SINGER®

THE SINGER STRENGTHS

Singer Pakistan Limited ★ Annual Report 2012

SINGER®

The foremost Home Appliance Retailer in Pakistan, offering various renowned brand choices to its consumers, with a loyal customer base spread across the country from North to South and East to West, catered to by a strong network of retail showrooms and dealers and backed by the strongest of after sales service...

The Singer Strengths

Singer's proud legacy as a state of the art business entity was not built on chance. Rather, it owes much to the development of six key strengths - our Brand, Distribution network, Easy installments, cutting edge Systems, People power and Service regime. In tandem, these strengths have created a forward momentum across the Company that in turn has stimulated stakeholder interest and 'movement' around Singer and its products and services. It's an enviable portfolio of strengths we possess, which in turn has allowed us to reach and fulfil stakeholder expectations. This report celebrates these strengths as the force behind our enterprise and the wind beneath our achievements.

Contents

Chairman's Report

We have people, brand name, excellent product line and unparalleled distribution network which allows us to reach customers and provide service both in urban and rural areas at the best possible price and terms.

Page 14

Directors' Report

The Company will endeavour to enhance productivity in a highly competitive market. The Company is also considering diversification of its existing product range to further improve the profitability and taking advantage of the market opportunities.

Page 16

Customer Base

150,000

Page 08

Profit from Operations

Rs. 256.5 million

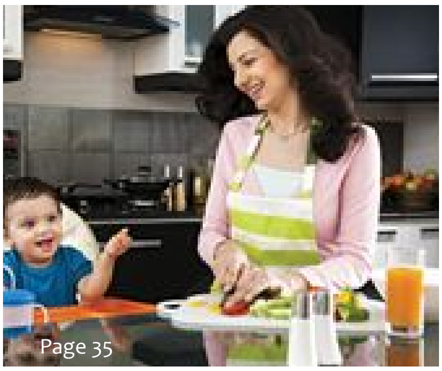

Page 26


Page 27


Page 30


Page 31


Page 34


Page 35

VISION & MISSION

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

To provide our customers with the best services and shopping experience.

To provide our customers with products of modern technology.

To develop our employees to achieve their potential.

To 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.

To 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 : Fareed Khan)

Badaruddin F. Vellani

Yussuff Rasheed Chinoy
(alternate : Rasheed Y. Chinoy)

Abdul Hamid Dagia

Nasir Hussain

Mahmood Ahmed
Chief Operating Officer

COMPANY SECRETARY

Nasir Hussain

AUDIT COMMITTEE

Badaruddin F. Vellani
Chairman

Rasheed Y. Chinoy
Member

Fareed Khan
Member

Adbul Hamid Dagia
Member

Mahmood Ahmed
Member

A. H. Dawood
Secretary

HR AND REMUNERATION COMMITTEE

Kamal Shah
Chairman

Syed Aleem Hussain
Member

Rasheed Y. Chinoy
Member

Fareed Khan
Member

Nasir Hussain
Secretary

BANKERS

Al Baraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Burj Bank Limited
Bank Islami Pakistan Limited
Citibank, N. A.
Deutsche Bank AG
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan 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

Central Depository Company
of Pakistan Limited

CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahra-e-Faisal
Karachi-74400, Pakistan

REGISTERED AND HEAD OFFICE

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

WEBSITE

www.singer.com.pk

Notice of Meeting

Notice

Notice is hereby given that the Fifty Second Annual General Meeting of SINGER PAKISTAN LIMITED will be held on Monday, 29 April 2013 at 10:00 a.m. at Beach Luxury Hotel, Karachi, to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 31 December 2012 together with the Reports of Directors' and Auditors' thereon.

2. To appoint Auditors of the Company for the financial year ending 31 December 2013 and to fix their remuneration.

SPECIAL BUSINESS

3. To capitalize a sum of Rs. 41,277,840 out of the unappropriated profits of the Company for the issuance of 4,127,784 Bonus Shares to the Members of the Company as at the close of business on 18 April 2013 in proportion to their respective shareholding at that date (the effective rate being 10%, that is, 1 share 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 2013

NOTES

1) The Share Transfer Books of the Company will be closed and no transfer will be accepted for registration from 19 April 2013 to 29 April 2013 (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 Card (CNIC) or passport to prove his / her 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 undermentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan:

A. FOR ATTENDING THE MEETING:

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/ her identity by showing his / her 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 / her original CNIC or original passport at the time of the meeting.

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

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

This statement sets out the material facts concerning the Special Business to be transacted at the Fifty-Second Annual General Meeting of Singer Pakistan Limited to be held on Monday, 29 April 2013 at 10:00 a.m.

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 justify the capitalization of a sum of Rs. 41,277,840 from the unappropriated profits of the Company for the issuance of Bonus Shares in the ratio of 1 ordinary share 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 2013 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:

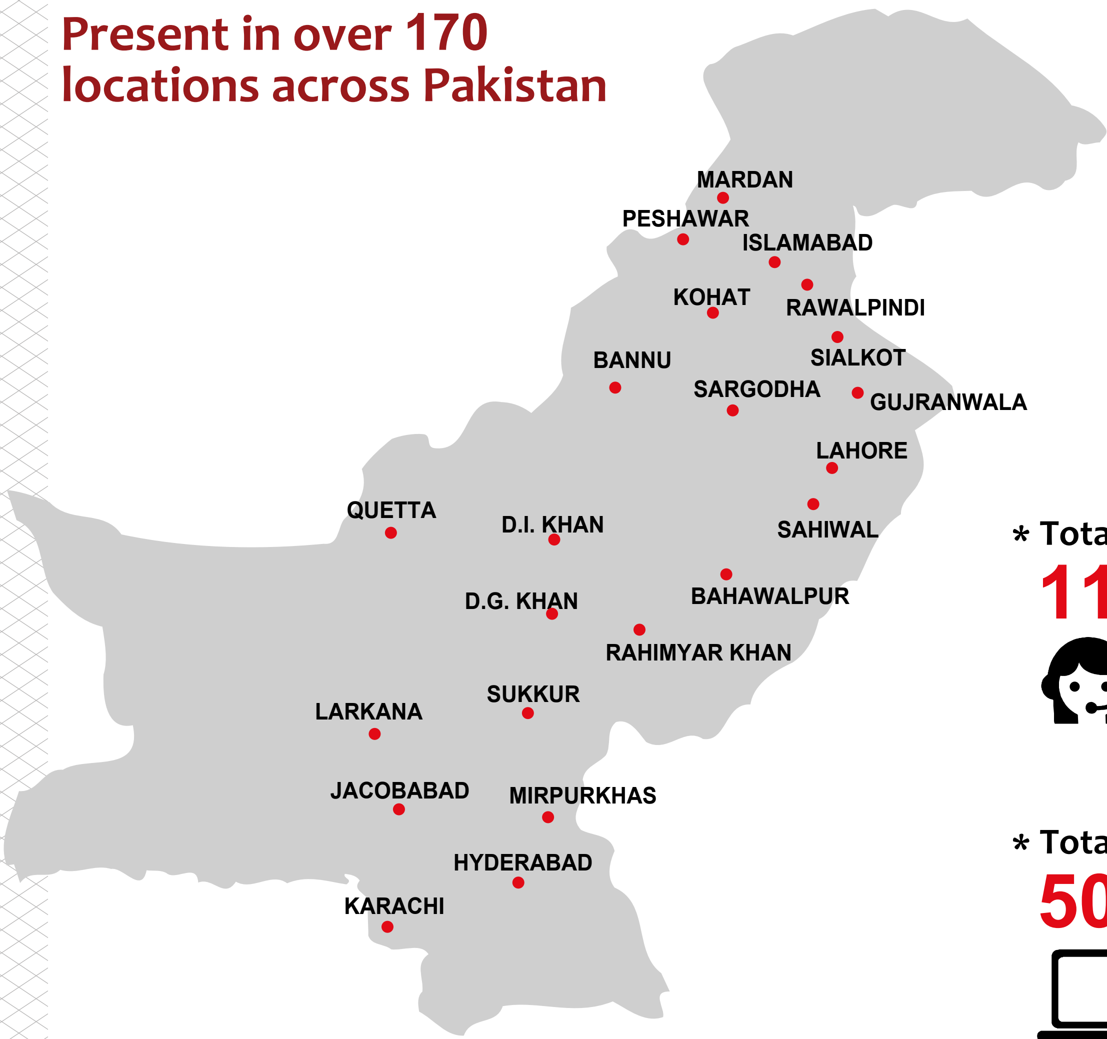
1. A sum of Rs. 41,277,840 out of the unappropriated profit of the Company be capitalized and applied for making payment in full of 4,127,784 Ordinary Shares of Rs. 10 each and that the said shares be allotted as fully paid Ordinary Shares to the Members of the Company whose names appear on the Register of Members as at the close of the business on 18 April, 2013 in the proportion of one Bonus Share 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 shareholding in the Company.

Present in over 170 locations across Pakistan



* Total Call Traffic
110,000

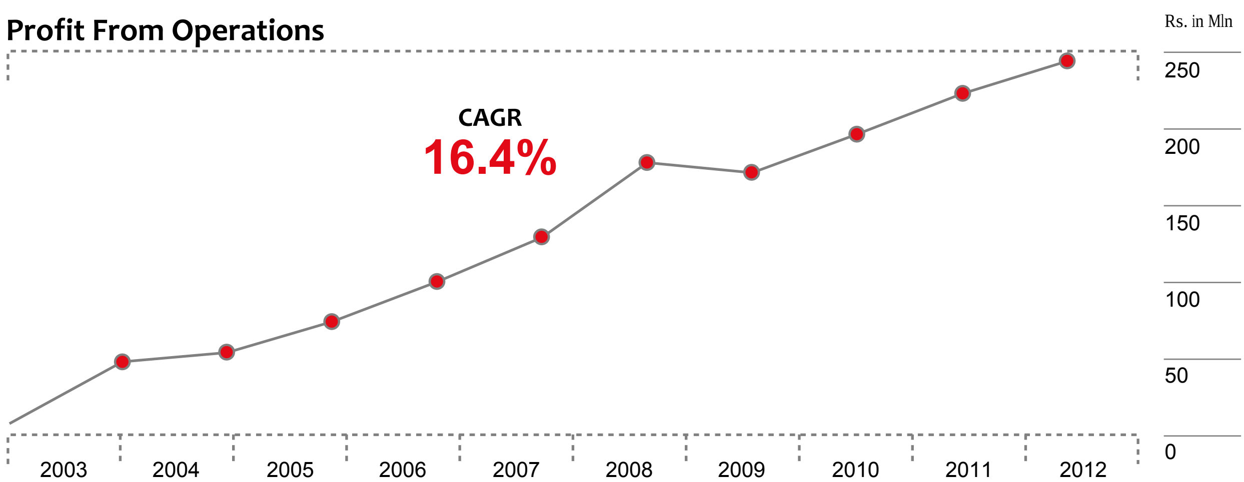
* Total Clicks
50,000

* Customer Base
150,000

* Loyalty Card Holders
33,500

* Singer Staff
1,363

Profit From Operations



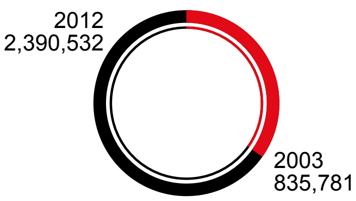
Ten Years at a Glance

(Rupees in '000)

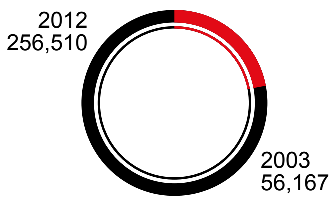
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
ASSETS EMPLOYED			(Restated)	(Restated)						
Current Assets	2,216,944	2,067,261	1,831,867	1,609,991	1,593,872	1,361,138	1,094,432	914,053	739,318	662,286
Current Liabilities	1,672,944	1,524,999	1,339,354	1,160,329	1,156,781	918,298	804,710	654,973	510,860	381,974
NET CURRENT ASSETS	544,000	542,262	492,513	449,662	437,091	442,840	289,722	259,080	228,458	280,312
Property , Plant & Equipment	652,417	656,101	661,989	210,499	212,213	156,915	110,312	99,248	77,278	69,999
Intangible Assets	1,753	1,759	3,607	5,083	7,638	4,666	822	560	986	1,369
Investment	44,981	42,000	-	-	-	6,894	7,026	7,148	7,292	7,412
Employee retirement benefits - Prepayments	9,001	13,728	18,795	15,863	30,139	5,617	3,578	3,632	-	-
Long Term Deposits	30,565	32,109	32,104	31,844	32,100	27,396	20,475	17,344	16,302	13,844
Deferred Cost		-	-	-	-	-	-	-	-	-
Deferred Tax		-	-	-	-	-	-	-	-	692
TOTAL ASSETS EMPLOYED	1,237,736	1,245,959	1,209,008	712,951	719,181	644,328	431,935	387,012	330,316	373,628
FINANCED BY:										
Share Capital	412,778	375,253	341,140	310,127	275,668	245,038	133,173	113,339	113,339	113,339
Reserves & unappropriated profit	164,511	160,508	159,757	162,849	181,805	144,298	122,323	109,866	98,980	90,514
Surplus on revaluation of fixed assets	291,337	301,371	305,615	-	-	-	-	-	-	-
Deferred Income	2,320	3,247	4,175	5,103	6,031	6,959	7,887	8,815	9,743	10,671
Employee retirement benefits - Obligation	16,483	8,006	3,929	5,173	2,360	1,962	2,193	1,956	-	-
Long term loans, Debenture Lease Facilities, Deposit and Deferred liabilities	350,307	397,574	394,392	229,699	253,317	246,071	166,359	153,036	108,254	159,104
TOTAL CAPITAL EMPLOYED	1,237,736	1,245,959	1,209,008	712,951	719,181	644,328	431,935	387,012	330,316	373,628
FINANCIAL PERFORMANCE										
Sales	2,390,532	2,403,853	2,263,122	2,116,878	2,131,378	1,744,173	1,427,112	1,197,188	979,541	835,781
Profit from operations	256,510	234,739	207,491	181,992	188,854	139,006	109,372	82,498	62,105	56,167
Profit after taxation	37,366	30,620	27,921	15,503	52,561	41,951	32,291	25,053	19,799	13,012
Earnings per share	0.91	0.74	0.74	0.45	1.69	1.52	1.43	1.88	1.75	1.15
Bonus shares										
Amount	41,278	*37,525	34,114	31,013	34,459	30,630	19,976	19,834	-	-
%	10.0%	10.0%	10.0%	10.0%	12.5%	12.5%	15.0%	17.5%	-	-
Cash dividend Amount	-	-	-	-	-	-	-	-	14,167	11,333
%	-	-	-	-	-	-	-	-	12.5%	10%

* Proposed

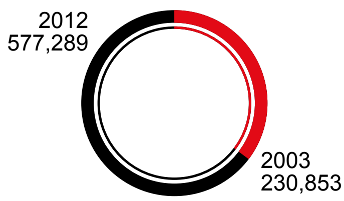
Sales



Profit from Operations



Shareholders' Equity



Board of Directors

Mr. Kamal Shah
Chairman

Mr. Kamal Shah is the Chairman of the Board of Singer Pakistan Limited.

He is a Fellow of the Institute of Chartered Accountants of Pakistan and an Associate of the Chartered Institute of Management Accountants - UK.

Mr. 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.

Mr. Rasheed Y. Chinoy
Alternate Director

Mr. Rasheed Y. Chinoy graduated in Business Administration from the University of Birmingham, United Kingdom, and has been in the corporate sector for the last 50 years. Currently, he is Chairman and Managing Director of Continental Furnishing Co. (Pvt.) Limited. He is a founder Director of Singer Industries Pakistan Limited, the forerunner of Singer Pakistan Limited. However, he is currently serving as an Alternate Director on the board of Singer Pakistan Limited.

Mr. Chinoy has served on various boards of National and Multinational Companies in Pakistan, prominent amongst these companies are 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:

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

Mr. Badaruddin F. Vellani

Director & Chairman Audit Committee

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 Vellani & Vellani.

He is presently a member of the Board of Directors of Esso Pakistan (Private) Limited, Novartis Pharma (Pakistan) Limited, Roche Pakistan Limited, Shell Pakistan Limited, Unilever Pakistan Foods Limited and Wyeth Pakistan Ltd.

Mr. Vellani is also a member of the Board of Directors of Hisaar Foundation and Pakistan Centre for Philanthropy, both not-for-profit Organisations.

Mr. Abdul Hamid Dagia

Director

Mr. Abdul Hamid Dagia is a Fellow of the Institute of Chartered Accountants of Pakistan.

He worked at senior management level in Smith Kline & French of Pak Ltd., KESC, Jahangir Siddiqui & Co. Ltd. and Jahangir Siddiqui Investment Bank Limited.

He was member of Karachi Stock Exchange (Guarantee) Ltd. and member of its Finance & Taxation Sub-committee.

He has served on the Boards of several prominent listed and unlisted companies, including First SECP nominee director of Central Depository Co. of Pakistan Ltd. and minority elected director of Pakistan Reinsurance Co. Ltd. (Pakre) and also Chairman of its Audit Committee.

He is presently Director of Hum Network Limited, Jahangir Siddiqui & Sons Limited, The Eastern Express Company (Pvt.) Limited, and also founder of DATA recall that owns and operates the largest record storage and management facility in Pakistan.

Mr. Yussuff Rasheed Chinoy

Director

Mr. Yussuff is son of Mr. Rasheed Y. Chinoy, the founder Director of Singer Industries Pakistan Limited, which was the forerunner of Singer Pakistan Limited. Yussuff comes from a very well-known and respected business family and has very sound educational background.

He has done MBA in Marketing and Finance from the Melbourne Business School in Australia.

Currently he is doing internship with JPMorgan Chase & Company in Australia.

Yussuff has travelled extensively to U.S.A., U.K., Malaysia and Australia.

He is an active sportsman, having represented Middlesex County Colts in England where he played cricket during his university term.

Board of Directors

Mr. 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. S. Aleem Hussain
CEO

Mr. S. Aleem Hussain has been appointed as the Chief Executive Officer of Singer Pakistan Limited effective 1st January 2011 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
Alternate Director

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

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

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

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

Mr. Mahmood Ahmed
Director & COO

Mr. Mahmood Ahmed is a graduate from the University of Peshawar and has worked in the Company for the last 39 years. He started his career in the Field as Shop Manager and successfully held various positions both in the field and Head Office and has risen to the position of Director Sales.

Mr. Mahmood Ahmed has been appointed as Chief Operating Officer effective 1st September 2010.

He has attended General Management Programmes from various institutions, including National University of Singapore.

He is also serving the Company in the capacity of Director Marketing.

Mr. Nasir Hussain
Director

Mr. Nasir Hussain is a Fellow of the Institute of Chartered Accountants of Pakistan.

In his professional career that spans over 17 years, he has gained extensive experience in the areas of Finance, General Management, Corporate & Legal matters.

During his association with Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants (formerly Ford Rhodes Robson Morrow), he performed various full-scale audits and special review assignments of leading local and international organizations of large-size diversified business portfolios.

Prior to joining Singer, he was associated with James Finlay Limited, a Swire Group Company.

While working with Singer Pakistan for the last 8 years, he has held different executive positions in the finance department. He has been working as the Chief Financial Officer and Company Secretary since 2007.

We have enabled thousands of our loyal customers to meet their requirements through our easy payment terms throughout Pakistan.

Chairman's Report

For the year ended 31 December 2012

Dear Shareholders,

During the year 2012, Profit before taxation of your Company increased to Rs. 53.16 million from Rs. 45.03 million last year, an increase of 18.07% , mainly due to increase in Gross Margin. Net Revenue was slightly higher than last year. This was achieved in difficult business environment.

The Company is completing the implementation of a modern integrated Information Technology System 'SIS' (Singer Information System). This is an 'on line' System specifically developed for the Company. It links our 170 Shops and Warehouses all over Pakistan with the Head Office in Karachi and provides instant information. This will reduce cost, improve inventory management, collection of Receivables and Cash in Transit in the field. Staff at all levels has been trained and arrangements have been made to take care of power outages. This is one of the most important projects and its benefits will be realized by the Company going forward.

Looking ahead, we remain optimistic and confident about the future of the Company. We have people, brand name, excellent product line and unparalleled distribution network, which allows us to reach customers and provide them service both in urban and rural areas at the best possible price and terms. We have enabled thousands of our loyal customers to meet their requirements through our easy payment terms throughout Pakistan.

The Company is continuing with its popular CSR programme, which offer classes in sewing to women to enable them improve their skills and increase their household income. The other programme involves visits by our people to schools and colleges to educate children against smoking and narcotics.

We have incredibly loyal employees who want to see the Company grow through their hard work and dedication. I take this opportunity to thank all our employees for their contribution.

I would like to thank all members of our Board of Directors and Audit Committee for their guidance and support throughout 2012. I am also thankful to our shareholders for their support and confidence.

Kamal Shah
Chairman

Karachi : 27 March 2013

The Company will continue to focus on introduction of diversified products and innovative models through effective sales promotions, advertising and improved after sale service.

Report of The Directors For the year ended 31 December 2012

The Directors of your Company are pleased to present the Annual Report together with the Audited Financial Statements of the Company for the year ended 31 December 2012.

OVERVIEW OF RESULTS

In the year 2012, the country witnessed unprecedented business environment due to severe energy crisis, deteriorating law and order situation and declining value of Pakistan Rupee. This made market conditions even more challenging for the consumer durables business particularly in the last quarter of 2012. This further increased competition from local and Chinese origin products. The cost of production was also affected by energy shortages and declining value of Pakistan Rupee.

Net revenue for the year increased to Rs. 2,332 million from Rs. 2,291 million compared to last year. The growth in revenue is mainly attributed to high sale-value appliances and earned carrying charges.

Gross margin increased by Rs. 66.9 million to Rs. 595.6 million, i.e. by 12.7%. The product gross margin remained under pressure and fierce price war by the competition in the market restricted our ability to increase products' prices. However, the improvement in gross margin is achieved by keeping the cost of products under control despite declining value of rupee and energy costs and by improving earned carrying charges.

Marketing, selling and distribution costs increased by Rs. 37.7 million over the last year, due to increased focus on advertising and sale promotion to counter competition and challenging business environment. The rising fuel cost and general inflation also led to increase in travelling & conveyance and communication expenses. Increase in utilities expense was mainly attributable to the increase in per unit cost of utilities. Administrative expenses increased by Rs. 5.2 million over prior year mainly due to inflation. Other operating expenses increased by Rs. 2.2 million due to professional charges and exchange loss. Profit from operations increased by 9.3% to Rs. 256.5 million. Finance cost increased to Rs. 212.5 million from Rs. 198 million, mainly due to increased borrowings due to change in sales mix and to support the business. Profit after taxation increased by 22% to Rs. 37.4 million.

SALES OVERVIEW

Sales value was maintained as per last year levels despite challenging business environment and frequent disturbances as explained above. The Company has been able to successfully grow in the sales of Panel Televisions and Split Air Conditioners; however, delay in quota renewal has affected further growth. Rupee devaluation and cost escalations affected our growth rate in terms of unit sales of most of the appliances. Earned carrying charges increased by Rs. 42.28 million compared to last year, which contributed in the increase of profit from operations by 9.3%.
Different variations were introduced in refrigerators during the year, which kept our product portfolio competitive in the market. Besides, effective marketing of newly launched LED television was carried out during the year, which gained good market acceptability.

The Company will continue to supplement its sales growth with improved after-sales service through its own service centres covering most parts of the country.

PROFITABILITY AND APPROPRIATIONS

The profit for the year 2012 and proposed appropriations for the year 2013 are as follows:

	2012 (Rupees in '000)
Profit after Tax	37,366
Transfer from surplus on revaluation of property, plant and equipment	4,162
Unappropriated profit carried forward	146
Profit available for appropriations	41,674

	2013 (Rupees in '000)
Unappropriated profit brought forward	41,674
Transfer from Revenue Reserve	-
Appropriations:	
Proposed Bonus Issue*	41,278
Unappropriated profit	396

* The Board of Directors has proposed to issue 10% bonus shares.

EARNINGS PER SHARE

Earnings per share for the year ended 31 December 2012 is Re. 0.91 as against Re. 0.74 for the previous year.

FUTURE OUTLOOK

The reduction in discount rate and improvement in GDP growth is expected to improve the economic activity in the country; however, the rising energy crisis, fragile political and law & order situation and continuous depleting foreign reserve are keeping the rupee under pressure. This will keep the business environment challenging in 2013, which is also an election year. The Company will continue to focus on introduction of diversified products and innovative models through effective sales promotions, advertising and improved after-sales service.

The Company will endeavour to enhance productivity in a highly competitive market. The Company is also considering diversification of its existing product range to further improve the profitability and taking advantage of the market opportunities. The Company will also consider relocating / expanding distribution network in order to explore new markets and improve productivity of shops. However, a lot will depend on the business environment in the country.

ERP SYSTEM

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

BOARD OF DIRECTORS

A) Mr. U. R. Usmani resigned as the director of the Company on 29 March 2012 and the Board of Directors appointed Mr. Nasir Hussain as the director of the Company in his place on the meeting held on 29th March, for the remaining term.

The board places on record the appreciation for the services rendered by Mr. U. R. Usmani during his association with the Company.

B) During the year, one director has successfully completed the Director's Training Programme as required by the Code of Corporate Governance.

C) As advised in Directors' Report for the nine months ended 30 September 2012, the Board of Directors of your Company in its meeting held on 30 August 2012 had by majority approved a 40% rights issue. As Mr. Rasheed Y. Chinoy, Alternate Director for Mr. Yussuff Rasheed Chinoy, and Mr. Abdul Hamid Dagia, Director, dissented to the issue of right shares and did not sign the future projections, the Company applied to the Securities and Exchange Commission of Pakistan (SECP) for relaxation in the application of Rule 5(ii) of the Companies (Issue of Capital) Rules 1996, which requires that all the directors present at the meeting in which the rights issue is approved, should sign the future projections.

Before any decision was taken by regulators on this matter in November, 2012 two Directors, namely Mr. Abdul Hamid Dagia and Mr. Rasheed Y. Chinoy (alternate of Mr. Yussuff Rasheed Chinoy) representing 24.3% shareholding of the Company (as at 31 December, 2012 Jahangir Siddiqui & Company Limited, Jahangir Siddiqui Securities Services Limited, Mr. Saeed Y. Chinoy and Mr. Rasheed Y. Chinoy are the shareholders of the 24.3% shareholding) filed a suit No. 1507 of 2012 in the Honourable High Court of Sindh (the Court), against the Company, 2 directors / employees and Securities & Exchange Commission of Pakistan (SECP) praying for certain relief and grant of an injunction restraining the Company from proceeding with the proposed rights issue of 40%.

By its order passed exparte on 5 November 2012, the Court has temporarily restrained the Company from issuing right shares and has ordered the Company to maintain status quo. The Company has filed its response and has requested the Court to vacate the ad interim injunction already granted, and to allow the Company to proceed with the rights issue. The proceedings before the High Court are pending.

HUMAN RESOURCES

Our most valued resource is our competent and committed employees contributing consistently towards the Company's growth. With this perspective in mind, we continued with the professional counselling and training for the employees. As such, short training programmes were conducted, which are on continuous basis, in personal grooming for the employees that included field force, head office and factory. This is in addition to the training programmes that are regularly being offered to the field force, which includes product knowledge, selling skills, merchandizing, credit control, documentation process, account opening procedures, risk management and an overview of Singer Information System (SIS). A healthy working environment is maintained for the employees providing them opportunities to grow and improve their skills.

CORPORATE SOCIAL RESPONSIBILITY

Recognizing the importance of Corporate Social Responsibility, Singer Pakistan has been actively running its CSR programme, which includes offering classes to ladies belonging to low income group in sewing and stitching. This is not only making them find work in industrial concerns but also giving them a sense of independence to overcome their financial needs. Another dimension of our CSR programme involves visiting schools and colleges to educate children against the devastating effects of smoking and narcotics on their life and their family members. In 2012 alone we were able to access over 20 schools, colleges and universities with the permission of Education Directorate, Sindh and as a result of which over 5,000 students benefited. In total we have covered over 30,000 students so far. In addition, anti-narcotics awareness campaign was also carried out in community centres, churches, vocational training institutes and various factories. We intend to continue this programme in 2013 also.

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 2013. The re-appointment of M/s KPMG Taseer Hadi & Co. will be subject to change in Engagement Partner in compliance with the Code of Corporate Governance for listed companies.

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 79 of this report.

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 may materially affect the financial position of the Company.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

We give below our statement on Corporate and financial reporting framework:
The financial statements, prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;

Proper books of accounts of the Company have been maintained;

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

International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the 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 Fund (unaudited), Gratuity and Pension Funds (audited) as based on their latest accounts for the year ended 31 December 2011 are as follows:

- Provident Fund Rs. 88.46 million
- Gratuity Fund Rs. 32.6 million
- Pension Fund Rs. 65.4 million

During the year, five meetings of the Board of Directors and four meetings of the Audit Committee were held. Attendance by the Directors was as follows:

Name of Directors	Attendance at Board Meeting	Attendance at Audit Committee
Mr. Kamal Shah	5	-
Mr. Syed Aleem Hussain	5	-
Mr. Gavin Walker	1	1
Mr. Badaruddin F. Vellani	5	4
Mr. Abdul Hamid Dagia	5	1
Mr. Rasheed Y. Chinoy (alternate of Mr. Yussuff R. Chinoy)	5	4
Mr. Fareed Khan (alternate of Mr. Gavin Walker)	3	3
Mr. U. R .Usmani (resigned on March 29, 2012)	1	-
Mr. Mahmood Ahmed	5	1
Mr. Nasir Hussain (appointed on March 29, 2012)	4	-

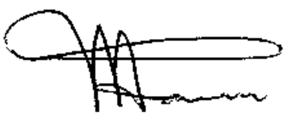
There have been no trades during the year in the shares of the Company, carried out by its Directors, CEO, COO, CFO & Company Secretary, Executives and their spouses and minor children except as disclosed in the pattern of shareholding.

ACKNOWLEDGEMENTS

The Board of Directors of the Company would like to take this opportunity to thank all its customers for their continuous support and patronage.

The Board of Directors would also like to take this opportunity to express their appreciation for the hard work and dedication of the employees of the Company and to show their continuous commitment in these challenging times.

On behalf of the Board



Syed Aleem Hussain
Chief Executive Officer

Karachi : 27 March 2013

OUR COMMITMENT

Singer's management consists of seasoned individuals that are dedicated to one cause: serving people in the best possible way with the best products and services.

Nasir Hussain, Mahmood Ahmed,
Wahid-ul-Hassan, Syed Aleem Hussain, Muhammad Azam Khan
(From left to right)

Singer Factory

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

SINGER PAKISTAN'S HEAD OFFICE

Singer Pakistan's Head Office is located in its factory at Korangi Industrial Area, Karachi and is a landmark, easily accessible to every one.

LED/LCD TV ASSEMBLY

Singer has fulfilled its commitment of providing products of latest technology to its customers. Singer has now successfully started the assembly of LED Televisions.

REFRIGERATOR

The Company has improved and modernized its assembly line for its Refrigerator production.

The plant is equipped with latest Gas Charging Equipment, Vacuum Foaming Machine, Leak Detecting Machines, etc.

State-of-the-art testing equipments are also available to ensure quality, safety and performance of Singer Refrigerators.

GAS APPLIANCES

Singer is known for its best quality Cooking Range and Water Heaters. Benchmark for Singer is safety, quality, performance and reliability. The quality of our gas appliances is duly authenticated by PSQCA.

AIR CONDITIONER

Singer Air Conditioners are assembled in-house by highly skilled technicians and qualified engineers.

To ensure consistent quality of our products' performance, special testing facility of hot room is used. Refrigerators and Air Conditioners are tested on high temperature.

SINGER DISTRIBUTION NETWORK

Singer has improved its logistics by latest innovations for supplying its quality products throughout the country.

SEWING MACHINE

Continuing with the tradition, Singer is involved in the assembly of straight-stitch sewing machine under Quality Control as per PSQCA guidance.

THE BRAND STRENGTHS ARE ADDING MORE AND MORE...

When a mega brand opens the door to a multi-brand marketing strategy...you get SINGER... one strong brand channelling products of the world's top brands to the widest of customer bases.

Asif Azam, Aziz Shaikh, Faizan Ahmed,
Syed Adnan Ali, Syed Muhammad Arsal, Syed Javed Iqbal
(From left to right)

Experience the Joy of Cinema at Home

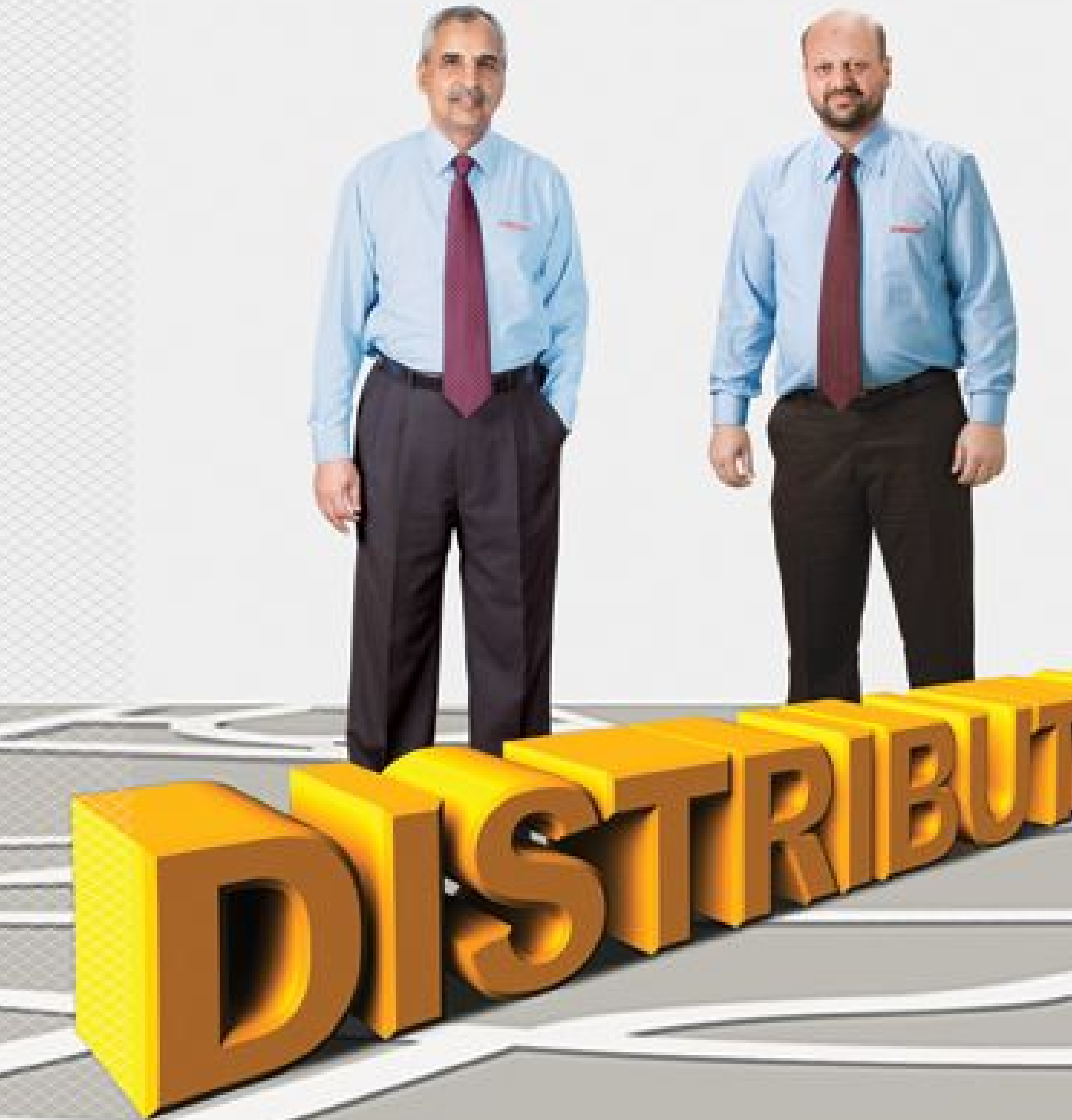
From top-of-the-line Televisions to Home Theatre Systems, Singer offers a complete solution to provide you a cinematic viewing experience that blurs the line between reality and fiction.

Experience New Dimensions of Creativity

The best-quality Sewing Machines are what we are known for and our Sewing Machines are known to outperform and outshine their monetary value by helping you stitch your name in the history of creativity.

THE STRENGTH OF PRODUCT PRESENCE IS INVALUABLE

Singer operates one of Pakistan's widest multi-point distribution strategies that delivers its products and services to more customers across the land than ever.



Mahmood Ahmed, Naveed Hussain Shah,
Ashfaq-ul-Haq, Kamran Malik, Muhammad Jawed Shaikh
(From left to right)

Experience the Power of Freshness

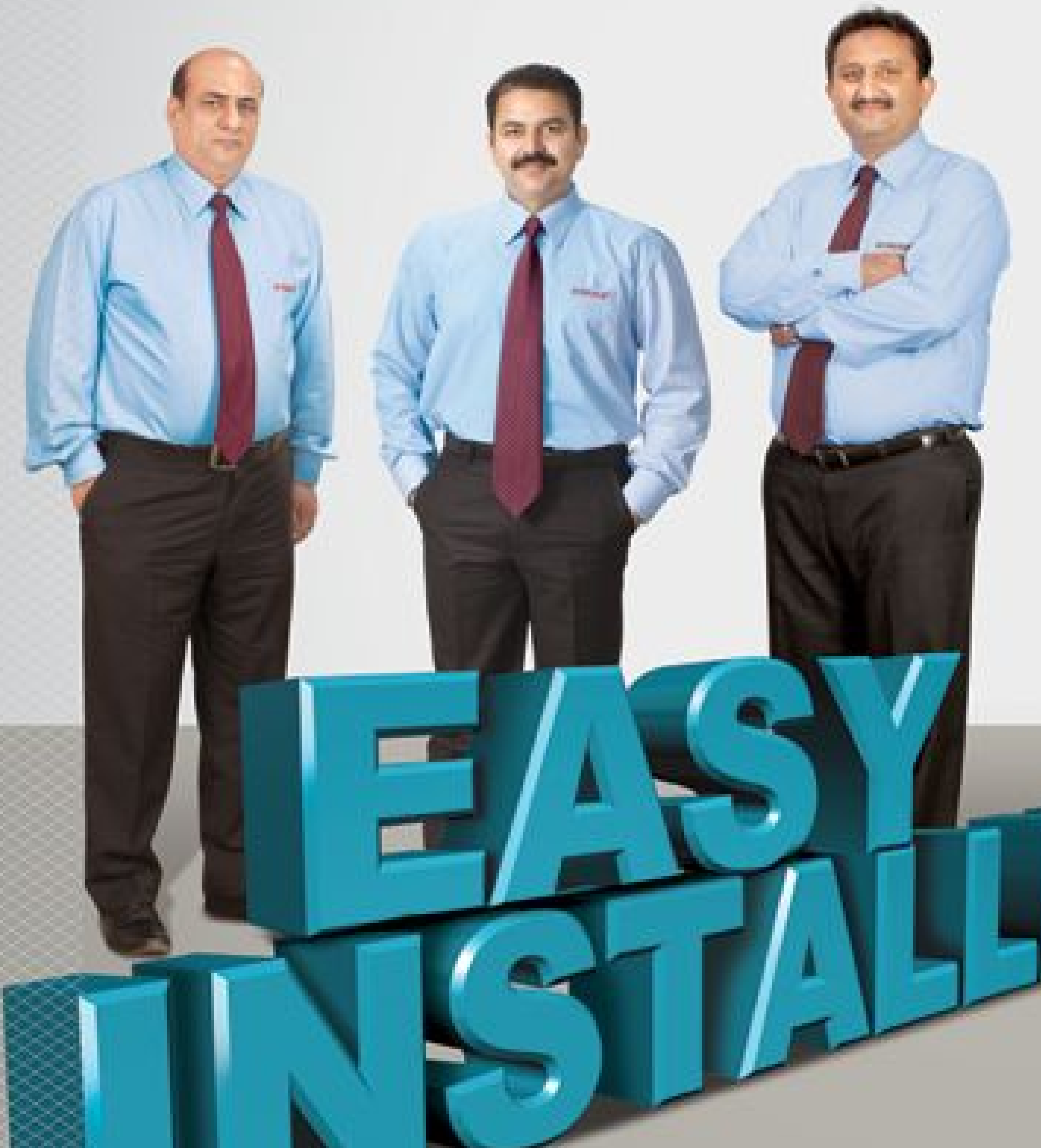
By employing the latest technology and highest standards of quality, our wide range of Refrigerators and Deep Freezers are not only aesthetically pleasing but, they keep food fresh so you can enjoy a healthy life.

Experience the Sensation of Being Cool

Singer Air Conditioners are all about helping you create a cool environment in your office and home. Our Air Conditioners are environment-friendly and energy-efficient to save your money on electricity bills.

BIG PURCHASE AT A SMALL PRICE WITH CONVENIENCE

Singer's Easy Installment schemes act as an added advantage for our customers. Making money work in the favour of people is what we are about.



Muhammad Zubair, Muhammad Azam Khan, Zafar Iqbal,
Syed Mahmood Mohsin, Shabnam Enayat, Sarfraz Ahmed Malick
(From left to right)

Experience the Sense of Hygiene

If it isn't squeaky clean, it's not Singer clean. Our complete range of Washing Machines makes sure that your clothes always come out neat and clean so your personality continues to shine.

Experience the Height of Taste

The kitchen is the place where the magic happens and our range of kitchen appliances makes sure that the magic continues to help you win the hearts of your loved ones.

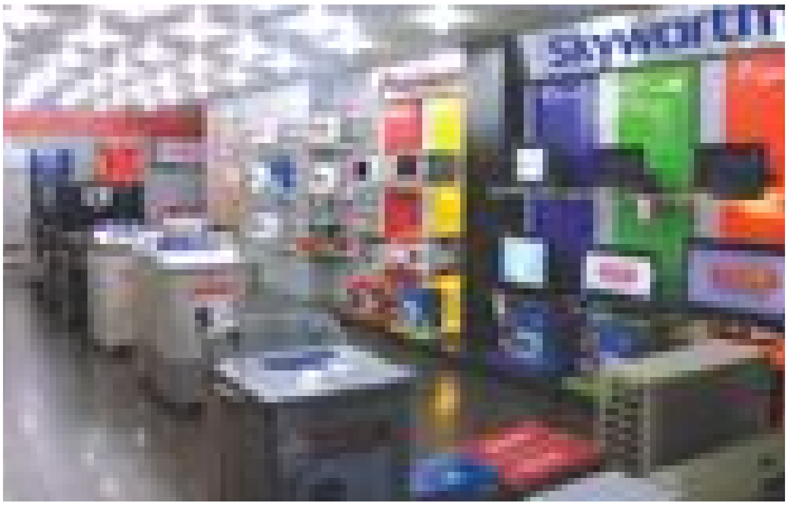
ONE OF OUR STRONGEST PLATFORMS

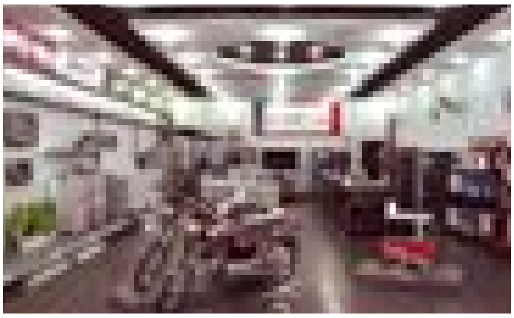
'The System' - technologically current; fully supportive of a multi-functional operation; facilitator of next generation communication and more...it's the ideal platform to launch a strong enterprise.

Syed Jaffer Abbas, Syed Muhammad Akhter, Muhammad Javed Khan,
Salman Ahmed, Tosif Ahmed Zakai, Abdul Hakeem Dawood
(From left to right)

Singer Shops

At Singer, it's more than just selling products. For us it's about providing our customers with the peace of mind, surety and value for money that they deserve. Our vast distribution network across Pakistan ensures that we are always near you.





Human Resources

HUMAN RESOURCES

Our most valued resource is our competent and committed employees contributing consistently towards the Company's objectives. With this perspective in mind, we have continued with the professional counselling and training for the employees that included field force, head office and factory. A healthy working environment is maintained for the employees providing them opportunities to grow and improve their skills.

SINGER RETAIL ACADEMY

Singer Retail Academy sets the highest standards in Human Resource Development and Training of field force through SRA activities that include product knowledge, selling skills, merchandising, credit control, documentation processing and risk management.

BEST PERFORMERS

Mr. Muhammad Zubair, Credit Controller, North has been awarded the President's Club 2012 (right top image) due to his outstanding performance in credit statistics, team leadership qualities and motivational skills. Mr. Naveed Shah, Area Manager, Abbottabad has been awarded the Diamond Club 2012 (right bottom image) for achieving the highest growth in revenue and collections during the year. He was also the Diamond Club winner in 2011.

Mr. S. Zahid Ali, Manager Cost & Budget, has been awarded with the Excellence Award for the year 2012 (image below), for his outstanding performance in the relevant areas and his team building qualities.

SINGER MARKETING CONFERENCE 2013

Singer Pakistan's Marketing Conference 2012 sets new goals for the year 2013.

The Group Photo on the left side shows the strength and determination of our field force.

THE FORMIDABLE TALENT OF PEOPLE

We're talking of our people here... the family of Singer employees; with their years of industry experience, loyalty and longevity of service, passion for the job and constant skills and personal development... they truly ***ARE*** a formidable talent!

Muhammad Etesam Hasnain, Hafiz Ashfaq Ahmad, Mohammad Rafiq, Wahid-ul-Hassan, Farhana Fahad, Muhammad Rashid
(From left to right)

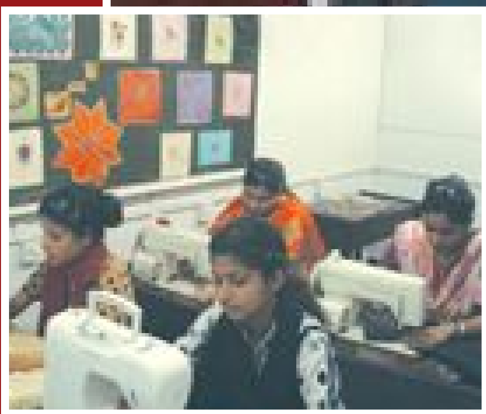
Corporate Social Responsibility

ANTI-NARCOTICS DRIVE

Another dimension of our CSR programme involves visiting schools and colleges and other educational institutes to educate children against the devastating effects of smoking and narcotics on their life and their family members. In 2012 alone we were able to access over 20 schools, colleges and universities with the permission of Education Directorate, Sindh and as a result of which over 5,000 students benefited. In total we have covered over 30,000 students so far. In addition, anti-narcotics awareness campaign was also carried out in community centres, churches, vocational training institutes and various factories. We intend to continue this programme in 2013 also.

SEWING / STITCHING CLASSES

Recognizing the importance of Corporate Social Responsibility, Singer Pakistan has been actively running its CSR programme that includes offering classes to ladies belonging to low-income group in sewing and stitching, which is not only making them find work in industrial concerns but also giving them a sense of independence to overcome their financial needs.



Customer Relationship Management

NEW PRODUCTS

Singer Pakistan launches new technologically advanced Air Coolers that not only give comforts to the life of our valuable and esteemed customers but also keep them relax during the warm and dry weather.

Our product range for Energy Solutions includes Generators and UPS with dry batteries, which are useful during the time of frequent power outage or load shedding.

TELENOR EASYPAISA

Telenor's Easy Paisa programme is benefiting customers to pay their bills and make money transfer through our Singer Plus outlets. Thousands of transactions were performed in 2012 through Telenor's Easy Paisa services in our outlets. We are expecting much higher transactions during 2013.

SINGER®
ServicePlus+
Trust at your doorstep!
For after sales service and information, call:
0800-23450

SINGER SERVICE PLUS

Singer Pakistan Limited has embarked on the mission to provide after-sales service to out-of-warranty multi-brand products. We want to retain and increase our loyal customer base through our efficient, professional and improved after-sales services.

FIELD FORCE

The training programmes are regularly offered to the field force, which includes product knowledge, merchandizing, selling skills, risk management, credit control and an overview of Singer Information System (SIS).

SINGER CALL CENTRE

Singer Call Centre is playing a vital role in building the image of the Company through welcome calls to customers, timely and efficient response to customer complaints, following up with customers and sales force for sales leads, hence, generating revenue for the Company.

IN SERVING WE ARE STRENGTHENED

Beyond the cliche...we exist to serve our customer. Staying in touch; listening; problem solving; being in their ‘line of sight’ always; appreciating their loyalty...and in a myraid other ways, Singer is strengthened immeasurably.

Sheraz Syal, Syed Abdul Jabbar,
Kanwal Naz, Jalil Ahmed, Sadiq Ahmed
(From left to right)

Singer Pakistan Board of Directors
at the conclusion of the board meeting held on 30th August 2012.

FINANCIAL REPORTS

Financial Calendar - 2012

Annual Report 2011 - Published
9th April 2012

Fifty-first Annual General Meeting
30th April 2012

Bonus Shares 2011
30th April 2012

Interim Financial Statements

For three months ended
31st March 2012 (unaudited)
30th April 2012

For six months ended
30th June 2012 (reviewed)
30th August 2012

For nine months ended
30th September 2012 (unaudited)
26th October 2012

Annual Report & Annual General Meeting

Annual Report 2012 - Approved
27th March 2013

Fifty-Second Annual General Meeting
29th April 2013

Statement of Compliance

For the year ended 31 December 2012

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 Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. As on December 31, 2012 the Board includes:

Category	Names
Non-executive directors	Mr. Kamal Shah (Chairman) Mr. Gavin J. Walker (alternate: Mr. Fareed Khan) Mr. Badaruddin F. Vellani Mr. Yussuff Rasheed Chinoy (alternate: Mr. Rasheed Y. Chinoy) Mr. Abdul Hamid Dagia
Executive directors	Mr. S. Aleem Hussain Mr. Mahmood Ahmed Mr. Nasir Hussain

2. The directors have confirmed that none of them is serving as a director in more than seven 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. A casual vacancy occurring during the year on the Board was duly filled by the Board of Directors within ninety days of its occurrence.

5. The Company has prepared a Code of Conduct called 'Statement of Ethics and Business Conduct', which includes certain policies and procedures, and has ensured that appropriate steps have been taken to disseminate it throughout 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 agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. During the year, one director has acquired the certification under the directors' training programme as required by the Code.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment. 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 this year has been prepared in compliance with the requirements of the Code it 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.

Statement of Compliance

For the year ended 31 December 2012

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 are non-executive directors, including the Chairman of the Committee.

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

17. The Board has formed an HR and Remuneration Committee. It comprises four members, of whom three are non-executive directors, including the Chairman of the Committee.

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

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. The 'closed period', prior to the announcement of interim and final results, and business decisions, which may materially affect the market price of the Company's securities, were determined and intimated to directors, employees and stock exchanges.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the Code have been complied with.

Syed Aleem Hussain
Chief Executive Officer

Karachi : 27 March 2013

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

Telephone +92 (21) 3568 5847
Fax +92 (21) 3568 5095
Internet www.kpmg.com.pk

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Singer Pakistan Limited ("the Company") to comply with the Listing Regulations of 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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, sub-regulation (x) of Listing Regulations 35 notified by the Karachi Stock Exchange Limited requires 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 2012.

KPMG Taseer Hadi & Co.

Date: March 27 2013
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

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

Telephone +92 (21) 3568 5847
Fax +92 (21) 3568 5095
Internet www.kpmg.com.pk

Auditors' Report to the Members

We have audited the annexed balance sheet of Singer Pakistan Limited ("the Company") as at 31 December 2012 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion:

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

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of the profits, its cash flows and changes in equity for the year then ended; and

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

KPMG Taseer Hadi & Co.

Date: March 27 2013
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

Balance Sheet
As at 31 December 2012

	Note	2012	2011
		(Rupees in '000)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
70,000,000 (2011: 40,000,000) ordinary shares of Rs. 10 each		**700,000**	400,000
Issued, subscribed and paid-up capital	4	**412,778**	375,253
Capital reserve		**5,000**	5,000
Revenue reserve		**117,837**	120,337
Unappropriated profit		**41,674**	35,171
		577,289	535,761
Surplus on revaluation of property, plant and equipment	5	**291,337**	301,371
Non-current liabilities			
Long term loans - secured	6	**145,625**	198,334
Liabilities against assets subject to finance lease	7	**14,614**	19,214
Long term deposits	8	**37,011**	32,239
Employee retirement benefits - obligation	9	**16,483**	8,006
Deferred tax	10	**153,057**	147,787
Deferred income	11	**2,320**	3,247
		369,110	408,827
Current liabilities			
Trade and other payables	12	**395,091**	354,919
Mark-up accrued on short term running finance and long term loans		**47,053**	49,864
Short term running finance - secured	13	**1,140,798**	1,029,702
Current portion of long term loans	6	**80,834**	71,666
Current portion of liabilities against assets subject to finance lease	7	**9,168**	18,848
		1,672,944	1,524,999
		2,910,680	2,770,958
Contingencies and commitments	14		

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

Chief Executive	Chief Financial Officer	Director

Balance Sheet
As at 31 December 2012

	Note	2012	2011
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	15	**652,417**	656,101
Intangible assets	16	**1,753**	1,759
Employee retirement benefits - prepayment	9	**9,001**	13,728
Long term deposits	17	**30,565**	32,109
		693,736	703,697
Current assets			
Stores, spares and loose tools		**7,260**	7,566
Stock-in-trade	18	**710,626**	570,600
Trade debts	19	**1,162,753**	1,150,541
Advances, deposits and prepayments	20	**43,677**	34,623
Other receivables	21	**22,624**	16,791
Taxation - net		**82,861**	61,586
Investments	22	**44,981**	42,000
Cash and bank balances	23	**142,162**	183,554
		2,216,944	2,067,261
		2,910,680	2,770,958

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

Chief Executive	Chief Financial Officer	Director

Profit and Loss Account

For the year ended 31 December 2012

	Note	2012	2011
		(Rupees in '000)	
Sales		2,390,532	2,403,853
Earned carrying charges		385,256	342,971
Sales tax, excise duty, commissions and discounts		(443,951)	(455,427)
Net revenue	24	2,331,837	2,291,397
Cost of sales	25	(1,736,225)	(1,762,747)
Gross margin		595,612	528,650
Marketing, selling and distribution costs	26	(270,283)	(232,579)
Administrative expenses	27	(50,255)	(45,003)
Other operating expenses	28	(18,564)	(16,329)
		(339,102)	(293,911)
Profit from operations before finance cost		256,510	234,739
Finance cost	29	(212,529)	(198,074)
		43,981	36,665
Other income	30	9,183	8,361
Profit before taxation		53,164	45,026
Taxation	31	(15,798)	(14,406)
Profit after taxation		37,366	30,620
Other comprehensive income		-	-
Total comprehensive income		37,366	30,620
		(Rupee)	
Earnings per share - basic and diluted	32	0.91	0.74

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

Chief Executive	Chief Financial Officer	Director

Cash Flow Statement

For the year ended 31 December 2012

	Note	2012	2011
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**53,164**	45,026
Adjustment for:			
- Depreciation on property, plant and equipment		**28,581**	28,797
- Amortisation of intangible assets		**1,395**	2,076
- Finance cost		**212,529**	198,074
- Gain on sale of property, plant and equipment		**(781)**	(1,337)
- Amortisation of deferred income		**(927)**	(928)
- Provision for doubtful debts		**6,621**	7,420
- Provision for slow moving stock		**500**	825
- Provision for employee retirement benefits		**11,981**	10,365
		313,063	290,318
Working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		**306**	(1,715)
Stock-in-trade		**(140,526)**	(61,225)
Trade debts		**(18,833)**	(104,821)
Advances, deposits and prepayments		**(9,054)**	2,108
Other receivables		**(5,833)**	2,125
		(173,940)	(163,528)
Increase / (decrease) in current liabilities			
Trade and other payables		**41,073**	(15,349)
Net cash from operations		**180,196**	111,441
Income tax paid		**(38,576)**	(34,315)
Finance cost paid		**(211,289)**	(188,762)
Employee retirement benefits received / (paid)		**1,223**	(1,221)
Security deposits received		**4,772**	3,326
Long term deposits - net		**1,544**	(5)
Net cash used in operating activities		**(62,130)**	(109,536)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(23,017)**	(19,967)
Proceeds from disposal of property, plant and equipment		**2,682**	6,133
Investments made during the year		**(44,981)**	-
Net cash used in investing activities		**(65,316)**	(13,834)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid		**(23,501)**	(28,019)
Net (repayment) / additions in long term loans		**(43,541)**	6,042
Net cash used in financing activities		**(67,042)**	(21,977)
Net decrease in cash and cash equivalents		**(194,488)**	(145,347)
Cash and cash equivalents at beginning of the year		**(804,148)**	(658,801)
Cash and cash equivalents at end of the year	33	**(998,636)**	(804,148)

The annexed notes 1 to 40 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 2012

	Issued subscribed and paid-up capital	Capital reserve	Revenue reserve	Unappropriated profit	Total
	(Rupees in '000)				
Balance as at 1 January 2011	341,140	5,000	122,337	32,420	**500,897**
Transfer from revenue reserve	-	-	(2,000)	2,000	**-**
Transactions with owners, recorded directly in equity					
Issue of bonus shares for the year ended 31 December 2010 @ 10 % per share	34,113	-	-	(34,113)	**-**
Total comprehensive income for the year ended 31 December 2011					
Profit for the year	-	-	-	30,620	**30,620**
Transfer from surplus on revaluation of property, plant and equipment - net of tax	-	-	-	4,244	**4,244**
Balance as at 31 December 2011	375,253	5,000	120,337	35,171	**535,761**
Transfer from revenue reserve	-	-	(2,500)	2,500	**-**
Transactions with owners, recorded directly in equity					
Issue of bonus shares for the year ended 31 December 2011 @ 10 % per share	37,525	-	-	(37,525)	**-**
Total comprehensive income for the year ended 31 December 2012					
Profit for the year	-	-	-	37,366	**37,366**
Transfer from surplus on revaluation of property, plant and equipment - net of tax	-	-	-	4,162	**4,162**
Balance as at 31 December 2012	**412,778**	**5,000**	**117,837**	**41,674**	**577,289**

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

Chief Executive	**Chief Financial Officer**	**Director**

Notes to the Financial Statements
For the year ended 31 December 2012

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 consumer appliances and other light engineering products, besides manufacturing and assembling of the same. The registered office of the Company is located at Plot No. 39, Sector19, Korangi Industrial Area, Korangi, Karachi.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under 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 result of which forms 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 Standards, amendments or interpretations which became effective during the year

During the year certain amendments to Standards and new interpretations became effective, however they did not have any material effect on the financial statements of the Company.

2.6 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are only effective for annual periods beginning from the dates specified below. Except for the amendment in International Accounting Standard (IAS) 19 which results in immediate recognition of actuarial gains or losses and revised basis of calculation for net finance cost, these standards are either not relevant to the Company's operations or are not expected to have a significant impact on the Company's financial statements, other than increased disclosures in certain cases:

IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008).Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.

Notes to the Financial Statements
For the year ended 31 December 2012

IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013).IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture.

IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the option for entities to recognise all changes in the defined benefit obligation and in plan assets in profit and loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit and loss is calculated based on the rate used to discount the defined benefit obligation.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’; and that some gross settlement systems may be considered equivalent to net settlement.

Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met.

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.

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

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, an asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments, each determined at the inception of the lease. Subsequent to initial recognition, the asset is stated at the amount determined at initial recognition less accumulated depreciation and impairment losses, if any.

Depreciation is charged on the same basis as used for owned assets.

Notes to the Financial Statements

For the year ended 31 December 2012

Capital work in progress

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

3.2 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are 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.

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 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.

Notes to the Financial Statements

For the year ended 31 December 2012

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 Investments

These are held-to-maturity financial assets that are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Held to maturity investment comprise term deposit receipts.

3.8 Cash and cash equivalents

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

3.9 Government grants

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

3.10 Trade and other payables

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

3.11 Liability against assets subject to finance lease

Lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.12 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.

3.13 Warranty obligations

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

3.14 Revenue recognition

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

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

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

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

3.15 Expenses

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

3.16 Taxation

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

Notes to the Financial Statements

For the year ended 31 December 2012

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.

3.17 Borrowing costs

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

3.18 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.

3.19 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.

3.20 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.

3.21 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.

3.22 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.

3.23 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.

Notes to the Financial Statements

For the year ended 31 December 2012

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2012 (Number of shares)	2011 (Number of shares)		2012 (Rupees in '000)	2011 (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
29,112,537	25,360,007	Issued as bonus shares	**291,125**	253,600
41,277,838	37,525,308		**412,778**	375,253

At 31 December 2012 Singer (Pakistan) B.V., Netherlands, which is wholly owned subsidiary of Retail Holdings N.V., Netherlands, held 29,008,204 (2011: 26,371,095) ordinary shares of Rs. 10 each.

5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2012	2011
Surplus on revaluation of leasehold land	**453,099**	453,099
Transferred to retained earnings	**(12,586)**	(6,293)
	440,513	446,806
Deferred tax liability as on 1 January	**(145,435)**	(147,484)
Tax effect due to change in tax rate proportion	**(5,872)**	-
Adjustment on transfer of incremental depreciation to retained earnings	**2,131**	2,049
Deferred tax liability	**(149,176)**	(145,435)
Balance as at 31 December	**291,337**	301,371

6. LONG TERM LOANS - secured

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

	Security	Installments payable	Repayment period	Mark-up rate	2012	2011
Term loan 1	6.2	half-yearly	2008-2013	6 Months KIBOR Plus 1.50%	**6,667**	20,000
Term loan 2	6.1	quarterly	2011-2014	3 Months KIBOR Plus 1.50%	**25,000**	37,500
Term loan 3	6.2	quarterly	2010-2013	6 Months KIBOR Plus 1.50%	**4,167**	12,500
Term loan 4	6.2	quarterly	2012-2015	3 Months KIBOR Plus 1.50%	**75,000**	100,000
Term loan 5	6.3	quarterly	2012-2016	6 Months KIBOR Plus 1.50%	**87,500**	100,000
Term loan 6	6.3	half-yearly	2012-2016	3 Months KIBOR Plus 1.50%	**28,125**	-
					226,459	270,000
Current portion of long term loans						
Term loan 1	6.2	half-yearly	2008-2013	6 Months KIBOR Plus 1.50%	**(6,667)**	(13,333)
Term loan 2	6.1	quarterly	2011-2014	3 Months KIBOR Plus 1.50%	**(12,500)**	(12,500)
Term loan 3	6.2	quarterly	2010-2013	6 Months KIBOR Plus 1.50%	**(4,167)**	(8,333)
Term loan 4	6.2	quarterly	2012-2015	3 Months KIBOR Plus 1.50%	**(25,000)**	(25,000)
Term loan 5	6.3	quarterly	2012-2016	6 Months KIBOR Plus 1.50%	**(25,000)**	(12,500)
Term loan 6	6.3	half-yearly	2012-2016	3 Months KIBOR Plus 1.50%	**(7,500)**	-
					(80,834)	(71,666)
					145,625	198,334

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2012

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:

	2012			2011		
	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	11,319	2,151	9,168	22,767	3,919	18,848
Later than one year and not later than five years	16,649	2,035	14,614	22,709	3,495	19,214
	27,968	4,186	23,782	45,476	7,414	38,062

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 10.38% to 14.81% (2011: 14.6% to 16.3%) 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% (2011: KIBOR plus 1% to 2.75%) 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 International Accounting Standard -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% (2011: 5%) per annum. Certain portion of the employee deposits is also kept in retention from employees under the caption of trade and other payables.

9. EMPLOYEE RETIREMENT BENEFITS

	2012	2011
	(Rupees in '000)	
Employee retirement benefits - prepayments		
- Pension fund	9,001	13,728
Employee retirement benefits - obligation		
- Gratuity fund - permanent employees	9,750	3,191
- Gratuity - field staff	6,733	4,815
	16,483	8,006

The actuarial valuation of both pension and gratuity schemes was carried out as at 31 December 2012. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

	2012	2011
Discount rate per annum compound	12.00%	13.25%
Expected rate of increase in salaries	6.00%-9.00%	8.00%-10.25%
Expected rate of return on plan assets	12.00%	13.50%
Expected rate of increase in pension	0%	0%

Notes to the Financial Statements

For the year ended 31 December 2012

	Pension fund		Gratuity - Permanent employees		Gratuity - Field staff		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	(Rupees in '000)							
Amounts recognised in balance sheet are as follows:								
Present value of defined benefit obligation	59,814	53,621	41,891	41,580	6,733	4,815	48,624	46,395
Fair value of plan assets	(68,815)	(67,349)	(32,141)	(38,389)	-	-	(32,141)	(38,389)
(Asset) / liability in balance sheet	(9,001)	(13,728)	9,750	3,191	6,733	4,815	16,483	8,006
Movement in net (assets) / liability recognised in balance sheet are as follows:								
Opening balance	(13,728)	(16,168)	3,191	(2,627)	4,815	3,929	8,006	1,302
Net charge for the year	2,927	2,440	6,559	5,818	2,495	2,107	9,054	7,925
Contribution / payments during the year	1,800	-	-	-	(577)	(1,221)	(577)	(1,221)
Closing balance	(9,001)	(13,728)	9,750	3,191	6,733	4,815	16,483	8,006
Movement in present value of defined benefit obligations								
Liability for defined benefit obligation at 1 January	53,621	48,298	41,580	68,654	4,815	3,929	46,395	72,583
Benefits paid	(5,609)	(4,895)	(8,543)	(38,256)	(577)	(1,221)	(9,120)	(39,477)
Current service cost	1,104	755	2,600	2,128	2,495	2,107	5,095	4,235
Interest cost	6,847	6,630	4,834	3,779	-	-	4,834	3,779
Actuarial losses	3,851	2,833	1,420	5,275	-	-	1,420	5,275
Liability for defined benefit obligation at 31 December	59,814	53,621	41,891	41,580	6,733	4,815	48,624	46,395
Movement in plan assets								
Fair value of plan assets - beginning of the year	67,349	64,466	38,389	71,281	-	-	38,389	71,281
Refund during the year	(1,800)	-	-	-			-	-
Benefits paid	(5,609)	(4,895)	(8,543)	(38,256)	-	-	(8,543)	(38,256)
Expected return on plan assets	8,755	9,227	4,516	4,267	-	-	4,516	4,267
Actuarial gains / (losses)	120	(1,449)	(2,221)	1,097	-	-	(2,221)	1,097
Fair value of plan assets - end of the year	68,815	67,349	32,141	38,389	-	-	32,141	38,389
Expense recognised in profit & loss account								
Current service cost	1,104	755	2,600	2,128	2,495	2,107	5,095	4,235
Interest cost	6,847	6,630	4,834	3,779	-	-	4,834	3,779
Expected return on plan assets	(8,755)	(9,227)	(4,516)	(4,267)	-	-	(4,516)	(4,267)
Actuarial losses	3,731	4,282	3,641	4,178	-	-	3,641	4,178
	2,927	2,440	6,559	5,818	2,495	2,107	9,054	7,925
Return on plan assets is as follows:								
Expected return on plan assets	8,755	9,227	4,516	4,267	-	-	4,516	4,267
Actuarial (losses) / gains on plan assets	(662)	(1,535)	(680)	1,097	-	-	(680)	1,097
Return on plan assets	8,093	7,692	3,836	5,364	-	-	3,836	5,364
The expense is recognised in the following line items in the profit and loss account:								
Cost of sales	976	814	1,838	1,630	-	-	1,838	1,630
Marketing, selling and distribution costs	1,123	936	2,491	2,210	2,495	2,107	4,986	4,317
Administrative expenses	828	690	2,230	1,978	-	-	2,230	1,978
	2,927	2,440	6,559	5,818	2,495	2,107	9,054	7,925

	Pension fund		Gratuity - Permanent employees		Gratuity - Field staff	
	2012	2011	2012	2011	2012	2011
	(Percent %)					
Composition of plan assets						
Debt instruments	99.83	98.05	98.84	95.94	-	-
Others	0.17	1.95	1.16	4.06	-	-
Expected return on plan assets						
Expected return on debt instruments	12.00	13.50	12.00	13.50	-	-
Expected return on others	6.00	6.00	6.00	6.00	-	-

Notes to the Financial Statements
For the year ended 31 December 2012

	2012	2011	2010	2009	2008
	(Rupees in '000)				
Historical information					
Present value of the defined benefit obligation	**(108,438)**	(100,016)	(120,881)	(114,153)	(90,036)
Fair value of plan assets	**100,956**	105,738	135,747	124,843	117,815
Surplus in the plan	**(7,482)**	5,722	14,866	10,690	27,779
Experience adjustments arising on plan liabilities	**890**	(3,865)	(733)	(10,534)	(12,364)
Experience adjustments arising on plan assets	**(2,101)**	(352)	(1,621)	(1,584)	3,585

10. DEFERRED TAX

	Note	2012	2011
		(Rupees in '000)	
Taxable temporary differences arising on:			
Revaluation of leasehold land		**149,176**	145,435
Accelerated tax depreciation and leased assets		**37,569**	37,599
		186,745	183,034
Deductible temporary differences arising on:			
Provision for slow moving stock-in-trade		**(1,724)**	(1,446)
Provision for doubtful debts and other receivables		**(8,073)**	(5,338)
Provision for warranty obligations		**(2,770)**	(2,346)
Provision for employee retirement benefits		**(2,280)**	(1,517)
Recoupable minimum tax		**(18,841)**	(24,600)
		(33,688)	(35,247)
		153,057	147,787

11. DEFERRED INCOME

	Note	2012	2011
Grant amount		**11,141**	11,141
Accumulated amortisation - opening		**(7,894)**	(6,966)
Amortisation during the year	30	**(927)**	(928)
		(8,821)	(7,894)
Balance as at 31 December		**2,320**	3,247

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. TRADE AND OTHER PAYABLES

	Note	2012	2011
		(Rupees in '000)	
Creditors		**113,538**	69,376
Bills payable		**74,198**	106,548
Accrued liabilities		**36,211**	17,252
Due to associated companies	12.1		
- for royalty		**83,889**	66,229
- for goods		**10,935**	10,686
- others		**517**	517
		95,341	77,432
Advances from dealers		**2,167**	2,193
Retention from employees		**13,617**	10,286
Provision in respect of compensated absences	12.2	**1,265**	1,275
Provision in respect of warranty obligations	12.3	**8,179**	7,449
Sales tax and excise duty - net		**37,056**	52,726
Workers' profits participation fund	12.4	**4,777**	4,319
Workers' welfare fund		**1,204**	901
Unclaimed dividends		**808**	808
Others		**6,730**	4,354
		395,091	354,919

Notes to the Financial Statements
For the year ended 31 December 2012

12.1 The maximum aggregate amount due to associated companies at the end of any month during the year was Rs. 95.341 million (2011: Rs. 77.432 million).

12.2 The Company has recognised a provision of Rs. 2.932 million (2011: Rs. 1.645 million) for compensated absences while compensated absences amounting to Rs. 2.942 million were utilised (2011: Rs. 1.625 million) during the year against provision.

	Note	2012	2011
		(Rupees in '000)	
12.3 Warranty obligations			
Balance at beginning of the year		**7,449**	6,252
Additional provision	26	**4,913**	5,611
Provision utilised during the year		**(4,183)**	(4,414)
Balance at end of the year		**8,179**	7,449
12.4 Workers' profits participation fund			
Balance at beginning of the year		**4,319**	3,725
Allocation for the year	28	**2,862**	2,417
Interest on funds utilised in the Company's business	29	**270**	586
		7,451	6,728
Payments made during the year		**(2,674)**	(2,409)
Balance at end of the year		**4,777**	4,319

13. SHORT TERM RUNNING FINANCE - secured

This represents short term running finance facilities available from various banks aggregating to Rs. 1,460.1 million (2011: Rs. 1,395.1 million), carrying mark-up rates ranging from 11.18% to 14.45% (2011: 12.95% to 15.20%) per annum. These arrangements are secured by hypothecation of stock-in-trade, trade debts and charge on property, plant and equipment of the Company.

14. CONTINGENCIES AND COMMITMENTS

14.1 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. 0.181 million (2011: Rs. 0.181 million).

14.2 During the year, the Company intended to issue right shares. However, two directors of the Company have dissented to the rights issue and have filed a suit against the Company in this respect. The management has responded to the petition and the matter is subjuidice.

By its order passed ex-parte on 5 November 2012, the Court has temporarily restrained the Company from issuing right shares and has ordered the Company to maintain status quo. The Company has filed its response and has requested the Court to vacate the ad interim injunction already granted, and to allow the Company to proceed with the rights issue. The proceedings before the High Court are pending.

14.3 Commitments under letters of credit as at 31 December 2012 amounted to Rs. 115.917 million (2011: Rs. 109.013 million).

14.4 Commitment in respect of capital expenditure as at 31 December 2012 amounted to Rs. 28.93 million (2011: Rs. 24.760 million) representing vehicles and software development.

15. PROPERTY, PLANT AND EQUIPMENT	Note	2012	2011
		(Rupees in '000)	
Operating fixed assets	15.1	**616,702**	620,683
Capital work-in-progress	15.2	**35,715**	35,418
		652,417	656,101

Notes to the Financial Statements

For the year ended 31 December 2012

15.1 Operating fixed assets

2012

	Lease-hold land	Buildings on lease-hold land	Leasehold improvements	Plant and machinery Owned	Plant and machinery Leased	Furniture and equipment Owned	Furniture and equipment Leased	Vehicles Owned	Vehicles Leased	Computers Owned	Computers Leased	Total
	(Rupees in '000)											
At 1 January 2012												
Cost / revaluation	453,333	41,134	101,212	106,540	34,135	35,025	1,360	13,318	19,826	12,100	6,260	**824,243**
Accumulated depreciation	(6,296)	(12,053)	(54,739)	(74,294)	(7,137)	(21,169)	(113)	(6,817)	(5,701)	(9,714)	(5,527)	**(203,560)**
Net book value	447,037	29,081	46,473	32,246	26,998	13,856	1,247	6,501	14,125	2,386	733	**620,683**
During the year 2012												
Additions / transfer from CWIP	-	2,908	3,887	563	3,054	7,617	-	-	2,116	6,356	-	**26,501**
Transfer												
Cost	-	-	-	-	-	-	-	7,399	(7,399)	4,397	(4,397)	**-**
Depreciation	-	-	-	-	-	-	-	(3,700)	3,700	(4,397)	4,397	**-**
	-	-	-	-	-	-	-	3,699	(3,699)	-	-	**-**
Disposals												
Cost	-	-	-	-	-	(94)	-	(3,704)	-	-	-	**(3,798)**
Depreciation	-	-	-	-	-	45	-	1,852	-	-	-	**1,897**
	-	-	-	-	-	(49)	-	(1,852)	-	-	-	**(1,901)**
Depreciation charge for the year	(6,296)	(1,173)	(9,274)	(3,284)	(2,360)	(2,462)	(136)	(31)	(1,767)	(1,128)	(670)	**(28,581)**
Closing net book value	**440,741**	**30,816**	**41,086**	**29,525**	**27,692**	**18,962**	**1,111**	**8,317**	**10,775**	**7,614**	**63**	**616,702**
As at 31 December 2012												
Cost / revaluation	453,333	44,042	105,099	107,103	37,189	42,548	1,360	17,013	14,543	22,853	1,863	**846,946**
Accumulated depreciation	(12,592)	(13,226)	(64,013)	(77,578)	(9,497)	(23,586)	(249)	(8,696)	(3,768)	(15,239)	(1,800)	**(230,244)**
Net book value	**440,741**	**30,816**	**41,086**	**29,525**	**27,692**	**18,962**	**1,111**	**8,317**	**10,775**	**7,614**	**63**	**616,702**
Depreciation rate (% per annum)	**1.40**	**2.5**	**10**	**8.33**	**8.33**	**10-20**	**10**	**20**	**20**	**20**	**20**	

2011

	Lease-hold land	Buildings on lease-hold land	Leasehold improvements	Plant and machinery Owned	Plant and machinery Leased	Furniture and equipment Owned	Furniture and equipment Leased	Vehicles Owned	Vehicles Leased	Computers Owned	Computers Leased	Total
At 1 January 2011												
Cost	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
During the year 2011												
Additions / transfer from CWIP	-	9,627	1,286	3,000	2,198	2,454	1,360	76	4,173	1,040	-	25,214
Transfer												
Cost	-	-	-	-	-	-	-	4,682	(4,682)	-	-	-
Depreciation	-	-	-	-		-	-	(2,341)	2,341	-		
	-	-	-	-	-	-	-	2,341	(2,341)	-	-	-
Disposals												
Cost	-	-	(2,014)	(19,058)	-	(61)	-	(1,086)	(1,426)	-	-	(23,645)
Depreciation	-	-	1,052	17,098	-	57	-	523	119	-	-	18,849
	-	-	(962)	(1,960)	-	(4)	-	(563)	(1,307)	-	-	(4,796)
Depreciation charge for the year	(6,296)	(1,088)	(9,577)	(3,220)	(2,257)	(2,282)	(113)	(39)	(1,991)	(811)	(1,123)	(28,797)
Closing net book value	447,037	29,081	46,473	32,246	26,998	13,856	1,247	6,501	14,125	2,386	733	620,683
As at 31 December 2011												
Cost / revaluation	453,333	41,134	101,212	106,540	34,135	35,025	1,360	13,318	19,826	12,100	6,260	824,243
Accumulated depreciation	(6,296)	(12,053)	(54,739)	(74,294)	(7,137)	(21,169)	(113)	(6,817)	(5,701)	(9,714)	(5,527)	(203,560)
Net book value	447,037	29,081	46,473	32,246	26,998	13,856	1,247	6,501	14,125	2,386	733	620,683
Depreciation rate (% per annum)	1.40	2.5	10	8.33	8.33	10	10	20	20	20	20	

Notes to the Financial Statements

For the year ended 31 December 2012

15.1.1 The Company has carried out valuation of leasehold land during the year ended 31 December 2010 by independent valuer. The resulting revaluation surplus has been disclosed in note 5 to the financial statements and has been credited to revaluation surplus account net of related tax effect.

Had leasehold land been stated on historical cost basis, the net book value of revalued leasehold land on 31 December, 2012 would amount to:

	Cost	Accumulated depreciation	Net book value
	(Rupees in '000)		
Leasehold land	350	124	226

15.1.2 Depreciation for the year has been allocated as follows:

	Note	2012	2011
		(Rupees in '000)	
Cost of sales	25.1	**12,889**	13,206
Marketing, selling and distribution costs	26	**13,043**	12,848
Administrative expenses	27	**2,649**	2,743
		28,581	28,797

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

	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/ (loss)	Mode of disposal	Particulars of purchaser
	(Rupees in '000)						
Vehicle							
- Mitsubishi Lancer	1,064	532	532	600	68	Tender	U.R. Usmani, Karachi (ex-employee)
- Suzuki Cultus	664	332	332	500	168	Tender	Abdul Mannan, Karachi (employee)
- Suzuki Cultus	664	332	332	500	168	Tender	Ali Raza Kazmi, Karachi
- Suzuki Cultus	634	317	317	513	196	Tender	Muhammad Naeem, Karachi
- Suzuki Cultus	678	339	339	520	181	Tender	Sheraz Amjad Khan, Karachi
Written down value not exceeding Rs. 50,000 each	94	45	49	49	-	Negotiation	Various
2012	**3,798**	**1,897**	**1,901**	**2,682**	**781**		
2011	23,645	18,849	4,796	6,133	1,337		

		2012	2011
		(Rupees in '000)	
15.2	**Capital work-in-progress**		
	Balance as at 1 January	**35,418**	32,927
	Additions during the year	**3,821**	13,824
	Transfers to operating assets	**(3,524)**	(11,333)
	Balance as at 31 December	**35,715**	35,418
	Breakup of capital work in progress is as follows:		
	- Furniture & equipment	**216**	-
	- IT projects / ERP system	**35,499**	35,418
		35,715	35,418
16.	**INTANGIBLE ASSETS**		
	Software		
	At 1 January		
	Cost	**14,072**	13,844
	Accumulated amortisation	**(12,313)**	(10,237)
	Net book value	**1,759**	3,607
	During the year		
	Additions	**1,389**	228
	Amortisation for the year	**(1,395)**	(2,076)
	Closing net book value	**1,753**	1,759

Notes to the Financial Statements

For the year ended 31 December 2012

		Note	2012	2011
			(Rupees in '000)	
	At 31 December			
	Cost		**15,461**	14,072
	Accumulated amortisation		**(13,708)**	(12,313)
	Net book value		**1,753**	1,759

16.1 Software is being amortised @ 20% per annum (2011: 20% per annum).

16.2 Amortisation for the year has been allocated as follows:

	Note	2012	2011
Marketing, selling and distribution costs	26	**1,160**	1,839
Administrative expenses	27	**235**	237
		1,395	2,076

17. LONG TERM DEPOSITS

	Note	2012	2011
Deposits			
- shops and others		**27,696**	27,152
- leases		**2,869**	4,957
		30,565	32,109

18. STOCK-IN-TRADE

	Note	2012	2011
Raw materials			
- in stores		**25,389**	26,588
- in third party premises	18.1	**7,725**	9,402
- in bonded warehouse		**62,326**	49,560
- in transit		**33,259**	41,206
		128,699	126,756
Work in process		**130,778**	149,857
Finished goods			
- own manufactured		**393,963**	219,481
- purchased for resale		**62,276**	79,096
		456,239	298,577
Provision for slow moving items	18.2	**(5,090)**	(4,590)
		710,626	570,600

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. 0.50 million (2011: Rs. 0.825 million) for slow moving items during the year.

19. TRADE DEBTS

	Note	2012	2011
		(Rupees in '000)	
Considered good			
Hire purchase	19.1		
- Retail		**846,163**	695,927
- Institutional		**308,421**	419,935
		1,154,584	1,115,862
Unearned carrying charges		**(67,837)**	(72,005)
		1,086,747	1,043,857
Dealers		**76,006**	106,684
		1,162,753	1,150,541
Considered doubtful		**18,028**	11,407
		1,180,781	1,161,948
Provision for doubtful debts	19.2	**(18,028)**	(11,407)
		1,162,753	1,150,541

Notes to the Financial Statements

For the year ended 31 December 2012

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. 6.621 million (2011: Rs. 7.420 million) for doubtful debts while an amount of Rs. nil (2011: Rs. 8.081 million) was written off during the year against provision.

20. ADVANCES, DEPOSITS AND PREPAYMENTS

	Note	2012	2011
		(Rupees in '000)	
Advances - considered good			
- Employees and executives	20.1	**761**	849
- Suppliers		**914**	4,060
- Software development		**17,340**	11,490
		19,015	16,399
Deposits			
- Trade		**2,577**	2,691
- Customs and others		**7,308**	4,576
		9,885	7,267
Prepayments		**14,777**	10,957
		43,677	34,623

20.1 The advances due from executives amount to Rs. 0.324 million (2011: Rs. 0.13 million).

20.2 The maximum aggregate amount of advances due from executives at the end of any month during the year was Rs. 0.598 million (2011: Rs. 0.13 million).

21. OTHER RECEIVABLES

	2012	2011
Claims	**23,320**	19,851
Accrued markup	**2,367**	70
Others	**2,748**	2,409
	28,435	22,330
Provision for doubtful claims	**(5,811)**	(5,539)
	22,624	16,791

22. INVESTMENTS

This represents term deposit receipts in respect of amounts retained from employees as security and required to be kept separately. This carries markup ranging from 11.93% to 12.00% (2011: 11.10 % to 11.25%) per annum, maturing on various dates by 28 June 2013.

23. CASH AND BANK BALANCES

	2012	2011
Balances with banks		
- current accounts	**3,363**	31,550
- deposit accounts	**7,683**	732
	11,046	32,282
Cash in transit	**129,373**	149,797
Cash in hand	**1,743**	1,475
	142,162	183,554

24. NET REVENUE

	2012	2011
Sales		
- Local	**2,372,103**	2,353,403
- Export	**18,429**	50,450
	2,390,532	2,403,853
Earned carrying charges	**385,256**	342,971
	2,775,788	2,746,824
Sales tax and excise duty	**(254,628)**	(274,307)
Commissions and discounts	**(189,323)**	(181,120)
	(443,951)	(455,427)
	2,331,837	2,291,397

Notes to the Financial Statements

For the year ended 31 December 2012

		Note	2012	2011
			(Rupees in '000)	
25.	**COST OF SALES**			
	Opening stock - finished goods			
	- own manufactured		**219,481**	192,865
	- purchased for resale		**79,096**	66,104
			298,577	258,969
	Purchases		**371,314**	419,959
	Cost of goods manufactured	25.1	**1,522,573**	1,382,396
			2,192,464	2,061,324
	Closing stock - finished goods			
	- own manufactured		**(393,963)**	(219,481)
	- purchased for resale		**(62,276)**	(79,096)
			(456,239)	(298,577)
			1,736,225	1,762,747
25.1	**Cost of goods manufactured**			
	Opening stock of raw materials		**126,756**	156,076
	Purchases		**1,305,527**	1,213,388
			1,432,283	1,369,464
	Closing stock of raw materials		**(128,699)**	(126,756)
	Raw material consumed		**1,303,584**	1,242,708
	Salaries, wages and other benefits	25.2	**100,158**	92,868
	Stores and spares consumed		**23,094**	24,468
	Depreciation on property, plant and equipment	15.1.2	**12,889**	13,206
	Royalty		**27,973**	29,369
	Fuel and power		**17,107**	15,859
	Insurance		**10,688**	8,180
	Rent, rates and taxes		**629**	712
	Repairs and maintenance		**4,366**	3,111
	Travelling and conveyance		**1,715**	1,343
	Communication		**295**	262
	Printing and stationery		**496**	422
	Provision for slow moving stock - net	18.2	**500**	825
			1,503,494	1,433,333
	Work-in-process			
	Opening stock		**149,857**	98,920
	Closing stock		**(130,778)**	(149,857)
			19,079	(50,937)
	Cost of goods manufactured		**1,522,573**	1,382,396

25.2 These include provision of Rs. 3.987 million (2011: Rs. 3.534 million) in respect of employee retirement benefits.

		Note	2012	2011
26.	**MARKETING, SELLING AND DISTRIBUTION COSTS**			
	Publicity and sales promotion		**84,753**	72,990
	Salaries and benefits	26.1	**61,130**	52,002
	Rent, rates and taxes		**47,190**	39,162
	Provision for doubtful debts	19.2	**6,621**	7,420
	Utilities		**14,219**	10,685
	Warranty obligations	12.3	**4,913**	5,611
	Depreciation on property, plant and equipment	15.1.2	**13,043**	12,848
	Amortisation of intangible assets	16.2	**1,160**	1,839
	Travelling and conveyance		**14,081**	10,308
	Communication		**7,352**	6,670
	Printing and stationery		**6,466**	4,469
	Repairs and renovations		**921**	310
	Training and sundries		**8,434**	8,265
			270,283	232,579

Notes to the Financial Statements

For the year ended 31 December 2012

26.1 These include provision of Rs. 8.656 million (2011: Rs. 7.595 million) in respect of employee retirement benefits.

	Note	2012	2011
		(Rupees in '000)	
27. ADMINISTRATIVE EXPENSES			
Salaries and benefits	27.1	**35,265**	31,511
Rent, rates and taxes		**1,407**	1,255
Utilities		**2,814**	2,445
Communication		**4,161**	3,607
Travelling and conveyance		**2,208**	1,910
Depreciation on property, plant and equipment	15.1.2	**2,649**	2,743
Amortisation of intangible assets	16.2	**235**	237
Printing and stationery		**1,516**	1,295
		50,255	45,003

27.1 These include provision of Rs. 4.332 million (2011: Rs. 3.858 million) in respect of employee retirement benefits.

	Note	2012	2011
28. OTHER OPERATING EXPENSES			
Legal and professional charges		**9,565**	8,863
Auditors' remuneration	28.1	**830**	755
Donation	28.2	**25**	107
Exchange loss		**4,078**	3,286
Workers' profits participation fund	12.4	**2,862**	2,417
Workers' welfare fund		**1,204**	901
		18,564	16,329
28.1 Auditors' remuneration			
Audit fee		**575**	500
Certification and review		**195**	195
Out of pocket expenses		**60**	60
		830	755

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

	Note	2012	2011
29. FINANCE COST			
Mark-up on long term loans		**37,939**	37,318
Mark-up on short term running finances under mark-up arrangements		**163,347**	147,414
Interest on workers' profits participation fund	12.4	**270**	586
Finance lease charges		**4,051**	6,582
Interest on employee deposits		**2,411**	2,025
Bank charges		**4,511**	4,149
		212,529	198,074
30. OTHER INCOME			
Income from financial assets			
Interest on deposit accounts		**4,997**	3,714
Income from non-financial assets			
Gain on disposal of property, plant and equipment	15.1.3	**781**	1,337
Amortisation of deferred income	11	**927**	928
Service income and others		**2,478**	2,382
		9,183	8,361
31. TAXATION			
Current		**12,662**	19,271
Prior		**3,738**	635
Deferred		**(602)**	(5,500)
		15,798	14,406

Notes to the Financial Statements

For the year ended 31 December 2012

31.1 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 has been completed. 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.

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

	2012	2011
	(Percent)	
Applicable tax rate	**35.0**	35.0
Prior year	**7.0**	1.4
Permanent differences, tax effect of income assessed under Final Tax Regime	**(12.4)**	(4.4)
Effective tax rate	**29.6**	32.0

32. EARNINGS PER SHARE - basic and diluted

The calculation of earnings per share (basic and diluted) is based on profit attributable to owners of ordinary shareholders of the Company.

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

Profit for the year	**37,366**	30,620
	Number of shares (in '000)	
Weighted average number of ordinary shares	**41,278**	41,278
	(Rupee)	
Earnings per share - basic and diluted	**0.91**	0.74

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

33. CASH AND CASH EQUIVALENTS

Cash and bank balances	**142,162**	183,554
Investments	**-**	42,000
Short term running finance - secured	**(1,140,798)**	(1,029,702)
	(998,636)	(804,148)

34. 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.

Notes to the Financial Statements

For the year ended 31 December 2012

34.1 Credit risk

Credit risk represents the financial loss that would be recognised at the reporting date if counter parties 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.

The 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 installment 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	
	2012	2011
	(Rupees in '000)	
- Long term deposits	**30,565**	32,109
- Trade debts	**1,162,753**	1,150,541
- Deposits and other receivables	**32,509**	24,058
- Investments	**44,981**	42,000
- Balances with banks	**11,046**	32,282
	1,281,854	1,280,990

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 effected 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. 50.145 million (2011: Rs. 38.85 million) are past due over 180 days of which Rs. 18.028 million (2011: Rs. 11.407 million) have been provided. Past due from 1 to 180 days but not provided balance amounts to Rs. 102.817 million (2011: Rs. 95.317 million). At 31 December 2012, provision relates to numerous 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, the management believes that the unprovided amounts are recoverable.

Balances with banks are held with banks, which bear high credit ratings.

34.2 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:

Notes to the Financial Statements

For the year ended 31 December 2012

	2012				
	Carrying amount	**Contractual cash flows**	**One year or less**	**One to two years**	**Two to five years**
			(Rupees in '000)		
Financial liabilities					
Long term loans - secured	**226,459**	**(250,906)**	**(89,665)**	**(79,551)**	**(81,690)**
Liabilities against assets subject to finance lease	**23,782**	**(27,968)**	**(11,319)**	**(8,169)**	**(8,480)**
Long term deposits	**37,011**	**(47,236)**	**-**	**-**	**(47,236)**
Trade and other payables	**339,635**	**(339,635)**	**(339,635)**	**-**	**-**
Mark-up accrued on short term running finances and long term loans	**47,053**	**(47,053)**	**(47,053)**	**-**	**-**
Short term running finance - secured	**1,140,798**	**(1,209,246)**	**(1,209,246)**	**-**	**-**
	1,814,738	**(1,922,044)**	**(1,696,918)**	**(87,720)**	**(137,406)**

	2011				
Financial liabilities					
Long term loans - secured	270,000	(375,294)	(97,590)	(108,041)	(169,663)
Liabilities against assets subject to finance lease	38,062	(45,476)	(22,767)	(11,240)	(11,469)
Long term deposits	32,239	(41,146)	-	-	(41,146)
Trade and other payables	285,248	(285,248)	(285,248)	-	-
Mark-up accrued on short term running finances and long term loans	49,864	(49,864)	(49,864)	-	-
Short term running finance - secured	1,029,702	(1,101,781)	(1,101,781)	-	-
	1,705,115	(1,898,809)	(1,557,250)	(119,281)	(222,278)

34.3 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.

34.3.1 Currency risk

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

	2012	2011
	(Rupees in '000)	
Trade payables	**55,238**	58,723

The following significant exchange rates have been applied:

	Average rate		**Reporting date Spot rate**	
	2012	2011	**2012**	2011
USD to PKR	**93.59**	87.80	**97.25**	89.92

Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the US Dollar 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.

	2012	2011
	(Rupees in '000)	
Effect on profit	**3,590**	3,817

Notes to the Financial Statements

For the year ended 31 December 2012

The weakening of the PKR by 10% against US Dollar 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.

34.3.2 Interest rate risk

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

	Note	Carrying amount 2012	2011
		(Rupees in '000)	
Financial assets			
Fixed rate instruments			
Trade debts	19	**1,086,747**	1,043,857
Investments	22	**44,981**	42,000
Financial liabilities			
Fixed rate instruments			
Long term deposits	8	**37,011**	32,239
Retention from employees	12	**13,617**	10,286
Variable rate instruments			
Long term loans - secured	6	**226,459**	270,000
Liabilities against assets subject to finance lease	7	**23,782**	38,062
Short term running finance - secured	13	**1,140,798**	1,029,702

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 2011.

	Profit and loss 100 bp increase	100 bp decrease
	(Rupees in '000)	
As at 31 December 2012		
Cash flow sensitivity-variable rate instruments	**9,042**	**(9,042)**
As at 31 December 2011		
Cash flow sensitivity-variable rate instruments	8,695	(8,695)

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

34.3.3 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.

34.4 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.

Notes to the Financial Statements

For the year ended 31 December 2012

35. 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.

36. 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	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	(Rupees in '000)							
Managerial remuneration	**2,591**	2,091	**4,443**	4,112	**10,842**	13,210	**17,876**	19,413
Retirement benefits	**216**	174	**370**	343	**903**	1,100	**1,489**	1,617
Reimbursable expenditure	**394**	210	**485**	420	**3,699**	3,785	**4,578**	4,415
Housing	**859**	784	**1,364**	1,149	**5,046**	5,613	**7,269**	7,546
Leave passage and others	**1,434**	1,116	**1,609**	836	**2,134**	1,902	**5,177**	3,854
	5,494	4,375	**8,271**	6,860	**22,624**	25,610	**36,389**	36,845
Number of persons	**1**	1	**2**	2	**13**	15	**16**	18

36.1 In addition to the above, the Chief Executive, Directors and Executives are provided with free use of the Company maintained cars, club facility and certain items of furniture and fixtures in accordance with their entitlement. The Company also makes contributions based on actuarial calculations to gratuity and pension funds.

36.2 Aggregate amount charged in the financial statements for payments on account of fee to four (2011: four) non-executive directors was Rs. 0.495 million (2011: Rs. 0.570 million) and payments on account of remuneration to non-executive Chairman was Rs. 2.030 million (2011: Rs. 2.133 million).

36.3 The number of persons does not include those who resigned / retired during the year but remuneration paid to them is included in the above amounts.

37. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of parent company Singer (Pakistan) B.V., Netherlands, ultimate parent company Retail Holdings N.V., Netherlands, related foreign group companies, local associated companies, directors of the Company, companies where directors also hold directorships, key management personnel and employee retirement benefit funds. The aggregate value of transactions and outstanding balances as at 31 December with related parties other than those which have been disclosed else where in these financial statements are as follows:

	Note	Transaction value		Balance payable / (receivable)	
		2012	2011	**2012**	2011
		(Rupees in '000)			
Royalty	37.1	**27,973**	29,369	**83,889**	66,229
Purchase of goods, materials and services	37.2	**14,369**	14,867	**10,935**	10,686
Dividend on non-remittable shares		**-**	-	**517**	517
Interest expense	37.3	**-**	800	**-**	-
Employee retirement benefits	37.4	**16,975**	14,986	**7,482**	(5,722)
Remuneration to key management personnel		**35,749**	29,715	**-**	-

37.1 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 duly registered with the State Bank of Pakistan.

Notes to the Financial Statements

For the year ended 31 December 2012

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

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

37.4 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 12.4 and 9 to these financial statements.

38. PLANT CAPACITY AND ACTUAL PRODUCTION

		2012	2011
	Capacity	**Actual production**	
	(Units)	**(Units)**	(Units)
Sewing machines	50,000	**29,189**	37,080
Gas appliances	25,000	**12,221**	13,214
Refrigerators / deep freezers	25,000	**33,554**	35,549
Washing machines	15,000	**-**	115
Colour televisions / Flat panels	22,500	**13,445**	17,463
Microwave ovens	10,000	**4,239**	3,688
Split Air conditioners	10,000	**3,570**	2,639

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.

39. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary, the effect of which is not material.

40. GENERAL

40.1 The Board of Directors in its meeting held on 27 March 2013 has proposed a bonus issue of 10% (2011: 10% bonus issue). This appropriation will be approved in forthcoming Annual General Meeting.

40.2 These financial statements were authorised for issue in the meeting of Board of Directors held on 27 March 2013.

Chief Executive | **Chief Financial Officer** | **Director**

Pattern of Shareholding

As at 31 December 2012

As per requirement of Code of Corporate Governance

Description	No. of Shares
Associated Companies, Undertakings and Related Parties	
Singer (Pakistan) B.V. Holding Company	29,008,204
Continental Furnishing Co. (Pvt.) Limited	290
Pakistan Agencies Limited	290
Industrial Engineers Limited	290
Chairman	
Mr. Kamal Shah	75,920
Chief Executive and Directors	
Mr. S. Aleem Hussain*	555
Mr. Gavin J. Walker (Nominee of Singer (Pakistan) B.V.)	222
Mr. Badaruddin F. Vellani	2,119
Mr. Abdul Hamid Dagia	550
Mr. Yussuff Rasheed Chinoy	21,885
Mr. Fareed Khan (Alternate of Mr. Gavin Walker)	166
Mr. Rasheed Y.Chinoy (Alternate of Mr. Yussuff Rasheed Chinoy)	1,275,330
Mr. Mahmood Ahmed*	227
Director's Spouse	
Mrs. Kamal Shah	98,510
Executives	52
Public Sector Companies and Corporations, Banks / Financial Institutions, Insurance Companies, Mutual Funds etc.	7,594,523
Shareholdes holding ten percent or more voting interest	
Singer (Pakistan) B.V. Holding Company	29,008,204
Jahangir Siddiqui & Co. Limited	7,179,873

*Shares purchased by Mr. S. Aleem Hussain and Mr. Mahmood Ahmed during the year. These include the effect of bonus shares.

Pattern of Shareholding

As at 31 December 2012

Pattern of Holding of Shares held by the Shareholders

Number of Shareholders	Shareholding From	Shareholding To	Total Number of Shares Held
263	1	100	6,559
251	101	500	66,317
108	501	1000	79,680
240	1001	5000	474,438
21	5001	10000	149,759
4	10001	15000	51,421
4	15001	20000	64,880
4	20001	25000	88,240
2	25001	30000	55,168
1	30001	35000	33,609
1	35001	40000	36,370
1	45001	50000	48,434
1	70001	75000	73,801
1	95001	100000	98,510
1	130001	135000	131,011
1	270000	275000	272,000
1	555001	560000	555,493
1	665001	670000	668,000
1	705001	710000	705,387
1	1430001	1435000	1,430,684
1	7175001	7180000	7,179,873
1	29005000	29010000	29,008,204
910			**41,277,838**

Categories of Shareholders

S. No.	Categories of Shareholders	Number of Shareholders	Number of Shares Held	Percentage %
1	Associated Companies, Undertakings and Related Parties	4	29,009,074	70.28
2	Joint Stock companies	16	7,321,092	17.74
3	Individuals	888	4,675,094	11.33
4	Banks, Development Finance Institutions, NBFIs, Mutual Funds & Modarbas	2	272,578	0.65
	TOTAL	**910**	**41,277,838**	**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 Fifty-second Annual General Meeting of the Company to be held on Monday, 29 April 2013 and at any adjournment thereof.
As witness my / our hand this __________ day of __________ 2013.

Witness No. 1
Name : ____________________
Address : ____________________
____
____
CNIC No. : ____________________

Rs. 5/- Revenue Stamp

____
Signature of Member(s)

Witness No. 2
Name : ____________________
Address : ____________________
____
____
CNIC No. : ____________________

____
(Name in Block Letters)

Folio No. ____________________
Participant ID No. ____________________
Account No. in CDC ____________________

Important:

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

↑ Perfration here

AFFIX
CORRECT
POSTAGE

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

Fold here Fold here

Fold here Fold here

Back Inside

SINGER

SINGER PAKISTAN LIMITED
Plot No. 39, Sector-19, Korangi Industrial Area, Karachi-74900, Pakistan
Tel: +92 21-35052941-5, 0331-2870001-10, Fax: +92 21-35052956
Website: www.singer.com.pk

SINGER

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