541	835,781	720,415	646,668
Profit from Operations	207,491	181,992	188,854	139,006	109,372	82,498	62,105	56,167	67,109	61,766
Profit after taxation	27,921	15,503	52,561	41,951	32,291	25,053	19,799	13,012	8,420	7,232
Earnings per share	0.82	0.45	1.69	1.52	1.43	1.88	1.75	1.15	0.74	0.64
Bonus share										
Amount	*34,114	31,013	34,459	30,630	19,976	19,834	-	-	-	-
%	*10%	10%	12.5%	12.5%	15%	17.5%	-	-	-	-
Cash dividend										
Amount	-	-	-	-	-	-	14,167	11,333	8,500	8,500
%	-	-	-	-	-	-	12.5%	10%	7.5%	7.5%

* Proposed

Board of Directors

Kamal Shah
Chairman

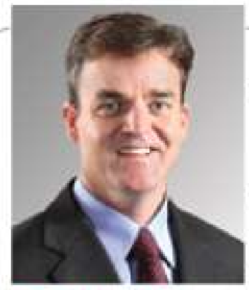
Mr. Kamal Shah is the Chairman of the Board of Singer Pakistan Limited. He has resigned as Chief Executive Officer of the Company as of the close of business on 31st December, 2010 but continue to be a Director and Chairman of the Company.

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 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.

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.

Peter James O'Donnell
Director

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.
- Fibercane (Pvt.) Ltd.
- Pakistan Agencies (Pvt.) Ltd.
- First Dawood Investment Bank Ltd.
- Alpha Insurance Co. Ltd.

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.

Jahangir Siddiqui
Director

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.

Board of Directors

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, Wyeth Pakistan Ltd., 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.

Syed Aleem Hussain
CEO

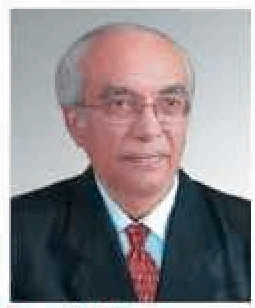
Mr. S.Aleem Hussain has been appointed effective 1st January 2011 as the Chief Executive Officer of Singer Pakistan Limited by the Board of Directors in their meeting held on 31st December 2010. He is an MBA from the University of the East Philippines and has worked with the Company in executive positions since 1993. The last position held by him was that of the Deputy Managing 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.



Fareed Khan
Alternate Director

U. R. Usmani
Director

Mr. Ubaid-ur-Rehman Usmani is 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.

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 Council Member of the Marketing Association of Pakistan (MAP) and has also made presentations for various universities in order to promote the knowledge of marketing.

Ahmed S. Farrukh
Director

The Management

Syed Aleem Hussain
Chief Executive Officer

U. R. Usmani
Director Personnel & Administration

Nasir Hussain
CFO & Company Secretary

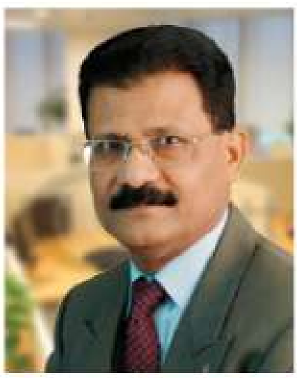
Wahid-ul-Hassan
Factory Manager

Senior Management


Abid Pervez
National Sales Manager, North


Muzzafar Mehboob
National Sales Manager, South


Hafiz Ashfaq Ahmed
National Service Manager


Abdul Hakeem Dawood
Chief Internal Auditor


Salman Ahmed
Controller


Tauseef Ahmed Zakai
Chief Accountant


Farhana Fahad
Merchandising Manager


Zafar Iqbal
Credit Controller, South


Muhammad Zubair
Credit Controller, North


S. M. Akhtar
Senior I. T. Manager


Ali Akhter
Production Manager
Cooling Products


Khalid Afzal
Materials Manager

Report of the Directors

For the year ended 31 December 2010

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 2010.

RESULTS OVERVIEW

This was the most difficult year for our business due to unprecedented flooding which affected some of our shops and a large number of our customers, shrinking their purchasing power. Continuous increase in financing cost and frequent power outages further aggravated business conditions. We countered these through increased advertising and promotions and are pleased to report that the Net Sales for the year increased by 7.9%. Gross Profit, Profit from Operations and Net Income also increased but increase in finance costs affected growth in Profit after Taxation.

Net sales for the year increased to Rs 2,158 Million from Rs. 1,999 Million or 7.9% compared to corresponding period last year. The growth in sales is mainly attributable to appliances and earned carrying charges.

Marketing, selling and distribution costs increased by 18.7% or Rs. 37.48 million over the same period last year mainly due to increase in advertising and sales promotion which was necessary to increase sales in difficult business environment. However, administrative expenses decreased by Rs. 1.7 million due to costs control. Other operating expenses increased by Rs. 0.83 million only. Profit from operations increased by 14% to Rs.207.5 million due to increased revenue and controlled costs. However, Finance costs increased to Rs.176.5 million from Rs.165.1 million, due to increase in mark-up rates and increase borrowings. Profit after taxation increased to Rs. 27.9 million from Rs. 15.5 million last year.

The results for the year 2009 have been restated due to the changes in accounting policies as disclosed in note 2.5 of the accounts.

SALES OVER VIEW

The growth in sales was achieved primarily through higher sales of Refrigerators, Air Conditioners, Colour Televisions and Washing Machines. Price increases were restricted due to highly competitive market and were kept at a minimum despite devaluation and costs increases. The Company has continued to improve features and introduced new models and new products to grow sales with emphasis on improved after-sales-service through its own service centres throughout the country.

PROFITABILITY AND APPROPRIATIONS

The profit for the year 2010 and proposed appropriations for the year 2011are as follows:

	2010 (Rupees in '000)
Profit after Tax	27,921
Un-appropriated profit brought forward (restated)	4,499
Profit available for appropriations	32,420

	2011 (Rupees in '000)
Un-appropriated profit brought forward	32,420
Transfer from Revenue Reserve	2,000
Appropriations:	
Proposed Bonus Issue	(34,114)
Un-appropriated profit	306

Report of the Directors

EARNINGS PER SHARE

Earnings per share for the year ended 31 December 2010 is Re. 0.82 as against Re. 0.45 for the previous year (restated).

FUTURE OUTLOOK

We controlled credit throughout the year which restricted our growth in these difficult conditions. This will enable us to grow credit in future when market conditions are expected to improve.

The Company will continue to focus on introduction of new models, new products, innovative advertising and sales promotions and increase in the productivity in a highly competitive market. However, a lot will depend on the business environment in the country.

The Company has shifted its Head Office to its Factory in Korangi Industrial Area which is expected to result in costs savings in future.

The Company is focusing on the implementation of ERP project which is expected to improve productivity and assets management and will enable it to continue to be a leading retailer of appliances in the country. We expect the project will be fully functional this year.

BOARD OF DIRECTORS

Mr. Kamal Shah resigned as Chief Executive Officer of the Company as of the close of business on 31st December 2010 and the Board of Director appointed Mr. S. Aleem Hussain as the Chief Executive Officer of the Company effective 1st January 2011. Mr. Kamal Shah continues to be a Director and Chairman of the Company.

No casual vacancy arose during the year.

HUMAN RESOURCES

As a leader in Retailing we believe in continued development of our employees' skills, efficiency and career development which leads to enhanced job satisfaction. Training programs were regularly offered on important subjects such as product knowledge, selling skills, merchandising and credit management. Several courses were organized in 2010.

The relationship between the management and employees continues to be satisfactory. The agreement with the Factory labour union has been reached after intensive negotiation. Consequently all the industrial disputes and incidental legal cases have been withdrawn with mutual consent. The labour management relations are amicable and productive.

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

Singer Pakistan is committed to CSR.

Sewing / stitching classes are regularly organized for ladies to help them improve their skills and earn their livelihood.

A very effective program has been launched to create awareness against the evil of narcotics among students. A film of about 20 minutes duration is shown, which gives a very powerful message against the use of narcotics. During 2010 the program has been organized with the help of trained presenters and facilitators. Over 20,000 students have so far benefited from this program and they all, without exception, are full of praise and grateful and their teachers have equally appreciated the program

During the year the Country witnessed unprecedented flooding which not only destroyed infrastructure but also affected the population at large. Many employees of your Company also faced devastation and lost their homes and valuables. The Company has carried out some relief work in affected areas and also for affected employees. The employees of the Company have contributed one day salaries for this noble cause. The Company also contributed an equivalent amount.

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 2011.

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 71 of this report.

Report of the Directors

HOLDING COMPANY

Singer (Pakistan) B.V. holds 70.28% of the 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 except for the changes stated in note 2.5 to the financial statements. 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;

Value of investments of Provident, Gratuity and Pension Funds based on their latest audited accounts for the year ended 31 December 2009 are as follows:

- Provident Fund	Rs. 112.0 million
- Gratuity Fund	Rs. 60.3 million
- Pension Fund	Rs. 64.2 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. Peter James O' Donnell)	8
Mr. Rasheed Y. Chinoy	8
Mr. Badaruddin F. Vellani (alternate of Mr. Gavin J. Walker)	8
Mr. Jahangir Siddiqui	3

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 except as disclosed in the pattern of shareholding.

On behalf of the Board

SYED ALEEM HUSSAIN
Chief Executive Officer

Karachi : 31 March 2011

SINGER

Envisioning your happiness!

In our pursuit for excellence, we continue to provide our customers with the latest products. Singer has taken a pioneer role in introducing the 24-inch LED in Pakistan.

SINGER

Enjoying a "fresh & cool" lifestyle!

Enjoy fresh foods and cool drinks with Singer Refrigerator, which is 100% CFC-FREE (including Polyurethane Insulation). High quality compressor with electronic relay ensures noiseless operation and protection from voltage fluctuations.


SINGER
SINGER
REFRIGERATORS

SINGER

Chilling you out!

Summer days and restless nights are comfortable with Singer Split Air-conditioners which provide a cool ambience. With its "AUTO-RESTART" function, Singer A/C restarts itself automatically when power is restored after a breakdown.

SINGER

Warming up for a fresh look!

Solar geyser helps save energy cost and can be hooked up to a Singer gas geyser in order to ensure continuous supply of hot water, even at night or during an overcast day.

SINGER

Catering to your lifestyle needs!

Singer Kitchen Appliances fulfill your needs for a complete kitchen. Our Cooking Ranges come with imported thermostat & rotisserie.


SINGER

SINGER

Washing away the worries!

Our hallmark of quality speaks loudly in Singer Washing Machines. With a variety of models, a customer can make his/her choice for a semi-automatic or automatic washing machine. The user-friendly operation makes washing an enjoyable experience.

Singer Factory

A beautiful front view of Singer factory located at Korangi Industrial Area, Karachi.

Inauguration of Singer Head Office

Singer Pakistan's Head Office was shifted to our factory at Korangi. With minor renovation, the new office gave an impressive look. The shifting is expected to realise considerable savings in future.

LCD/LED TV Assembly

To fulfill our commitment of providing products of latest technology to our customers, the factory has started the assembly of LCD TV and will also be starting the assembly of LED TV very soon.

Conveyorisation in Refrigerator Plant

To improve production process and control on rejection, conveyor line is installed on assembly line of Refrigerator Plant. The workers do not lift heavy loads of Refrigerators during assembly and they feel quite comfortable during process only because of new conveyor system.

Split Air-conditioner

Singer Factory has set up a new assembly line for Split Air-conditioners. The plant is equipped with latest gas charging, vacuuming, leak detecting machines, etc. State-of-the-art testing equipments are also available to ensure quality, safety and performance of Singer Air-conditioners.

Corporate Social Responsibility

Sewing /stitching classes

Singer Pakistan attaches great importance to CSR and is doing its best within its limited resources to fulfill its obligation. Sewing/stitching classes are regularly organized for girl students to learn the art of sewing and stitching. This is not only appreciated by the learners but also helps needy ladies to earn their livelihood.

Anti-Narcotics Drive

Singer Pakistan has contributed its humble efforts to fight the menace of narcotics among the young students to save their life and families from the evils of smoking and narcotics. A very powerful programme has been designed to educate the young students against the evils.

A highly effective film of 20 minutes duration has been produced with heart-rendering message against the use of narcotics to the viewers.

During the year 2010, the programme was arranged for 5,000 more students, bringing the number to over 20,000 students who have so far benefited since the inception of this programme.

نشہ نہیں کبھی نہیں

Empowerment

Singer Retail Academy

Singer is a multinational company with over 160 years of history. Our customers expect the best from us. It is therefore our established policy to continually invest in and nurture our single most important asset –our people. The Singer Retail Academy sets the standard for Human Resource Management & Development. Training and Performance Evaluation of the field staff is the integral part of SRA activities for the improved effectiveness and customer satisfaction. Singer Pakistan continuously conducts throughout the year, various training program to achieve the objective.

Best Performers

Mr. Raeesuddin, Area Manager, Mardan and Mr. Muhammad Jamil, Area Manager, Peshawar have been declared the best performer and the second best performer respectively for the year ended 31 December 2010.

ERP Project

The new ERP System was introduced in most of our shops during the year and it is expected to be fully functional in 2011. The project is being implemented by the team of both local and foreign experts. The System is a real-time online system and, when fully implemented, will enable us to manage inventory more efficiently thus reducing the inventory carrying cost as well as stock out situation in our shops. It will also help in managing and controlling receivables timely and more effectively. This will help us to maintain our position as the largest retailer of appliances in the country.

Customer Relationship Management

New by Singer

Singer Pakistan Limited has partnered with Telenor and Tameer bank and launched EasyPaisa services from its network of stores in June 2010. Currently, 113 stores are enrolled in EasyPaisa, and the remaining Singer stores will be enrolled in 2011. This has provided Singer with additional growth in business through increase in floor traffic.

As part of social marketing, Singer Pakistan has now been launched on Facebook and Twitter.

Call Centre

Our in-house Call Centre is facilitated by trained staff and equipped with modern software and hardware. A toll-free number (0800-23450) is a special facility for the customers.

Technical support and maintenance is extended by top ranking professional service providers.

Town Storming

Draped in SINGERPlus flags and uniforms, our Sales Staff become mobile advertisers and visit shopping centers, markets, distributing catalogues outlining exciting consumer promotions.

Nationwide Singer Marketing Network

Singer Pakistan Limited
Financial Reports

Financial Calendar

Annual Report 2009 - Published	9th April 2010
Forty Ninth Annual General Meeting	30th April 2010
Bonus Share 2009	30th April 2010

Interim Financial Statements

For the three months ended 31st March 2010 (unaudited)	26th April 2010
For the six months ended 30th June 2010 (reviewed)	23rd August 2010
For the nine months ended 30th September 2010 (unaudited)	30th October 2010

Annual Report & Annual General Meeting

Annual Report 2010 Approved	31st March 2011
Fiftieth Annual General Meeting	29th April 2011

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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 eight Directors including the CEO. The Company encourages representation of non-executive directors and directors representing minority interests on its Board of Directors. At present, the Board includes four 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 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 related party transactions have been placed before the Audit Committee and approved by the Board of Directors.

19. 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 the Institute of Chartered Accountants of Pakistan.

20. 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.

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

SYED ALEEM HUSSAIN
Chief Executive Officer

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

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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 to comply with 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.

Listing Regulations of the Karachi and Lahore Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 2010.

KPMG Taseer Hadi & Co.

Date: 31 March 2011
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

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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 2010 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as described in note 2.5 to the financial statements with which we concur;

   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 2010 and of the profit, 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 (XVIII of 1980).

KPMG Taseer Hadi & Co.

Date: 31 March 2011
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

Balance Sheet

As at 31 December 2010

	Note	2010	2009 (Restated)	2008 (Restated)
			(Rupees in '000)	
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorised capital				
40,000,000 (2009: 40,000,000, 2008: 30,000,000) ordinary shares of Rs. 10 each		400,000	400,000	300,000
Issued, subscribed and paid-up capital	4	341,140	310,127	275,668
Capital reserve		5,000	5,000	5,000
Revenue reserve		122,337	126,337	108,337
Unappropriated profit		32,420	31,512	68,468
		500,897	472,976	457,473
Surplus on revaluation of leasehold land	5	305,615	-	-
Non-current liabilities				
Long term loans - secured	6	180,000	143,126	161,354
Liabilities against assets subject to finance lease	7	32,192	40,541	51,854
Long term deposits	8	28,913	24,382	21,450
Employee retirement benefits - obligation	9	3,929	5,173	2,360
Deferred tax	10	153,287	21,650	18,660
Deferred income	11	4,175	5,103	6,031
		402,496	239,975	261,709
Current liabilities				
Current portion of long term loans	6	83,958	115,728	115,104
Short term running finance - secured	12	817,857	672,909	630,624
Current portion of liabilities against assets subject to finance lease	7	19,576	17,072	17,035
Trade and other payables	13	370,829	313,861	354,080
Mark-up accrued on short term running finances and long term loans		47,134	40,759	39,938
		1,339,354	1,160,329	1,156,781
		2,548,362	1,873,280	1,875,962
Contingencies and commitments	14			

Balance Sheet

As at 31 December 2010

	Note	2010	2009 (Restated)	2008 (Restated)
			(Rupees in '000)	
ASSETS				
Non-current assets				
Property, plant and equipment	15	661,989	210,499	212,213
Intangible assets	16	3,607	5,083	7,638
Employee retirement benefits - prepayment	9	18,795	15,863	30,139
Long term deposits	17	32,104	31,844	32,100
		716,495	263,289	282,090
Current assets				
Stores, spares and loose tools		5,851	4,986	5,319
Stock-in-trade	18	510,200	456,583	501,985
Trade debts	19	1,053,140	923,587	887,628
Advances, deposits and prepayments	20	36,731	22,968	28,400
Other receivables	21	18,916	10,855	10,100
Taxation - net		47,973	48,347	31,346
Cash and bank balances	22	159,056	142,665	129,094
		1,831,867	1,609,991	1,593,872
		2,548,362	1,873,280	1,875,962

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

Chief Executive	Chief Financial Officer	Director

Profit and Loss Account

For the year ended 31 December 2010

	Note	2010	2009 (Restated)
		(Rupees in '000)	
Sales		2,263,122	2,116,878
Earned carrying charges		292,203	265,450
Sales tax / excise duty, commissions and discounts		(397,157)	(382,852)
Net sales	23	2,158,168	1,999,476
Cost of sales	24	(1,656,501)	(1,559,932)
Gross profit		501,667	439,544
Marketing, selling and distribution costs	25	(237,933)	(200,449)
Administrative expenses	26	(44,047)	(45,737)
Other operating expenses	27	(12,196)	(11,366)
		(294,176)	(257,552)
Profit from operations before finance costs		207,491	181,992
Finance costs	28	(176,516)	(165,177)
		30,975	16,815
Other income	29	8,965	3,901
Profit before taxation		39,940	20,716
Taxation	30	(12,019)	(5,213)
Profit after taxation		27,921	15,503
Other comprehensive income		-	-
Total comprehensive income		27,921	15,503
		(Rupee)	
Earnings per share - basic and diluted	31	0.82	0.45

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

Chief Executive | Chief Financial Officer | Director

Cash Flow Statement

For the year ended 31 December 2010

	Note	2010	2009 (Restated)
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		39,940	20,716
Adjustment for:			
- Depreciation on property, plant and equipment		22,547	21,121
- Amortisation of intangible assets		2,084	2,569
- Finance costs		176,516	165,177
- Gain on sale of property, plant and equipment		(4,007)	(264)
- Amortisation of deferred income		(928)	(928)
- Provision for / (reversal) of doubtful debts		2,107	(1,859)
- Provision for / (reversal) of slow moving stock		214	(1,500)
- (Reversal) of / provision for employee retirement and other service benefits		(3,404)	18,112
		235,069	223,144
Working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		(865)	333
Stock-in-trade		(53,831)	46,902
Trade debts		(131,660)	(34,100)
Advances, deposits and prepayments		(13,763)	5,433
Other receivables		(8,061)	(755)
		(208,180)	17,813
Increase / (decrease) in current liabilities			
Trade and other payables		57,507	(40,220)
Net cash from operations		84,396	200,737
Income tax paid		(28,266)	(19,223)
Finance costs paid		(162,821)	(154,945)
Employee retirement and other service benefits paid		(772)	(1,023)
Security deposits received		4,531	2,932
Long term deposits - net		(260)	256
Net cash flow from operating activities		(103,192)	28,734
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(11,875)	(12,414)
Proceeds from disposal of property, plant and equipment		7,592	542
Net cash flow from investing activities		(4,283)	(11,872)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid		(26,186)	(27,972)
Net additions / (repayment) in long term loans		5,104	(17,604)
Net cash flow from financing activities		(21,082)	(45,576)
Net decrease in cash and cash equivalents		(128,557)	(28,714)
Cash and cash equivalents at beginning of the year		(530,244)	(501,530)
Cash and cash equivalents at end of the year	32	(658,801)	(530,244)

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

Chief Executive	Chief Financial Officer	Director

Statement of changes in Equity

For the year ended 31 December 2010

	Issued subscribed and paid-up capital	Capital reserve	Revenue reserve	Unappropriated profit	Total
	---------------------------	------------	(Rupees in '000)	------------	---------------------------
Balance as at 1 January 2009	275,668	5,000	108,337	52,892	441,897
Impact of change in accounting policy of recognition of actuarial gains - net of tax (Note 2.5.1)	-	-	-	15,576	15,576
Restated balance as at 1 January 2009	275,668	5,000	108,337	68,468	457,473
Transfer to revenue reserve	-	-	18,000	(18,000)	-
Transactions with owners, recorded directly in equity					
Issue of bonus shares for the year ended 31 December 2008 @ 12.5% per share	34,459	-	-	(34,459)	-
Total comprehensive income for the year ended 31 December 2009 (restated)	-	-	-	15,503	15,503
Balance as at 31 December 2009	310,127	5,000	126,337	31,512	472,976
Transfer to revenue reserve	-	-	(4,000)	4,000	-
Transactions with owners, recorded directly in equity					
Issue of bonus shares for the year ended 31 December 2009 @ 10 % per share	31,013	-	-	(31,013)	-
Total comprehensive income for the year ended 31 December 2010	-	-	-	27,921	27,921
Balance as at 31 December 2010	341,140	5,000	122,337	32,420	500,897

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

Chief Executive

Chief Financial Officer

Director

1. STATUS AND NATURE OF BUSINESS

Singer Pakistan Limited ("the Company") is incorporated in Pakistan as a public company limited by shares and is quoted on Karachi and Lahore Stock Exchanges. The Company is principally engaged in retailing and trading of domestic appliances, electrical and electronic items and other light engineering products, besides manufacturing and assembling of these products. The registered office of the Company is located at Plot No. 39, Sector 19, Korangi Industrial Area, Karachi.

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

2. BASIS OF PREPARATION

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 of, 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 recognition of certain employee retirement benefits at present value and leasehold land which is stated at revalued amount less any subsequent depreciation and impairment loss.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Company's financial statements or where the judgments were exercised in application of accounting policies are discussed in respective policy notes.

2.5 Changes in accounting policies

Starting 1 January 2010, the Company has changed its accounting policies in the following areas:

2.5.1 Recognition of actuarial gains / losses on defined benefit plan

During the year, the Company has changed its accounting policy for recognising actuarial gains and losses. Previously, actuarial gains or losses in excess of higher of 10% of the actuarial liability or plan assets were recognised over the expected average remaining working lives of the employees. From the current year, the Company has adopted the alternative accounting treatment allowed in IAS 19 "Employee Benefits" of recognising all actuarial gains or losses immediately in profit or loss. The change in accounting policy has been applied retrospectively and comparative information has been restated in accordance with the treatment specified in International Accounting Standard 8 (IAS-8); "Accounting Policies, Changes in Accounting Estimate and Errors".

The effect of these changes on the Company's financial statements is set out below:

Effect on balance sheet	(Rupees in '000)
Total equity at 31 December 2008 - as previously reported	441,897
Cumulative effect of recognising previously unrecognised actuarial gains and (losses) in profit and loss	
- Employee retirement benefits - prepayment	23,341
- Employee retirement benefits - obligation	1,135
	24,476
Effect on workers' profits participation fund	(1,224)
Effect on workers' welfare fund	(355)
	22,897
Tax effect	(7,321)
Cumulative effect recognised in equity	15,576
Total equity at 31 December 2008- restated	457,473
Effect on profit and loss account	
Profit after taxation for the year ended 31 December 2009 - as previously reported	27,215
Effect of recognising all actuarial gains and (losses) in profit or loss	
- Cost of sales	(6,128)
- Marketing, selling and distribution costs	(7,364)
- Administrative expenses	(5,738)
	(19,230)
Effect on workers' profits participation fund	962
Effect on workers' welfare fund	359
	(17,909)
Tax effect	6,197
Net effect on profit	(11,712)
Profit after taxation for the year ended 31 December 2009 - restated	15,503
Effect on earnings per share (EPS)	Rupee
Decrease in EPS for the year ended 31 December 2009	0.34

2.5.2 Revaluation of leasehold land

During the year, the Company has changed its accounting policy for subsequent measurement of leasehold land from cost model to revaluation model. The leasehold land is now stated at revalued amount less any accumulated depreciation and any identified impairment loss. Earlier it was stated at cost less any accumulated depreciation and any identified impairment loss.

The effect of this change is explained in note 15.1.1.

2.6 New accounting standards, amendments to published 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 from the dates specified below. These standards 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 increased disclosures in certain cases:

- Amendment to IAS 12 "Income Taxes" (effective for annual period beginning on or after 1 January 2012).

- Amendment to IAS 24 "Related Party: Disclosures" (effective for annual period beginning on or after 1 January 2011).

- Amendment to IAS 32 "Financial Instruments: Presentation"-Classification of right issues (effective for annual periods beginning on or after 1 February 2011).

- Amendment to IFRS 7 "Disclosures"-Enhanced derecognition disclosure requirements (effective for annual period beginning on or after 1 July 2011).

- Amendment to IFRIC 14, IAS 19 - "The Limit on Defined Benefit Assets, Minimum Funding Requirements and their interaction" (effective for annual period beginning on or after 1 January 2011).

- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" (effective for annual periods beginning on or after 1 July 2010).

- Improvement to IFRS 2010 (effective for annual periods beginning on or after 1 July 2010). The IASB issued amendments to various standards with various effective dates as a part of its annual improvement process.

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 except as explained in note 2.5.

3.1 Property, plant and equipment

Owned

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any, except for leasehold land which is stated at the revalued amount less subsequent depreciation and impairment losses. 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. Amount equivalent to incremental depreciation charged for the year on revalued assets is transferred from surplus on revaluation of property, plant and equipment to retained earnings.

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 capitalised 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. When revalued assets are sold, the amount included in surplus on revaluation of property, plant and equipment is transferred to retained earnings.

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 periods in a manner so as to achieve a 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 costs 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 amortised 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 recognised as intangible assets.

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

Change in estimate

On 01 January 2010, the Company reassessed the useful lives of its intangible assets as follows:

	Revised life	Previous life
Softwares	5 years	4 years

Had the estimate in respect of useful lives of the above-mentioned intangible assets not been changed, the profit for the year would have been lower by Rs. 503,000 and carrying amount of operating fixed assets would have been lower by the same amount.

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 are recognised in the profit or loss in the year in which they arise. 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 are 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.

Calculation of gratuity and pension requires assumptions to be made of future outcomes which mainly includes increase in remuneration, expected long–term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

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 unionised staff in accordance with Collective Bargain Agent (CBA) agreement 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 basis. 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 realisable 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. Provision is made for slow moving inventory based on management's estimation.

These are based on historical experience and are continuously reviewed.

3.6 Trade debts and other receivables

These are initially recognised at fair value plus directly attributable transaction costs and are subsequently measured at amortised 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 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.

3.8 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.

3.9 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

3.10 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.

3.11 Warranty obligations

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

3.12 Revenue recognition

Revenue from sale 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 rate method.

Income on deposits and other financial assets is recognised on accrual basis.

3.13 Expenses

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

3.14 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.

3.15 Borrowing costs

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

3.16 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 amortised cost as the case may be. All the financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised 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.

3.17 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.

3.18 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 realise the asset and settle the liability simultaneously.

3.19 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 recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Impairment losses are recognised in profit and loss account. Reversal of impairment loss is restricted to the lower of recoverable amount or carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

3.20 Foreign currency transactions

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

3.21 Proposed distribution and transfer between reserves

Dividend 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

2010	2009		2010	2009
(Number of shares)			(Rupees in '000)	
		Fully paid-up ordinary shares of Rs. 10 each		
11,461,568	11,461,568	Issued for cash	114,616	114,616
703,733	703,733	Issued for consideration other than cash	7,037	7,037
21,948,616	18,847,351	Issued as bonus shares	219,487	188,474
34,113,917	31,012,652		341,140	310,127

At 31 December 2010 Singer (Pakistan) B.V., Netherlands, which is wholly owned subsidiary of Retail Holdings N.V., Netherlands, held 23,973,723 (2009: 21,794,294) ordinary shares of Rs. 10 each.

5. Surplus on revaluation of leasehold land

	2010	2009
	(Rupees in '000)	
Surplus on revaluation during the year	453,099	-
Deferred tax	(147,484)	-
Balance as at 31 December	305,615	-

6. LONG TERM LOANS - secured

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

	Security	Instalments payable	Repayment period	Mark-up rate	2010	2009
					(Rupees in '000)	
Term loan 1	6.1	quarterly	2005 - 2010	6 Months KIBOR Plus 1.50%	-	14,062
Term loan 2	6.1	quarterly	2006 - 2010	6 Months KIBOR Plus 1.50%	-	12,500
Term loan 3	6.1	quarterly	2007 - 2011	6 Months KIBOR Plus 1.50%	3,125	15,625
Term loan 4	6.1	half-yearly	2007 - 2011	6 Months KIBOR Plus 1.25%	16,667	50,000
Term loan 5	6.3	half-yearly	2008 - 2013	6 Months KIBOR Plus 1.5%	33,333	46,667
Term loan 6	6.4	half-yearly	2009 - 2011	6 Months KIBOR Plus 1.25%	10,000	20,000
Term loan 7	6.1	quarterly	2010 - 2012	6 Months KIBOR Plus 1.75%	30,000	50,000
Term loan 8	6.2	quarterly	2011 - 2014	3 Months KIBOR Plus 1.50%	50,000	50,000
Term loan 9	6.2	quarterly	2010 - 2013	6 Months KIBOR Plus 1.75%	20,833	-
Term loan 10	6.2	quarterly	2012 - 2015	3 Months KIBOR Plus 1.50%	100,000	-
					263,958	258,854

	Security	Instalments payable	Repayment period	Mark-up rate	2010	2009
					(Rupees in '000)	
Current portion of long term loans						
Term loan 1	6.1	quarterly	2005 - 2010	6 Months KIBOR Plus 1.50%	-	(14,062)
Term loan 2	6.1	quarterly	2006 - 2010	6 Months KIBOR Plus 1.50%	-	(12,500)
Term loan 3	6.1	quarterly	2007 - 2011	6 Months KIBOR Plus 1.50%	(3,125)	(12,500)
Term loan 4	6.1	half-yearly	2007 - 2011	6 Months KIBOR Plus 1.25%	(16,667)	(33,333)
Term loan 5	6.3	half-yearly	2008 - 2013	6 Months KIBOR Plus 1.5%	(13,333)	(13,333)
Term loan 6	6.4	half-yearly	2009 - 2011	6 Months KIBOR Plus 1.25%	(10,000)	(10,000)
Term loan 7	6.1	quarterly	2010 - 2012	6 Months KIBOR Plus 1.75%	(20,000)	(20,000)
Term loan 8	6.2	quarterly	2011 - 2014	3 Months KIBOR Plus 1.50%	(12,500)	-
Term loan 9	6.2	quarterly	2010 - 2013	6 Months KIBOR Plus 1.75%	(8,333)	-
					(83,958)	(115,728)
					180,000	143,126

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

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

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

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

7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

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

	2010			2009		
	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	24,593	5,017	19,576	23,729	6,657	17,072
Later than one year and not later than five years	37,174	4,982	32,192	46,820	6,279	40,541
	61,767	9,999	51,768	70,549	12,936	57,613

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 14.6% to 16.4% (2009: 7% to 16.8%) per annum which are used as discounting factor.

Monthly payments of leases bearing variable mark-up rates include finance charge at KIBOR plus 1% to 2.75% (2009: KIBOR plus 1.5% to 3%) 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".

8. LONG TERM DEPOSITS

This represents security deposits from field staff repayable on retirement, resignation or termination from service and carries interest at 5% (2009: 5%) compounded annually.

9. EMPLOYEE RETIREMENT BENEFITS

	2010	2009 Restated
	(Rupees in '000)	
Employee retirement benefits - prepayments		
- Pension fund	16,168	15,863
- Gratuity fund - permanent employees	2,627	-
	18,795	15,863
Employee retirement benefits - obligation		
- Gratuity fund - permanent employees	-	2,025
- Gratuity - field staff	3,929	3,148
	3,929	5,173

The actuarial valuation of both pension and gratuity schemes was carried out as at 31 December 2010.The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

	2010	2009
Discount rate per annum compound	14.5%	13%
Expected rate of increase in salaries	8%-11.5%	6%-10%
Expected rate of return on plan assets	15%	15%
Expected rate of increase in pension	0%	0%

	Pension fund		Gratuity					
			Permanent employees		Field staff		Total	
	2010	2009 (Restated)	2010	2009 (Restated)	2010	2009 (Restated)	2010	2009 (Restated)
	--------------------------------(Rupees in '000)----------------------------							
Amounts recognised in balance sheet are as follows:								
Present value of defined benefit obligation	48,298	48,812	68,654	62,193	3,929	3,148	72,583	65,341
Fair value of plan assets	(64,466)	(64,675)	(71,281)	(60,168)	-	-	(71,281)	(60,168)
(Asset) / liability in balance sheet	(16,168)	(15,863)	(2,627)	2,025	3,929	3,148	1,302	5,173
Movement in net (assets) / liability recognised in balance sheet are as follows:								
Opening balance	(15,863)	(25,295)	2,025	(4,844)	3,148	2,360	5,173	(2,484)
Net (surplus) / charge for the year	(7,305)	9,432	2,348	6,869	1,553	1,811	3,901	8,680
Contribution / payments during the year	7,000	-	(7,000)	-	(772)	(1,023)	(7,772)	(1,023)
Closing balance	(16,168)	(15,863)	(2,627)	2,025	3,929	3,148	1,302	5,173

	Pension fund		Gratuity					
			Permanent employees		Field staff		Total	
	2010	2009 (Restated)	2010	2009 (Restated)	2010	2009 (Restated)	2010	2009 (Restated)
Movement in present of defined benefit obligations	-----------------------(Rupees in '000)----------------------------							
Liability for defined benefit obligation as at 1 January	48,812	33,758	62,193	53,918	3,148	2,360	65,341	56,278
Benefits paid	(1,390)	(1,726)	(3,617)	(4,315)	(772)	(1,023)	(4,389)	(5,338)
Current service cost	1,379	815	2,710	2,247	1,553	1,811	4,263	4,058
Interest cost	6,600	4,928	7,561	5,317	-	-	7,561	5,317
Actuarial losses / (gains)	(7,103)	11,037	(193)	5,026	-	-	(193)	5,026
Liability for defined benefit obligation at 31 December	48,298	48,812	68,654	62,193	3,929	3,148	72,583	65,341
Movement in plan assets								
Fair value of plan assets - beginning of the year	64,675	59,053	60,168	58,762	-	-	60,168	58,762
Contribution / (refund) during the year	(7,000)	-	7,000				7,000	-
Benefits paid	(1,390)	(1,726)	(3,617)	(4,315)	-	-	(3,617)	(4,315)
Expected return on plan assets	9,571	8,661	7,961	5,992	-	-	7,961	5,992
Actuarial (losses) / gains	(1,390)	(1,313)	(231)	(271)	-	-	(231)	(271)
Fair value of plan assets - end of the year	64,466	64,675	71,281	60,168	-	-	71,281	60,168
Expense recognised in profit or loss account								
Current service cost	1,379	815	2,710	2,247	1,553	1,811	4,263	4,058
Interest cost	6,600	4,928	7,561	5,317	-	-	7,561	5,317
Expected return on plan assets	(9,571)	(8,661)	(7,961)	(5,992)	-	-	(7,961)	(5,992)
Actuarial losses / (gains)	(5,713)	12,350	38	5,297	-	-	38	5,297
	(7,305)	9,432	2,348	6,869	1,553	1,811	3,901	8,680
Return on plan assets is as follows:								
Expected return on plan assets	9,571	8,661	7,961	5,992	-	-	7,961	5,992
Actuarial (losses) / gains on plan assets	(1,390)	(1,206)	(528)	148	-	-	(528)	148
Return on plan assets	8,181	7,455	7,433	6,140	-	-	7,433	6,140

The expense is recognised in the following line items in the profit and loss account:

	Pension fund 2010	Pension fund 2009 (Restated)	Permanent employees 2010	Permanent employees 2009 (Restated)	Field staff 2010	Field staff 2009 (Restated)	Total 2010	Total 2009 (Restated)
Cost of sales	(2,436)	3,145	658	1,924	-	-	658	1,924
Marketing, selling and distribution costs	(2,802)	3,618	892	2,610	1,553	1,811	2,445	4,421
Administrative expenses	(2,067)	2,669	798	2,335	-	-	798	2,335
	(7,305)	9,432	2,348	6,869	1,553	1,811	3,901	8,680

	Pension fund		Gratuity			
			Permanent employees		Field staff	
	2010	2009	2010	2009	2010	2009
	-------------------------------(Percent %)------------------------------					
Composition of plan assets						
Debt instruments	99.7	99.3	99.8	96.1	-	-
Others	0.3	0.7	0.2	3.9	-	-
Expected return on plan assets						
Expected return on debt instruments	15.0	15.0	15.0	15.0	-	-
Expected return on others	6.0	6.0	6.0	6.0	-	-

	2010	2009	2008	2007	2006
	----------------(Rupees in '000)----------------				
Historical information					
Present value of the defined benefit obligation	(120,881)	(114,153)	(90,036)	(92,063)	(75,153)
Fair value of plan assets	135,747	124,843	117,815	104,749	91,470
Surplus in the plan	14,866	10,690	27,779	12,686	16,317
Experience adjustments arising on plan liabilities	(733)	(10,534)	(12,364)	(8,813)	(3,273)
Experience adjustments arising on plan assets	(1,621)	(1,584)	3,585	3,709	8,405

10. DEFERRED TAX

	Note	2010	2009
		(Rupees in '000)	
Taxable temporary differences arising on:			
Revaluation of leasehold land		147,484	-
Accelerated tax depreciation and leased assets		35,340	33,420
		182,824	33,420
Deductible temporary differences arising on:			
Provision for slow moving stock-in-trade		(1,226)	(1,119)
Provision for doubtful debts and other receivables		(5,731)	(7,430)
Provision for warranty obligations		(2,035)	(2,229)
Provision for employee retirement and other service benefits		(1,279)	(992)
Recoupable minimum tax		(19,266)	-
		(29,537)	(11,770)
		153,287	21,650

11. DEFERRED INCOME

	Note	2010	2009
Grant amount		11,141	11,141
Accumulated amortisation-opening		(6,038)	(5,110)
Amortisation during the year	29	(928)	(928)
		(6,966)	(6,038)
Balance as at 31 December		4,175	5,103

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.

12. SHORT TERM RUNNING FINANCE - secured

This represents short term running finance facilities from various banks aggregating to Rs. 1,215.1 million (2009: Rs. 940.7 million), carrying mark-up rate ranging from 14.1 percent to 15.6 percent (2009: 13.8 percent to 16.3 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. TRADE AND OTHER PAYABLES

	Note	2010	2009 (Restated)
		(Rupees in '000)	
Creditors		93,524	75,858
Bills payable		136,608	152,949
Accrued liabilities		31,275	26,856
Due to associated companies	13.1		
- for royalty		44,338	31,246
- for goods		8,503	5,989
- others		517	517
		53,358	37,752
Advances from dealers		2,243	3,470
Retention from employees		8,496	7,780
Provision in respect of compensated absences	13.2	1,255	1,120
Provisions in respect of warranty obligations	13.3	6,252	7,076
Sales tax and excise duty - net		24,423	(11,708)
Workers' profits participation fund	13.4	3,725	3,653
Workers' welfare fund		795	769
Unclaimed dividends		808	808
Others		8,067	7,478
		370,829	313,861

13.1 The maximum aggregate amount due to associated companies at the end of any month during the year was Rs. 9.78 million (2009: Rs. 10.82 million).

13.2 The Company has recognised a provision of Rs. 1.333 million (2009: Rs. 1.273 million) for compensated absences while compensated absences amounting to Rs. 1.198 million were utilised (2009: Rs. 1.220 million) during the year against provision.

13.3 Warranty obligations

	Note	2010	2009
		(Rupees in '000)	
Balance at beginning of the year		7,076	6,002
Additional provision	25	4,144	6,468
Provision utilised during the year		(4,968)	(5,394)
Balance at end of the year		6,252	7,076

13.4 Workers' profits participation fund

	Note	2010	2009 (Restated)
		(Rupees in '000)	
Balance at beginning of the year		3,653	5,279
Allocation for the year	27	2,146	1,112
Interest on funds utilised in the Company's business	28	235	463
Others		-	960
		6,034	7,814
Payments made during the year		(2,309)	(4,161)
Balance at end of the year		3,725	3,653

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

There are certain pending lawsuits initiated by and against the Company concerning shop leases and ex-employees. However, based on the consultation with the legal advisors, management believes that no significant liability is likely to occur in these cases. Guarantees have been extended by various commercial banks on behalf of the Company amounting to Rs. 0.966 million (2009: Rs. 0.966 million).

14.2 Commitments

	Note	2010	2009
		(Rupees in '000)	
Outstanding letters of credit		222,715	246,261
Software development		26,530	26,091

15. PROPERTY, PLANT AND EQUIPMENT

	Note	2010	2009
Operating fixed assets	15.1	629,062	184,310
Capital work-in-progress	15.2	32,927	26,189
		661,989	210,499

15.1 Operating fixed assets

	2010										
	Lease-hold land	Buildings on lease-hold land	Leasehold improve-ments	Plant and machinery		Furniture and equipment	Vehicles		Computers		Total
				Owned	Leased		Owned	Leased	Owned	Leased	
	(Rupees in '000)										
At 1 January 2010											
Cost	350	31,166	100,729	121,717	39,209	32,528	10,375	18,122	9,668	6,260	370,124
"Accumulated depreciation"	(112)	(10,099)	(36,021)	(93,011)	(7,410)	(16,702)	(5,289)	(5,727)	(8,291)	(3,152)	(185,814)
Net book value	238	21,067	64,708	28,706	31,799	15,826	5,086	12,395	1,377	3,108	184,310
During the year 2010											
"Additions / transfer from CWIP"	-	341	2,183	698	6,673	150	-	6,348	1,392	-	17,785
Revaluation	453,333	-	-	-	-	-	-	-	-	-	453,333
Transfer / Adjustment											
Cost	(350)	-	-	13,945	(13,945)	-	2,709	(2,709)	-	-	(350)
Depreciation	116	-	-	(4,320)	4,320	-	(1,355)	1,355	-	-	116
	(234)	-	-	9,625	(9,625)	-	1,354	(1,354)	-	-	(234)
Disposals											
Cost	-	-	(972)	(13,762)	-	(46)	(3,438)	-	-	-	(18,218)
Depreciation	-	-	551	12,328	-	36	1,718	-	-	-	14,633
	-	-	(421)	(1,434)	-	(10)	(1,720)	-	-	-	(3,585)
"Depreciation charge for the year"	(4)	(866)	(10,744)	(3,169)	(1,790)	(2,278)	(34)	(1,798)	(612)	(1,252)	(22,547)
Closing net book value	453,333	20,542	55,726	34,426	27,057	13,688	4,686	15,591	2,157	1,856	629,062
As at 31 December 2010											
Cost / revalued amount	453,333	31,507	101,940	122,598	31,937	32,632	9,646	21,761	11,060	6,260	822,674
Accumulated depreciation	-	(10,965)	(46,214)	(88,172)	(4,880)	(18,944)	(4,960)	(6,170)	(8,903)	(4,404)	(193,612)
Net book value	453,333	20,542	55,726	34,426	27,057	13,688	4,686	15,591	2,157	1,856	629,062
Depreciation rate % per annum	1.40	2.5	10	8.33	8.33	10	20	20	20	20	
	2009										
At 1 January 2009											
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
During the year 2009											
"Additions / transfer from CWIP"	-	-	898	4,782	7,285	3,169	-	-	238	-	16,372
Transfer											
Cost	-	-	-	-	-	-	4,883	(4,883)	-	-	-
Depreciation	-	-	-	-	-	-	(2,441)	2,441	-	-	-
	-	-	-	-	-	-	2,442	(2,442)	-	-	-
Disposals											
Cost	-	-	-	(1,368)	-	-	(573)	-	-	-	(1,941)
Depreciation	-	-	-	1,368	-	-	295	-	-	-	1,663
	-	-	-	-	-	-	(278)	-	-	-	(278)
"Depreciation charge for the year"	(4)	(866)	(9,532)	(2,041)	(2,532)	(2,279)	(65)	(1,879)	(671)	(1,252)	(21,121)
Closing net book value	238	21,067	64,708	28,706	31,799	15,826	5,086	12,395	1,377	3,108	184,310
As at 31 December 2009											
Cost	350	31,166	100,729	121,717	39,209	32,528	10,375	18,122	9,668	6,260	370,124
Accumulated depreciation	(112)	(10,099)	(36,021)	(93,011)	(7,410)	(16,702)	(5,289)	(5,727)	(8,291)	(3,152)	(185,814)
Net book value	238	21,067	64,708	28,706	31,799	15,826	5,086	12,395	1,377	3,108	184,310
Depreciation rate % per annum	1	2.5	10	8.33	8.33	10	20	20	20	20	

15.1.1 Leasehold land was revalued by independent valuer Iqbal A. Nanji and Company (Private) Limited on 22 December 2010.The revaluation, which resulted in surplus of Rs. 453.099 million has been credited to surplus on revaluation of property.

The fair market value of leasehold land is based on recent market transactions which is the estimated amount for which a property could be exchanged on the date of valuation between a knowledgeable and willing buyer and seller in an arms length transaction without compulsion.

15.1.2 Had leasehold land been stated on historical cost basis, the net book value of revalued leasehold land would amount to Rs. 234,000.

15.1.3 Depreciation for the year has been allocated as follows:

	Note	2010	2009
		(Rupees in '000)	
Cost of sales	24.1	5,336	4,918
Marketing, selling and distribution costs	25	15,428	14,542
Administrative expenses	26	1,783	1,661
		22,547	21,121

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

	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/ (loss)	Mode of disposal	Particulars of purchaser
	------------------ (Rupees in '000)				--------------------		
Vehicle							
- Suzuki Baleno	769	385	384	415	31	Tender	Muzaffar Mehboob, Karachi
- Suzuki Baleno	830	415	415	501	86	Tender	Sajida Perveen, Karachi
- Toyota Corolla	922	460	462	860	398	Tender	Muhammad Amir Lakhani, Karachi
- Toyota Corolla	917	458	459	868	409	Tender	Muhammad Rizwan Siddiqui, Karachi
Plant and machinery							
Foundary machinery and equipments	4,774	4,364	410	2,803	2,393	Tender	Raees Ahmed, Karachi
Arm and bed machinery and equipments	8,688	7,665	1,023	1,441	418	Tender	Habib Engineering Works, Karachi
Leasehold Improvements							
Nowshera shop	972	551	421	421	-	Claim	New Jubilee Insurance, Karachi
Written down value not exceeding Rs. 50,000 each	346	335	11	283	272	Tender	Nasir Khan./F.F.F Traders, Karachi
2010	18,218	14,633	3,585	7,592	4,007		
2009	1,941	1,663	278	542	264		

15.2 Capital work in progress

	2010	2009
	(Rupees in '000)	
Balance as at 1 January	26,189	22,876
Additions during the year	14,292	4,011
Transfers to operating assets	(7,554)	(698)
Balance as at 31 December	32,927	26,189
Breakup of capital work in progress is as follows:		
- Building	2,250	-
- IT projects - ERP system	30,677	26,189
	32,927	26,189

16. INTANGIBLE ASSETS

	Note	2010	2009
		(Rupees in '000)	
Software			
At 1 January			
Cost		13,236	13,222
Accumulated amortisation		(8,153)	(5,584)
Net book value		5,083	7,638
During the year			
Additions		608	14
Amortisation for the year		(2,084)	(2,569)
Closing net book value		3,607	5,083
At 31 December			
Cost		13,844	13,236
Accumulated amortisation		(10,237)	(8,153)
Net book value		3,607	5,083

16.1 Software is being amortised @ 20% per annum (2009: 25% per annum).

16.2 Amortisation for the year has been allocated as follows:

	Note	2010	2009
Cost of sales	24.1	1,042	1,284
Administrative expenses	26	1,042	1,285
		2,084	2,569

17. LONG TERM DEPOSITS

	Note	2010	2009
Deposits			
- shops and others		27,057	26,324
- leases		5,047	5,520
		32,104	31,844

18. STOCK-IN-TRADE

	Note	2010	2009
Raw materials			
- in stores		34,151	10,335
- in third party premises	18.1	12,659	12,549
- in bonded warehouse		64,816	80,614
- in transit		44,450	18,915
		156,076	122,413
Work in process		98,920	72,910
Finished goods			
- own manufactured		192,865	190,608
- purchased for resale		66,104	74,203
		258,969	264,811
Provision for slow moving items	18.2	(3,765)	(3,551)
		510,200	456,583

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

18.2 The Company has recognised a provision of Rs. 0.214 million (2009: reversed a provision of Rs. 1.5 million) for slow moving items during the year.

19. TRADE DEBTS

	Note	2010	2009
		(Rupees in '000)	
Considered good			
Hire purchase	19.1		
- Retail		718,954	648,617
- Institutional		333,006	248,386
		1,051,960	897,003
Unearned carrying charges		(83,405)	(67,085)
		968,555	829,918
Dealers		84,585	93,669
		1,053,140	923,587
Considered doubtful		12,068	15,759
		1,065,208	939,346
Provision for doubtful debts	19.2	(12,068)	(15,759)
		1,053,140	923,587

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

19.2 The Company has recognised a provision of Rs. 2.107 million (2009: reversed a provision of Rs. 1.859 million) for doubtful debts while an amount of Rs. 5.798 million (2009: Rs. Nil) was written off during the year against provision.

20. ADVANCES, DEPOSITS AND PREPAYMENTS

	Note	2010	2009
		(Rupees in '000)	
Advances - considered good			
- Employees and executives	20.1	1,565	699
- Suppliers		6,199	4,136
- Software development		7,886	7,886
		15,650	12,721
Deposits			
- Trade		2,478	640
- Customs and others		8,043	4,334
		10,521	4,974
Prepayments		10,560	5,273
		36,731	22,968

20.1 The advances due from executives amount to Rs. 0.16 million (2009: Rs. 0.027 million).

20.2 The maximum aggregate amount of advances due from executives at the end of any month during the year was Rs. 0.16 million (2009: Rs. 0.207 million).

Notes to the Financial Statements

21. OTHER RECEIVABLES

	2010	2009
	(Rupees in '000)	
Claims	21,299	13,723
Others	3,156	2,671
	24,455	16,394
Provision for doubtful claims	(5,539)	(5,539)
	18,916	10,855

22. CASH AND BANK BALANCES

	2010	2009
Balances with banks		
- current accounts	10,740	4,559
- deposit accounts	37,406	27,961
	48,146	32,520
Cash in transit	109,917	109,380
Cash in hand	993	765
	159,056	142,665

23. NET SALES

	2010	2009
Sales		
- Local	2,210,612	2,094,964
- Export	52,510	21,914
	2,263,122	2,116,878
Earned carrying charges	292,203	265,450
	2,555,325	2,382,328
Sales tax / excise duty	(230,385)	(226,997)
Commissions / discounts	(166,772)	(155,855)
	(397,157)	(382,852)
	2,158,168	1,999,476

24. COST OF SALES

	Note	2010	2009 (Restated)
		(Rupees in '000)	
Opening stock - finished goods			
- own manufactured		190,608	223,260
- purchased for resale		74,203	81,659
		264,811	304,919
Purchases		544,339	508,170
Cost of goods manufactured	24.1	1,106,320	1,011,654
		1,915,470	1,824,743
Closing stock - finished goods			
- own manufactured		(192,865)	(190,608)
- purchased for resale		(66,104)	(74,203)
		(258,969)	(264,811)
		1,656,501	1,559,932

24.1 Cost of goods manufactured

	Note	2010	2009 (Restated)
		(Rupees in '000)	
Opening stock of raw materials		122,413	155,270
Purchases		1,005,192	863,955
		1,127,605	1,019,225
Closing stock of raw materials		(156,076)	(122,413)
Raw material consumed		971,529	896,812
Salaries, wages and other benefits	24.2	82,971	74,975
Stores and spares consumed		20,164	12,978
Depreciation on property, plant and equipment	15.1.3	5,336	4,918
Amortisation of intangible assets	16.2	1,042	1,284
Royalty		24,572	24,685
Fuel and power		14,706	13,792
Insurance		6,230	4,881
Rent, rates and taxes		435	345
Repairs and maintenance		2,699	1,735
Travelling and conveyance		1,486	1,887
Communication		334	338
Printing and stationery		577	492
Cartage and others		35	95
Provision / (reversal) of slow moving stock - net	18.2	214	(1,500)
		1,132,330	1,037,717
Work-in-process			
Opening stock		72,910	46,847
Closing stock		(98,920)	(72,910)
		(26,010)	(26,063)
Cost of goods manufactured		1,106,320	1,011,654

24.2 Salaries, wages and other benefits include provision of Rs. 0.404 million (2009 - provision of Rs. 7.116 million) in respect of employee retirement benefits and Rs. 1.898 million (2009: Rs. 1.902 million) in respect of bonus to workers.

25. MARKETING, SELLING AND DISTRIBUTION COSTS

	Note	2010	2009 (Restated)
		(Rupees in '000)	
Publicity and sales promotion		100,548	66,114
Salaries and benefits	25.1	43,666	48,171
Rent, rates and taxes		38,118	37,335
Provision for / (reversal) of doubtful debts	19.2	2,107	(1,859)
Utilities		11,339	10,309
Warranty obligations	13.3	4,144	6,468
Depreciation on property, plant and equipment	15.1.3	15,428	14,542
Travelling and conveyance		8,921	7,199
Communication		5,421	5,346
Printing and stationery		3,518	3,300
Repairs and renovations		260	120
Training and sundries		4,463	3,404
		237,933	200,449

25.1 Salaries and benefits include provision of Rs. 0.573 million (2009: provision of Rs. 8.765 million) in respect of employee retirement benefits.

26. ADMINISTRATIVE EXPENSES

	Note	2010	2009 (Restated)
		(Rupees in '000)	
Salaries and benefits	26.1	28,129	30,958
Rent, rates and taxes		3,304	3,130
Utilities		3,499	2,760
Communication		3,404	3,370
Travelling and conveyance		1,721	1,480
Depreciation on property, plant and equipment	15.1.3	1,783	1,661
Amortisation of intangible assets	16.2	1,042	1,285
Printing and stationery		1,165	1,093
		44,047	45,737

26.1 Salaries and benefits include provision of Rs. 0.357 million (2009 - provision of Rs. 6.609 million) in respect of employee retirement benefits.

27. OTHER OPERATING EXPENSES

	Note	2010	2009
		(Rupees in '000)	
Legal and professional charges		6,444	4,780
Auditors' remuneration	27.1	755	650
Donation	27.2	380	152
Exchange loss		1,672	4,258
Workers' profits participation fund	13.4	2,146	1,112
Workers' welfare fund		799	414
		12,196	11,366

27.1 Auditors' remuneration

	2010	2009
Audit fee	500	395
Certifications and limited review	195	195
Out of pocket expenses	60	60
	755	650

27.2 No director or his spouse has any interest in the donees' fund.

28. FINANCE COSTS

	Note	2010	2009
Mark-up on long term loans		40,817	42,094
Mark-up on short term running finances under mark-up arrangements		126,746	111,952
Interest on workers' profits participation fund	13.4	235	463
Finance lease charges		3,174	5,596
Interest on employee security deposits		1,781	1,418
Bank charges		3,763	3,654
		176,516	165,177

29. OTHER INCOME

	Note	2010	2009
		(Rupees in '000)	
Income from financial assets			
Interest on deposit accounts		2,484	2,181
Income from non-financial assets			
Gain on disposal of property, plant and equipment	15.1.4	4,007	264
Amortisation of deferred income	11	928	928
Service income and others		1,546	528
		8,965	3,901

30. TAXATION

	2010	2009 (Restated)
	(Rupees in '000)	
Current	20,690	3,620
Prior	7,176	(1,397)
Deferred	(15,847)	2,990
	12,019	5,213

30.1 Current year charge represents minimum tax at the rate of 1% of the turnover, in accordance with section 113 of the Income Tax Ordinance, 2001.

30.2 The income tax assessments of the Company have been finalised up to and including the assessment year 2003-2004. Tax returns of subsequent tax years are deemed to be assessed under provisions of the Income Tax Ordinance, 2001 unless selected for an audit by the taxation authorities. Audit of tax year 2008 under section 177 of the Income Tax Ordinance. 2001 was completed during the year. However no final order in this regard has been passed as yet. Management does not expect any revision in its self assessment of tax for the aforesaid tax year.

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.

30.3 Subsequent to the year end, the Income Tax (Amendment) Ordinance, 2011 was promulgated on 15 March, 2011 levying surcharge at the rate of 15% of tax payable. As per IAS 12 "Income Taxes", the Company's current tax provision has been made in accordance with tax laws enacted or substantively enacted at the balance sheet date.

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

	2010	2009 (Restated)
	(Percent)	
Applicable tax rate	35.0	35.0
Prior year	(2.5)	(6.7)
Permanent differences, tax effect of income assessed under Final Tax Regime	(2.4)	(3.1)
Total tax expense	30.1	25.2

31. EARNINGS PER SHARE - basic and diluted

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

	2010	2009 (Restated)
	(Rupees in '000)	
Profit for the year	27,921	15,503
	(Number of shares in '000)	
Weighted average number of ordinary shares	34,114	34,114
		(Restated)
	(Rupee)	
Earnings per share - basic and diluted	0.82	0.45

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

32. CASH AND CASH EQUIVALENTS

	Note	2010	2009
		(Rupees in '000)	
Cash and bank balances	22	159,056	142,665
Short term running finance - secured		(817,857)	(672,909)
		(658,801)	(530,244)

33. FINANCIAL INSTRUMENTS

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. Risk management is carried out by the Management under policies approved by the Board of Directors. The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

33.1 Credit risk

Credit risk represents the financial loss that would be recognised at the reporting date if counterparties fail completely to perform as contracted and arises primarily from the Company's receivables from customers.

The Company's customers mainly comprise individuals. The Company's exposure to credit risk is dependent on the individual characteristics of each customer. However, Management also considers the demographics of the Company's customer base.

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's evaluation includes consideration of financial position of customer and obtaining references. Customers that fail to meet the Company's credit evaluation criterion may transact with the Company on cash basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, geographic location, aging profile, and existence of previous financial difficulties. In case of hire purchase sales, the title of the goods is transferred to the customer after the payment of final instalment by the customer.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk before any credit enhancements at the reporting date was:

	Carrying amount 2010	Carrying amount 2009
	(Rupees in '000)	
Loans and receivables		
- Long term deposits	32,104	31,844
- Trade debts	1,053,140	923,587
- Deposits and other receivables	29,437	15,829
- Bank balances	48,146	32,520
	1,162,827	1,003,780

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company's credit risk is distributed over several individual customers buying for domestic household needs and several dealers. No single customer accounts for 10% or more of the Company's total revenue.

Trade debts of Rs. 65.53 million (2009: 36.913 million) are past due over 180 days of which Rs. 12.068 million (2009: 15.759 million) have been provided. Past due from 1 to 180 days but not provided balance amounts to Rs. 114.758 million (2009: Rs. 98.912 million). At 31 December 2010, provision relates to several individual customers which has been determined by the Management based on the ageing of the customer balances and historical bad debt statistics. Based on the past experience, consideration of financial position, past track records and subsequent recoveries, Management believes that the unprovided amounts are recoverable.

33.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's liquidity management involves forecasting future cash flow requirements, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The Company maintains committed lines of credit as disclosed in note 12 to ensure flexibility in funding. In addition, the Company has unavailed facilities of running finances to meet the deficit, if required to meet the short term liquidity commitment.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	2010				
	Carrying amount	Contractual cash flows	One year or less	One to two years	Two to five year
	(Rupees in '000)				
Financial liabilities					
Long term loans - secured	263,958	(374,100)	(97,098)	(121,033)	(155,969)
Liabilities against assets subject to finance lease	51,768	(61,767)	(19,576)	(16,876)	(25,315)
Long term deposits	28,913	(36,901)	-	-	(36,901)
Current portion of long term loans	331,328	(331,328)	(331,328)	-	-
Short term running finance - secured finances and long term loans	47,134	(47,134)	(47,134)	-	-
assets subject to finance lease	817,857	875,107	875,107	-	-
	1,540,958	23,877	379,971	(137,909)	(218,185)

	2009				
	Carrying amount	Contractual cash flows	One year or less	One to two years	Two to five year
	------------------------------- (Rupees in '000)	------------------------------			
Financial liabilities					
Long term loans - secured	258,854	(340,544)	(147,993)	(96,093)	(96,458)
Liabilities against assets subject to finance lease	57,613	(70,549)	(23,729)	(22,586)	(24,234)
Long term deposits	24,382	(31,118)	-	-	(31,118)
Trade and other payables	308,673	(308,673)	(308,673)	-	-
Mark-up accrued on short term running finances and long term loans	40,759	(40,759)	(40,759)	-	-
Short term running finance - secured	672,909	(718,329)	(718,329)	-	-
	1,363,190	(1,509,972)	(1,239,483)	(118,679)	(151,810)

33.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

33.3.1 Currency risk

The Company is mainly exposed to currency risk on import of raw materials and merchandise denominated in US dollars and Euros.The Company's exposure to foreign currency risk at the reporting date is as follows:

	2010		2009	
	Euro	USD	Euro	USD
	--------------------- (Rupees in '000)	--------------------		
Trade payables	-	58,495	773	41,457

The following significant exchange rates have been applied:

	Average rate		Reporting date Spot rate	
	2010	2009	2010	2009
Euro to PKR	117.67	115.27	114.23	121.10
USD to PKR	84.99	81.55	85.67	84.25

Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the US Dollar and Euro with all other variables held constant, post-tax profit for the year would have been higher by the amount shown below, as a result of net foreign exchange gain on translation of foreign currency trade payables.

	2010	2009
Effect on profit	(Rupees in '000)	
USD	3,802	2,695
Euro	-	50

The weakening of the PKR by 10% against above currencies would have had an equal but opposite impact on the post tax profits.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the Company.

33.3.2 Interest rate risk

At the reporting date the interest rate profile of the Company's interest bearing financial instruments is as follows:

Financial assets	Note	2010	2009
		Carrying amount	
		(Rupees in '000)	
Fixed rate instruments			
Trade debts	19	968,555	829,918
Deposit account with banks	22	37,406	27,961
Financial liabilities			
Fixed rate instruments			
Long term deposits	8	28,913	24,382
Variable rate instruments			
Long term loans - secured	6	263,958	258,854
Liabilities against assets subject to finance lease	7	51,768	57,613
Short term running finance - secured	12	817,857	672,909

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss.Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below.This analysis assumes that all other variables, in particular foreign currency rates, remain constant.The analysis is performed on the same basis for 2009.

	Profit and loss	
	100 bp increase	100 bp decrease
	(Rupees in '000)	
As at 31 December 2010		
Cash flow sensitivity-Variable rate instruments	(1,906)	1,906
As at 31 December 2009		
Cash flow sensitivity-Variable rate instruments	(1,843)	1,843

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the Company.

33.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). At reporting date the Company does not have financial instruments exposed to other price risk.

33.4 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.

34. 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.

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES		TOTAL	
	2010	2009	2010	2009	2010	2009	2010	2009
	(Rupees in '000)							
Managerial remuneration	9,130	8,000	3,699	3,400	9,680	8,811	22,509	20,211
Retirement benefits	857	666	308	283	806	734	1,971	1,683
Reimbursable expenditure	286	243	384	368	2,418	2,285	3,088	2,896
Housing	-	800	946	822	3,627	3,174	4,573	4,796
Leave passage and others	2,765	4,375	1,023	1,456	2,065	3,231	5,853	9,062
	13,038	14,084	6,360	6,329	18,596	18,235	37,994	38,648
Number of persons	1	1	2	2	9	9	12	12

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

35.2 Aggregate amount charged in the financial statements for fee to four non-executive directors was Rs. 0.465 million (2009: Rs. 0.430 million).

35.3 The Chief executive, Directors and Executives as above represent key management personnel of the entity, i.e., the personnel having authority and responsibility for planning, directing and controlling the activities of the Company.

36. 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 with related parties other than those which have been disclosed else where are as follows:

		Transaction value		Balance payable / (receivable)	
		2010	2009	2010	2009
		---------------- (Rupees in 000) ---------------			
Royalty	36.1	24,572	24,685	44,338	31,246
Purchase of goods, materials and services	36.2	14,344	9,634	8,503	5,989
Dividend on non-remittable shares		-	-	517	517
Interest expense	36.3	6,498	6,703	1,675	1,675
Short term running finance - secured		-	-	29,931	45,519
Employee retirement benefits	36.4	1,334	20,490	(14,866)	10,690

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

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

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

36.4 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 workers' profit participation fund and employee retirement benefit plans are disclosed in notes 13.4 and 9 to these financial statements.

37. PLANT CAPACITY AND ACTUAL PRODUCTION

	Capacity	2010 Actual production	2009 Actual production
	(Units)	(Units)	(Units)
Sewing machines	50,000	39,243	36,983
Gas appliances	25,000	14,974	13,583
Refrigerators / deep freezers	25,000	37,449	35,268
Washing machines	15,000	45	9,750
Colour televisions	20,000	19,869	16,359
Microwave oven	10,000	3,349	2,935
Split Air conditioners	10,000	50	-

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

38. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors in its meeting held on 31 March 2011 has proposed a bonus issue of 10 % (2009: 10 %). 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 31 March 2011.

Chief Executive	Chief Financial Officer	Director

Pattern of Shareholding

As at 31 December 2010

As per requirement of Code of Corporate Governance

Description	No. of Shares
Associated Companies, Undertakings and Related Parties	
Singer (Pakistan) B.V. Holding Company	23,973,723
Continental Furnishing Co. (Pvt.) Limited	240
Pakistan Agencies Limited	240
Industrial Engineers Limited	240
Chairman	
Mr. Kamal Shah	62,745
Directors	
Mr. Rasheed Y. Chinoy	1,072,082
Mr. Jahangir Siddiqui	24,576
Mr. Gavin J. Walker (Nominee of Singer (Pakistan) B.V.)	184
Mr. Peter James O' Donnell (Nominee of Singer (Pakistan) BV)	22
Mr. U. R. Usmani	2,009
Mr. Ahmed S. Farrukh *	10
Mr. Badaruddin F. Vellani (Alternate of Mr. Gavin J. Walker)	1,752
Mr. Fareed Khan (Alternate of Mr. Peters James O' Donnell)	138
Director's Spouse	
Mrs. Kamal Shah	81,414
Executives	44
Public Sector Companies and Corporations, Banks / Financial Institutions, Insurance Companies, Mutual Funds, etc.	6,026,446
Shareholder holding ten percent or more voting interest	
Singer (Pakistan) B.V. Holding Company	23,973,723
Jahangir Siddiqui & Co. Limited	5,933,780

* Shares purchased by Ahmed S. Farrukh during the year.

Pattern of Holding of Shares held by the Shareholders

Number of Shareholders	Shareholding From		Shareholding To	Total Number of Shares Held
231	1	-	100	6,754
258	101	-	500	63,553
150	501	-	1000	112,667
203	1001	-	5000	399,615
11	5001	-	10000	69,768
8	10001	-	15000	100,312
4	15001	-	20000	70,334
3	20001	-	25000	69,355
1	25001	-	30000	27,777
1	30001	-	35000	30,059
1	40001	-	45000	40,029
1	60001	-	65000	60,993
2	80001	-	85000	165,722
1	225001	-	230000	225,182
1	455001	-	460000	459,086
1	540001	-	545000	541,962
1	580001	-	585000	582,965
1	1180001	-	1185000	1,180,281
1	5930001	-	5935000	5,933,780
1	23970001	-	23975000	23,973,723
881				34,113,917

Categories of Shareholders

S.No.	Categories of Shareholders	Number of Shareholders	Number of Shares Held	Percentage %
1	Associated Companies, Undertakings and Related Parties	4	23,974,443	70.28
2	Joint Stock Companies	18	6,026,446	17.66
3	Individuals	856	4,112,503	12.06
4	Banks, Development Finance Institutions, NBFIs, Mutual Funds & Modarbas	3	525	0.00
	TOTAL	881	34,113,917	100.00

Form of Proxy

The Company Secretary
Singer Pakistan Limited
Plot No. 39, Sector 19
Korangi Industrial Area
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 Fiftieth Annual General Meeting of the Company to be held on Friday, 29 April 2011 and at any adjournment thereof.

As witness my / our hand this ____________ day of ____________ 2011.

Rs. 5/-
Revenue
Stamp

Witness No. 1

Name : ______________________
Address : ______________________
____
____
CNIC No. : ______________________

____
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
Karachi

Fold :Here

Fold :Here

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Singer Pakistan Limited

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