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INDEPENDENT AUDITOR'S REPORT

To the Chief Executive Officer of Waves Singer Pakistan Limited

Report on the Audit of the Special purpose Unconsolidated Interim Financial Statements

Opinion

We have audited the special purpose unconsolidated interim financial statements of **Waves Singer Pakistan Limited** ("the Company"), which comprise the unconsolidated interim statement of financial position as at 31 August 2021, and the unconsolidated interim statement of profit or loss, the unconsolidated interim statement of comprehensive income, the unconsolidated interim statement of changes in equity, the unconsolidated interim statement of cash flows for the period then ended, and notes to the special purpose unconsolidated interim financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying special purpose unconsolidated interim financial statements present fairly in all material respects, the financial position of the Company as at 31 August 2021, and of its financial performance and its cash flows for the period then ended in accordance with the basis of accounting as described in note 2.2 to the special purpose unconsolidated interim financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the special purpose Unconsolidated Interim Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to note 2.2 to the special purpose unconsolidated interim financial statements, which describes the basis of accounting. The special purpose unconsolidated interim financial statements are prepared to address the legal requirements for the purpose of demerger. As a result, the special purpose unconsolidated interim financial statements may not be suitable for another purpose. Our report is intended solely for the management of the Company and should not be used by or distributed to parties other than the Securities and Exchange Commission of Pakistan, Competition Commission of Pakistan and for submission to the Honorable High Court for the above purpose. Our opinion is not modified in respect of this matter.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the special purpose unconsolidated interim financial statements of the current period. These matters were addressed in the context of our audit of the special purpose unconsolidated interim financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1.	**Sales** Refer to note 4.12 and 28 to the special purpose unconsolidated interim financial statements. The Company principally generates revenue from manufacturing and assembly of domestic consumer appliances along-with retailing and trading of the same. We identified revenue recognition as a key audit matter because it is one of the key performance indicator of the Company and gives rise to a risk that revenue is recognized without transferring of control.	Our audit procedures, amongst others, included the following: • obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of relevant key internal controls; • assessing the appropriateness of the Company's accounting policy for recording of sales and compliance of the relevant accounting policy as referred to in the special purpose unconsolidated interim financial statements; • comparing a sample of sale transactions recorded during the period with sales orders, sales invoices, delivery challans and other relevant underlying documents; • comparing a sample of sale transactions recorded near the period end with the sales orders, sales invoices, delivery challans and other relevant underlying documentation to assess if the sale was recorded in the appropriate accounting period; • inspecting on a sample basis, credit notes issued near to and subsequent to period end to evaluate whether the adjustments to sales had been accurately recorded in the appropriate accounting period; and • scanning for any manual journal entries relating to sales recorded during and near the period end which were considered to be material or met other specific risk based criteria for inspecting underlying documentation.
2.	**Impairment of intangible assets** Refer to note 4.2 and 20 to the special purpose unconsolidated interim financial statements. The Company annually tests the carrying value of goodwill and intangible assets.	Our audit procedures, amongst others, included the following: • Assessing the appropriateness of the Company's accounting policy for impairment testing of intangible assets and goodwill and compliance of the relevant accounting policy as referred to in the special purpose unconsolidated interim financial statements;

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S. No.	Key audit matters	How the matter was addressed in our audit
	The testing is subject to estimates and judgments made by the management of the Company with respect to future sales growth and profitability, cash flow projection and selection of appropriate discount rate. We identified the impairment testing of separately identifiable intangible assets and goodwill as a key audit matter because significant degree of management judgement is involved in making the above assessment and in forecasting the future cash flows of the Company which are inherently uncertain.	• discussing with the Company's management key assumptions used in valuation model and testing the mathematical accuracy of the model; • involving our internal valuation specialists to assist us in assessing the significant estimates, assumptions and judgements applied in the valuation of intangible assets and goodwill, including discount rate, growth rate, terminal value and attrition rate, with reference to available market information; • comparing the recoverable amount with the goodwill and intangible assets recognized to identify impairment, if any; and • assessing the adequacy of disclosure made in the special purpose unconsolidated interim financial statements in accordance with the accounting policy.
3.	**Revaluation of property, plant and equipment** Refer notes 4.1, 7 and 19 to the special purpose unconsolidated interim financial statements. The Company follows the revaluation model for subsequent measurement of land, buildings and plant and machinery. Latest revaluation was carried out on 31 August 2021. The valuation was performed by an external professional valuer engaged by the Company. We identified the revaluation of the Company's property, plant and equipment as a key audit matter because the valuation involves a significant degree of judgment and estimation	Our audit procedures, amongst others, included the following: • obtaining and inspecting the valuation reports prepared by the external expert engaged by the Company and on which the management's assessment of the valuation of property, plant and equipment was based; • evaluating the information provided by the Company to the external professional valuer by inspecting the relevant underlying documentation; • involving property, plant and equipment valuation expert engaged by us to assist in evaluating the appropriateness of valuation methodology and assessing the reasonableness of key estimates and assumptions adopted in the valuations report by the valuer engaged by the Company; • checking that the revaluation surplus has been recorded in the financial statements as per applicable accounting policy; and • assessing the adequacy of the disclosures made in special purpose unconsolidated interim financial statements in accordance with the relevant accounting policy.

Other matter

We draw attention to the fact that we have not audited the accompanying special purpose unconsolidated interim statement of profit or loss, special purpose unconsolidated interim statement of comprehensive income and special purpose unconsolidated interim statement of cash flows for the eight months period ended 31 August 2020, or any of the related notes and accordingly, we do not express an opinion on them.

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Responsibilities of Management and those charged with governance for the Special Purpose Unconsolidated Interim Financial Statements

Management is responsible for the preparation and fair presentation of the special purpose unconsolidated interim financial statements in accordance with the basis of accounting as described in note 2.2 to the special purpose unconsolidated interim financial statements and for such internal control as management determines is necessary to enable the preparation of the special purpose unconsolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose unconsolidated interim financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the special purpose Unconsolidated Interim Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose unconsolidated interim financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated special purpose interim financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose unconsolidated interim financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

  If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose unconsolidated interim financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the special purpose unconsolidated interim financial statements, including the disclosures, and whether the special purpose unconsolidated interim financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the special purpose unconsolidated interim financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Bilal Ali.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Lahore

Date: 16 December 2021

AR11621

Waves Singer Pakistan Limited

Special Purpose Financial Statements

Unconsolidated Interim Statement of Financial Position

As at 31 August 2021

EQUITY AND LIABILITIES	Note	31 August 2021	31 December 2020
		------ (Rupees in '000) ------	
Share Capital and Reserves			
Authorised capital 300,000,000 (31 December 2020: 300,000,000) ordinary shares of Rs. 10 each	5	**3,000,000**	3,000,000
Issued, subscribed and paid-up capital	5	**2,814,062**	1,876,041
Share premium reserve	6	**5,025,661**	4,581,063
Capital reserve		**5,000**	5,000
Revenue reserve - *unappropriated profit*		**2,183,745**	1,939,444
Surplus on revaluation of property, plant and equipment - *net of tax*	7	**529,212**	385,086
		10,557,680	8,786,634
Non-current liabilities			
Long term loans - *secured*	8	**1,426,956**	2,006,474
Lease liabilities			
-Building under right of use - unsecured	9	**42,496**	25,885
-Other assets under right of use - secured	9	**27,938**	41,377
Employee retirement benefits	10	**14,447**	19,666
Deferred income	11	**9,822**	20,872
Deferred tax liability - *net*	12	**267,179**	223,915
		1,788,838	**2,338,189**
Current liabilities			
Trade and other payables	13	**1,512,346**	1,210,835
Mark-up accrued on borrowings	14	**140,946**	178,416
Short term borrowings - *secured*	15	**4,107,964**	3,954,952
Loan from sponsors - *unsecured*	16	**-**	380,500
Unpaid dividend		**1,197**	1,276
Current portion of long term liabilities	17	**940,700**	540,759
		6,703,153	6,266,738
Contingencies and commitments	18		
		19,049,671	17,391,561

ASSETS	Note	31 August 2021	31 December 2020
		------ (Rupees in '000) ------	
Non-current assets			
Property, plant and equipment	19	**5,594,420**	4,869,032
Intangible assets and goodwill	20	**2,879,080**	2,903,156
Investment property	21	**323,480**	303,480
Investment in subsidiaries	22	**501,000**	501,000
Long term deposits	23	**8,545**	8,714
		9,306,525	8,585,382
Current assets			
Stores, spares and loose tools		**45,489**	33,763
Stock-in-trade	24	**2,759,383**	2,432,213
Trade debts	25	**6,078,825**	5,482,315
Advances, deposits, prepayments and other receivables	26	**557,270**	576,274
Taxation - *net*		**175,017**	187,395
Cash and bank balances	27	**127,162**	94,219
		9,743,146	8,806,179
		19,049,671	17,391,561

The annexed notes 1 to 47 form an integral part of these special purpose unconsolidated interim financial statements.

Lahore

Director

Chief Executive Officer

Chief Financial Officer

Waves Singer Pakistan Limited
Special Purpose Financial Statements
Unconsolidated Interim Statement of Profit or Loss
For the period 01 January 2021 to 31 August 2021

	Note	(Audited) 01 January to 31 August 2021	(Unaudited) 01 January to 31 August 2020
		----- (Rupees in '000) -----	
Revenue		**7,198,144**	5,739,040
Sales tax and trade discount on invoices		**(1,169,190)**	(1,010,099)
Revenue - *net*	28	**6,028,954**	4,728,941
Cost of sales	29	**(4,746,804)**	(3,653,828)
Gross profit		**1,282,150**	1,075,113
Marketing, selling and distribution costs	30	**(324,651)**	(321,827)
Administrative expenses	31	**(232,179)**	(187,364)
Other expenses	32	**(56,636)**	(34,715)
Other income	33	**83,315**	210,048
		(530,151)	(333,858)
Profit from operations		**751,999**	741,255
Finance cost	34	**(444,863)**	(619,894)
Profit before taxation		**307,136**	121,361
Taxation	35	**(81,685)**	(84,826)
Profit for the year		**225,451**	36,535
			Restated
Earnings per share - *basic and diluted (Rupees)*	36	**0.98**	0.18

The annexed notes 1 to 47 form an integral part of these special purpose unconsolidated interim financial statements.

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Lahore

Director

Chief Executive Officer

Chief Financial Officer

Waves Singer Pakistan Limited
Special Purpose Financial Statements
Unconsolidated Interim Statement of Comprehensive Income
For the period 01 January 2021 to 31 August 2021

	(Audited) 01 January to 31 August 2021	(Unaudited) 01 January to 31 August 2020
	----- (Rupees in '000) -----	
Profit for the period	**225,451**	36,535
Other comprehensive income / (loss)		
Items that will not be reclassified to profit or loss:		
- Surplus on revaluation of property, plant and equipment	197,560	-
- Related deferred tax on surplus	(40,218)	-
- Actuarial gain / (loss) on employee retirement benefits	5,634	(7,143)
	162,976	(7,143)
Total comprehensive income for the period	**388,427**	29,392

The annexed notes 1 to 47 form an integral part of these special purpose unconsolidated interim financial statements.

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Lahore

Director

Chief Executive Officer

Chief Financial Officer

Waves Singer Pakistan Limited
Special Purpose Financial Statements
Unconsolidated Interim Statement of Cash Flows
For the period 01 January 2021 to 31 August 2021

	Note	(Audited) 01 January to 31 August 2021	(Unaudited) 01 January to 31 August 2020
		----- (Rupees in '000) -----	
Cash flows from operating activities			
Profit before taxation		307,136	121,361
Adjustments for non-cash items:			
Depreciation on property, plant and equipment	19.1.4	183,501	172,812
Fair value gain on investment property		(20,000)	-
Amortisation of intangible asset	20.3	30,000	26,581
Finance costs	34	444,863	619,894
Gain on sale of property, plant and equipment		(584)	(6,795)
Workers' Profit Participation Fund		16,811	14,530
Amortisation of deferred income		(15,196)	(16,220)
Reversal of provision for doubtful debts		(4,216)	-
Unrealised exchange loss		10,406	11,396
Profit before working capital changes		952,721	943,559
Effect on cash flows due to working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		(11,726)	(8,775)
Stock-in-trade		(327,170)	679,801
Trade debts		(592,294)	(1,305,477)
Advances, deposits, prepayments and other receivables		19,004	406,357
(Decrease) / increase in trade and other payables		288,824	33,001
		(623,362)	(195,093)
Cash generated from operations		329,359	748,466
Income tax paid		(66,261)	(52,004)
Workers' Profit Participation Fund paid		(14,530)	(14,530)
Employee retirement benefits paid		415	(7,835)
Long term deposits - *net*		169	(152)
Net cash generated from operating activities		249,152	673,945
Cash flows from investing activities			
Capital expenditure		(658,411)	(91,875)
Proceeds from disposal of property, plant and equipment		2,131	21,190
Net cash used in investing activities		(656,280)	(70,685)
Cash flows from financing activities			
Long term loans received		-	574,541
Proceeds from the issue of right shares - net off transaction cost and adjustment of loan from sponsors		1,002,119	-
Long term loans repaid		(184,023)	-
Loan from sponsors - *unsecured*		-	172,000
Lease rentals paid		(48,625)	(40,597)
Finance costs paid		(482,333)	(704,090)
Dividend paid		(79)	(181)
Short term finances availed - *net*		92,040	(623,431)
Net cash generated from / (used in) financing activities		379,099	(621,758)
Net decrease in cash and cash equivalents		(28,029)	(18,498)
Cash and cash equivalents at beginning of the year		(1,120,578)	(1,439,206)
Cash and cash equivalents at end of the period	37	(1,148,607)	(1,457,704)

The annexed notes 1 to 47 form an integral part of these special purpose unconsolidated interim financial statements.

Lahore | Director | Chief Executive Officer | Chief Financial Officer

Waves Singer Pakistan Limited
Special Purpose Financial Statements
Unconsolidated Interim Statement of Changes in Equity
For the period ended 31 August 2021

		Capital reserves			Revenue Reserve	
	Issued, subscribed and paid-up capital	Share premium reserve	Other capital reserve	Surplus on revaluation of land, building and plant and machinery	Unappropriated profits	Total
	---------- (Rupees in '000) ----------					
As at 01 January 2020	1,876,041	4,581,063	5,000	406,712	1,815,124	8,683,940
Total comprehensive income for the year						
Profit after taxation	-	-	-	-	109,837	109,837
Other comprehensive loss for the year						
Remeasurement of defined benefit obligation	-	-	-	-	(7,143)	(7,143)
	-	-	-	-	102,694	102,694
Surplus transferred to accumulated profits						
Incremental depreciation relating to surplus on revaluation - *net of tax*	-	-	-	(21,626)	21,626	-
Balance as at 31 December 2020	1,876,041	4,581,063	5,000	385,086	1,939,444	8,786,634
Total comprehensive income for the period						
Profit after taxation	-	-	-	-	225,451	225,451
Other comprehensive income for the period						
Remeasurement of defined benefit obligation	-	-	-	-	5,634	5,634
Surplus on revaluation of property plant and and equipment	-	-	-	197,560	-	197,560
Related deferred tax on revaluation surplus	-	-	-	(40,218)	-	(40,218)
	-	-	-	157,342	231,085	388,427
Surplus transferred to accumulated profits						
Incremental depreciation relating to surplus on revaluation - *net of tax*	-	-	-	(13,216)	13,216	-
Transactions with owners of the Company						
Issue of ordinary shares	938,021	468,914	-	-	-	1,406,935
Incremental cost on issuance of shares	-	(24,316)	-	-	-	(24,316)
	938,021	444,598	-	-	-	1,382,619
Balance as at 31 August 2021	2,814,062	5,025,661	5,000	529,212	2,183,745	10,557,680

The annexed notes 1 to 47 form an integral part of these special purpose unconsolidated interim financial statements.

Lahore

Director

Chief Executive Officer

Chief Financial Officer

1 Status and nature of business

1.1 Waves Singer Pakistan Limited ("the Company") is incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as a public Company limited by shares and is quoted on the Pakistan Stock Exchange. The Company is principally engaged in the manufacturing and assembly of domestic consumer appliances along with retailing and trading of the same and other light engineering products. The registered office of the Company is located at 9-K.M, Hanjarwal, Multan Road, Lahore.

Geographical locations of the manufacturing facilities of the Company are located at:

- 9-K.M, Hanjarwal, Multan Road, Lahore.
- Dina Nath, Mouza Rakh Serai Cheenba, Tehsil Pattoki, District Kasur.

1.2 On 11 March 2020, Covid-19 (Coronavirus) was declared a pandemic by the World Health Organization. The spread of coronavirus as a pandemic and consequently imposition of lock down by Federal and Provincial Governments of Pakistan (Authorities) has effected the overall economic environment of the country and production and sale volumes of the Company during the lock down period. However, as per relaxation given by Authorities, the Company resumed its operations on 11 May 2020 with all precautionary measures to prevent the pandemic spread. While no material effects on the Company's business and measurement of assets and liabilities have yet been identified at the date of these special purpose financial statements, the management will continue to monitor and evaluate them including effects of new variants during the remainder of 2021 financial year.

2 Basis of preparation

2.1 Separate financial statements

These special purpose unconsolidated interim financial statements are the separate financial statements of the Company in which investments in subsidiaries are accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investees.

The Company has the following long term investments:

Name of subsidiary companies	31 August 2021	31 December 2020
	(Direct holding percentage)	
- Waves Builders and Developers (Private) Limited (formerly as Waves Marketing (Private) Limited)	100	100
- Electronics Marketing Company (Private) Limited	100	100

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2.2 Basis of accounting

In order to comply with the legal requirement of preparing standalone financial statements of the Company as explained below, these special purpose unconsolidated interim financial statements have been prepared in accordance with the special purpose financial reporting framework and accounting policies as explained in note 4. Accordingly, consolidated financial statements are not being prepared. In addition, the disclosure requirement of the fourth schedule of the Companies Act, 2017 have also been complied with.

The Company is considering to demerge its appliance business into another Company, a related entity. Accordingly, these special purpose unconsolidated interim financial statements have been prepared to address the legal requirements for such a demerger. As such these unconsolidated interim financial statements for the period 01 January 2021 to 31 August 2021 are not for general purposes and its distribution are restricted to the Securities and Exchange Commission of Pakistan, Competition Commission of Pakistan and for submission to the Honorable Lahore High Court.

The Company's accounting year is from 01 January to 31 December, however these special purpose unconsolidated interim financial statements have been prepared for the period from 01 January 2021 to 31 August 2021. Comparative statement of financial position is stated from annual audited unconsolidated financial statements as of 31 December 2020, whereas comparatives for statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows and related notes are extracted from unaudited interim unconsolidated financial statements of the Company for the eight months' period from 01 January 2020 to 31 August 2020.

2.3 Basis of measurement

These special purpose unconsolidated interim financial statements have been prepared under the historical cost convention except for land, buildings (including the investment property) and plant and machinery which are stated at revalued amounts less subsequent depreciation and impairment losses as referred to in note 19, recognition of employee retirement benefits and lease liabilities as referred to in note 10 and 9 at present value respectively.

2.4 Functional and presentation currency

These special purpose unconsolidated interim financial statements are presented in Pakistani Rupee which is also the Company's functional and presentation currency and have been rounded off to the nearest thousand.

3 Use of estimates and judgments

The preparation of these special purpose unconsolidated interim financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, and the results of which form the basis for making judgment about carrying value 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. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

		Note
-	Residual value, market values and useful lives of property, plant and equipment	*4.1*
-	Estimate of useful lives and recoverable amount of intangible assets and goodwill	*4.2*
-	Investment property	*4.4*
-	Provision for employee retirement benefit plans	*4.5*
-	Stock in trade and stores and spares and loose tools at net realisable value / net of impairment losses	*4.6 & 4.7*
-	Provisions	*4.11*
-	Taxation	*4.14*
-	Impairment of financial and non-financial assets	*4.18*

4 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these special purpose unconsolidated interim financial statements.

4.1 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any, except for the land which is stated at revalued amount less impairment loss, if any, and buildings and plant and machinery which are stated at the revalued amounts less accumulated depreciation and impairment losses, if any. Cost includes expenditure directly attributable to the acquisition of an asset.

Land, buildings and plant and machinery are revalued by professionally qualified valuer with sufficient regularity to ensure that the net carrying amount does not differ materially from the fair value (market value). In case of revalued assets, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount restated at the revalued amount of the asset.

Increase in the carrying amount arising on revaluation of property, plant and equipment is recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss, and depreciation based on the asset's original cost is transferred to retained earnings. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to retained earnings. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred tax.

Useful lives are determined by the management based on expected usage of assets, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

Depreciation is charged to the statement of profit or loss 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 up to the month of disposal. The rates of depreciation are stated in note 19.1 to these special purpose unconsolidated interim financial statements.

The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its property, plant and equipment as at reporting date has not required any adjustment as its impact is considered insignificant.

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Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognized directly in the statement of profit or loss.

4.4 Investment property

Property, comprising land or a building or part thereof, held to earn rentals or for capital appreciation or both are classified as investment property. These are not held for use in the production or supply of goods or services or for administrative purposes. The Company's business model i.e. the Company's intentions regarding the use of property is the primary criterion for classification as an investment property.

Investment property is initially measured at cost (including the transaction costs). However when an owner occupied property carried at fair value becomes an investment property because its use has changed, the transfer to the investment property is at fair value on the date of transfer and any balance of surplus on the revaluation of the related assets, on the date of such a transfer continues to be maintained in the surplus account on revaluation of property, plant and equipment. Upon disposal, any surplus previously recorded in the revaluation surplus account is directly transferred to retained earnings and the transfer is not made through the statement of profit or loss. However any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the unconsolidated interim statement of profit or loss.

The transfer to investment property is made when, and only when, there is a change in use, evidenced by the end of owner occupation. In case of dual purpose properties, the same is classified as investment property, only if the portion could be sold or leased out separately under finance lease.

Subsequent to initial recognition, the Company measures the investment property at fair value at each reporting date and any subsequent change in fair value is recognised in the statement of profit or loss (i.e. in case where the owner occupied property carried at fair value becomes an investment property, the fair value gain to be recognised in the statement of profit or loss would be the difference between the fair value at the time of initial classification as investment property and fair value at the time of subsequent remeasurement). The revaluation of investment properties are carried out by independent professionally qualified valuers on the basis of active market price.

4.5 Employee retirement and other service benefits

Defined benefit plans

The Company operates a funded defined benefit pension scheme for the eligible executives and managers (old Singer Pakistan Limited's employees) and a funded gratuity scheme for eligible employees (old Singer Pakistan Limited's employees) other than field staff. Provisions / contributions are made in the special purpose unconsolidated interim financial statements to cover obligations on the basis of actuarial valuation carried out annually under the Projected Unit Credit Method.

Amount recognised in statement of financial position represents the present value of defined benefit obligations as reduced by the fair value of the plan assets, if any. All actuarial gains and losses are recognised in 'Other Comprehensive Income' as they occur. Past service cost resulting from the changes to defined benefit plan is immediately recognised in the statement of profit or loss. Current service cost together with net interest cost are also charged to the unconsolidated interim statement of profit or loss.

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Calculation of gratuity and pension require 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 eligible employees. The Company and employees make equal monthly contributions to the fund.

Staff Compensated absences

The Company recognises the liability for compensated absences in respect of employees in the period in which they are earned up to the reporting date on the basis of un-availed earned leaves balance at the end of the year.

4.6 Stores, spares and loose tools

These are valued at lower of cost determined on first-in-first-out basis and impairment losses if any. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date less any impairment losses.

Provision for obsolete and slow moving stores, spares and loose tools is determined based on management's estimates. These are based on their future usability. Provision is made for any excess of carrying value over the estimated net realizable value and is recognised in the unconsolidated interim statement of profit or loss.

4.7 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 incurred thereon up to the reporting date. Cost in relation to work in process and manufactured finished goods represent direct cost of materials, direct wages and appropriate allocation of manufacturing overheads. Cost of goods purchased for resale comprises of purchase price, import duties, taxes (other than those subsequently recoverable by the entity from tax authorities) and other directly attributable cost wherever applicable.

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

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.

4.8 Investment in subsidiaries

Investments in subsidiaries are measured at cost less impairment, if any, in the Company's separate financial statements. At subsequent reporting date, the recoverable amounts of investments are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as an expense in the statement of profit or loss. Investments in subsidiaries that have suffered an impairment are reviewed for possible reversal of impairment at each reporting date.

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Where impairment losses are subsequently reversed, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. Impairment losses recognised in the statement of profit or loss on investments in subsidiaries are reversed through the statement of profit or loss.

4.9 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, and deposits held with banks having original maturities of three months or less and where these are held for the purpose of meeting short term cash commitments rather than for investments or other purposes. Short term running finance facilities availed by the Company are also included as part of cash and cash equivalents for the purpose of cash flow statement.

4.10 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Account balances are classified as current liabilities if payment is due within one year or less (or in the normal operating cycles of business if longer). If not, they are classified as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

4.11 Provisions

A provision is recognised in the statement of financial position 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. Provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

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

4.12 Revenue recognition

Revenue represents the fair value of consideration received or receivable for sale of goods, net of sales tax, sales returns and related discounts. Revenue is recognized when or as performance obligation is satisfied by transferring control of promised goods or services to a customer and control either transfers overtime or point in time.

Other incomes

- Income on investments and profit and loss sharing bank accounts are recognised on accrual basis using the effective interest rate method.
- Rental income from investment property is recognised as other income on a straight-line basis over the term of lease.
- Dividend income and entitlement of bonus shares are recognised when the right to receive is established.

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4.13 Contract liabilities

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract. It also includes refund liabilities arising out of customers' right to claim amounts from the Company on account of contractual delays in delivery of performance obligations and incentive on target achievements.

4.14 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the statement of profit or loss except to the extent that it relates to items recognized directly in equity / surplus on revaluation of fixed assets or in other comprehensive income.

The Company has opted for Group Taxation under section 59AA of the Income Tax Ordinance, 2001. Under this approach, the Company is accounting for the related taxes under standalone taxpayer approach. Under this approach, current and deferred taxes are recognised as if the entity was taxable in its own right.

Current taxation

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred taxation

Deferred tax is accounted for using the balance sheet method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the special purpose unconsolidated interim financial statements and the corresponding tax bases used in the computation of the taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The carrying amount of all deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

4.15 Borrowing cost

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in unconsolidated interim statement of profit or loss in the period in which they are incurred.

4.16 Financial instruments

4.16.1 Recognition and initial measurement

All financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

4.16.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI), fair value through statement of profit or loss (FVTPL) and in case of an equity instrument it is classified as FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in unconsolidated statement of profit or loss. Any gain or loss on derecognition is recognized in unconsolidated interim statement of profit or loss.

Financial assets measured at amortized cost comprise of cash and bank balances, deposits, trade debts and other receivables.

Debt Instrument - FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

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- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to unconsolidated interim statement of profit or loss. However, the Company has no such instrument at the reporting date.

Equity Instrument - FVOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in unconsolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and these investments are never reclassified to unconsolidated interim statement of profit or loss. However, the Company has no such instrument at the reporting date.

Fair value through statement of profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in unconsolidated interim statement of profit or loss. The Company has no such investments at the reporting date.

Financial assets – Business model assessment

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;

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- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, while the interest expense and foreign exchange gains and losses are recognized in unconsolidated interim statement of profit or loss. Any gain or loss on derecognition is also recognized in statement of profit or loss.

The Company's financial liabilities comprise trade and other payables, long and short term borrowings, loan from sponsors, lease liabilities, accrued markup and dividend payable.

Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in unconsolidated interim statement of profit or loss.

4.17 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the unconsolidated financial interim 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.

4.18 Impairment

Financial assets

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;

- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities, bank balances and other receivables for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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The Company reviews the recoverability of its trade debts, deposits, advances and other receivables to assess amount of loss allowance required on an annual basis. Impairment of cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Non - Financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in unconsolidated interim statement of profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

4.19 Foreign currency transactions and translation

Transactions and balances

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the reporting date. Exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to profit or loss. Non-monetary assets and liabilities denominated in foreign currency that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences are generally included in the unconsolidated interim statement of profit or loss.

4.20 Dividends and appropriations to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved. Transfer between reserves approved subsequent to the reporting date is considered as non-adjusting event and is recognised in the special purpose unconsolidated interim financial statements in the period in which such transfers are made.

4.21 Earnings per share

As required under International Accounting Standard 33 Earnings Per Share, basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. The Company is not exposed to the dilutive effect on EPS.

4.22 Common control transactions

A business combination (or a demerger for that purpose) involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the combination. Such common control transactions have been excluded from the scope of International Financial Reporting Standards 3 dealing with Business Combinations. Accordingly, as an accounting policy choice, the assets acquired and liabilities assumed / assets and liabilities transferred are recognized under the book value basis (carry-over basis) of accounting.

4.23 Deferred income

Grant in aid

Grant in aid represents the amount received from the World Bank under a project to phase out the Ozone Depleting Substances (ODS) by acquiring asset (production facility) which manufactures such products which are free from such substances. This grant is classified as deferred income and is being amortized over the useful life of such asset.

Government grant

The Group recognizes the benefit of a government loan at a below-market rate of interest as Government grant. The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received and is presented as deferred grant. The recognition of government grants in profit or loss is done on a systematic basis over the periods in which the expenses for which the grants are intended to compensate.

4.24 Leases

At the inception of a contract, the Company assesses whether a contract is or contains lease. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct cost incurred less any lease incentive received. The right of use asset is subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability, if any. The right of use assets is depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or cost of the right of use asset reflects that the Company will exercise a purchase option.

In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. Right of use asset is disclosed in the property, plant and equipment as referred to in note 19.1 of the special purpose unconsolidated interim financial statements.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company has used it incremental borrowing rate as the discount rate for leases where rate is not readily available. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in rate or a change in the terms of the lease arrangement, if there is change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in statement of profit or loss if the carrying amount of the right of use asset has been reduced to zero. Refer note 9 to these financial statements for disclosure of lease liability.

Short term leases and leases of low value assets

The Company has elected not to recognize right of use assets and liabilities for some leases of low value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

Sale and lease back

Where the sale and lease back transactions result in a lease liability, any excess of sale proceeds over the carrying amount is deferred and amortised over the lease term. However, sale proceeds less than the carrying value is immediately recognised in the statement of profit or loss.

4.25 Allocation of expenses

Certain expenses are allocated by the Company to its subsidiaries in accordance to a basis approved by the Company and its subsidiaries.

4.26 Standards, interpretations and amendments to published approved International Financial Reporting Standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2021:

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 01 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate.

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A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 01 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately

- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and

- there is no substantive change to the other terms and conditions of the lease.

This amendments has no effect on the special purpose unconsolidated interim financial statements

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 01 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

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- Annual Improvements to IFRS standards 2018-2020:

  The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022.

  - IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

  - IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives

  - IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 01 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 01 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

    - requiring companies to disclose their material accounting policies rather than their significant accounting policies;

    - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

    - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 01 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 01 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 01 January 2023 with earlier application permitted.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The above amendments are effective from annual period beginning on or after 01 July 2021 and management is in the process of determining the impact of these on these special purpose unconsolidated interim financial statements.

	Note	31 Aug 2021	31 Dec 2020	31 Aug 2021	31 Dec 2020
		(Number of shares)		(Rupees in '000)	

5 Share capital

5.1 Authorized share capital	5.1.1	300,000,000	300,000,000	3,000,000	3,000,000

5.1.1 The authorized share capital stands at Rs. 3,000 million, divided into 300,000,000 shares of Rs. 10 each, according to the Memorandum and Articles of Association the Company.

5.2 Issued, subscribed and paid-up capital

Fully paid-up ordinary shares of Rs. 10 each	Note	31 Aug 2021	31 Dec 2020	31 Aug 2021	31 Dec 2020
		(Number of shares)		(Rupees in '000)	
Issued for cash		105,263,597	11,461,568	1,052,637	114,616
Issued for consideration other than cash		703,733	703,733	7,037	7,037
Issued as paid bonus shares	5.4	78,988,759	78,988,759	789,888	789,888
Issued under scheme of amalgamation	5.6	96,450,000	96,450,000	964,500	964,500
		281,406,089	187,604,060	2,814,062	1,876,041

5.3 Reconciliation of ordinary shares

Balance as at 01 January	187,604,060	187,604,060	1,876,041	1,876,041
Ordinary shares issued as fully paid right shares	93,802,029	-	938,021	-
Balance as at 31 August	281,406,089	187,604,060	2,814,062	1,876,041

5.4 During the period, the Company has issued 93,802,029 ordinary shares in the ratio of 1 right share for every 2 ordinary shares at the rate of Rs. 15 per share (including share premium of Rs. 5 per share). The same has been approved by Board of Directors ("the Board") in their meeting held on 19 March 2021. The primary purpose of the right issue was to finance the purchase of new property, construction of buildings at the said property and meeting the working capital requirements of the Company's operations and activities for effectively implementing its business plan to enhance the profitability of the Company.

5.5 Ordinary shares of the Company held by associated persons and undertaking at the period end are as follows:

	31 Aug 2021	31 Dec 2020	31 Aug 2021	31 Dec 2020
	(Percentage held)		(Number of shares)	
*Poseidon Synergies (Private) Limited	4.27%	5.69%	12,020,274	10,680,183
Chief Executive Officer and his spouse and dependent children				
- Haroon Ahmad Khan (CEO)	38.32%	38.32%	107,840,286	71,893,524
- Nighat Haroon Khan (Wife of CEO)	9.92%	10.99%	27,925,911	20,617,274
	52.51%	55.00%	147,786,471	103,190,981

* Owned by Chief Executive Officer and his wife.

5.6 Pursuant to Scheme of Arrangement, approved by Honourable Sindh High Court through its Order dated 22 May 2018, Singer Pakistan Limited was merged and combined with Cool Industries (Private) Limited and Link Wel (Private) Limited. The Company issued 96,450,000 shares to the shareholders of Cool Industries (Private) Limited and Link Wel (Private) Limited pursuant to the same scheme.

5.7 The holders of ordinary shares are entitled to receive dividends as declared (if any), and are entitled to one vote per share at meetings of the Company.

6 Share premium

This represents excess of consideration received / market value of share acquired under scheme of arrangement over the face value of shares issued under the scheme of arrangement. This reserve can only be utilized by the Company for the purpose specified in Section 81(2) of the Companies Act, 2017.

	Note	31 Aug 2021	31 Dec 2020
		(Rupees in '000)	
7 Surplus on revaluation of property, plant and equipment - net of tax			
Revaluation surplus - as on 01 January		479,153	508,942
Surplus on revaluation arisen during the year		197,560	-
Incremental depreciation transferred to equity		(18,207)	(29,789)
		658,506	479,153
Deferred tax liability - as on 01 January		(94,067)	(102,230)
Deferred tax on revaluation arisen during the period		(40,218)	-
Tax effect on transfer / sales of buildings on freehold land transferred to retained earnings		-	-
Tax effect on transfer of incremental depreciation to retained earnings		4,991	8,163
Deferred tax liability		(129,294)	(94,067)
	7.1 & 7.2	529,212	385,086

7.1 This includes balance of Rs. 149.97 million (31 December 2020: 149.97 million) representing surplus on revaluation of buildings prior to their classification as investment property. Balance as at 31 August includes surplus related to land of Rs. 57.15 million (31 December 2020: Nil), building on freehold land of Rs. 157.89 million (31 December 2020: Rs. 151.45 million) and plant and machinery of Rs. 350.81 million (31 December 2020: Rs. 234.11).

7.2 The Company revalued its freehold land, building on freehold land and plant and machinery during the financial year 2017, 2019 and 2021. The latest revaluation was carried out on 31 August 2021. This was conducted by M/s Asif Associates (Private) Limited. Freehold land was revalued on the basis of current market value whereas other assets were revalued on the basis of depreciated market values. The most significant input into this valuation approach is price per kanal for land, price per square foot for buildings and present operational condition and age of plant and machinery.

		Note	31 Aug 2021	31 Dec 2020
			(Rupees in '000)	
8	**Long term loans - Secured**			
	Long term loans - *Banking Companies*	*8.1*	1,348,530	1,397,897
	Long term loans - *Non-banking Companies*	*8.2*	974,278	1,108,934
	Less Deferred grant	*8.3*	(36,227)	(36,227)
	Less: Current maturity presented under current liabilities	*17*	(859,625)	(464,130)
			1,426,956	2,006,474

8.1 Long term finances utilized under mark-up arrangements from banking companies are composed of:

Bank Name	Facility	31 Aug 2021 Rupees	31 Dec 2020 Rupees	Mark-up as per Agreement	Tenure and basis of principal repayment	Security
Sindh Bank Limited	Term Finance	405,708	405,708	3 Months KIBOR plus 3% per annum, payable quarterly.	Balance payable in 5 semi-annually instalments ending on 16 September 2023 after availing deferement of 18 months as allowed by SBP during March 2020.	This facility is secured by way of joint parri passu charge of Rs. 1,267 million on present and future fixed assets of the Company, exclusive charge of Rs. 300 million on owned shops of the Company and personal guarantees of the directors of the Company. This facility has been obtained to meet long term working capital requirements of the Company.
The Bank of Punjab	Term Finance	394,723	394,723	3 Months KIBOR plus 2.75% per annum, payable quarterly.	Balance payable after expiry of 12 months grace period in 8 quarterly instalments ending on 27 August 2023.	This facility is secured by way of joint parri passu charge of Rs 527 million on present and future fixed assets of the Company. This facility has been obtained to meet long term working capital requirements of the Company.
The Bank of Khyber - *note 8.3*	SBP Salary Refinance Scheme	148,099	197,466	SBP rate plus 3% per annum, payable quarterly.	Balance payable after expiry of 6 months grace period in 8 quarterly instalments ending on 31 December 2022.	This facility is secured by way of ranking charge of Rs. 264 million over present and future fixed assets of the Company.
Dubai Islamic Bank Limited	Term Finance	400,000	400,000	3 Months KIBOR plus 2% per annum, payable quarterly.	Balance payable after expiry of 12 month grace period in 16 quarterly instalments ending on 08 October 2025 after availing deferement of one year as allowed by SBP during March 2020.	This facility is secured by way of joint parri passu charge of Rs. 534 million on present and future fixed assets of the Company and Cross corporate guarantees of group concerns of the Company. This facility has been obtained to meet long term working capital requirements and balance sheet re-profiling of the Company.
		1,348,530	1,397,897			

8.2 Long term finances utilized under mark-up arrangements from non banking companies are composed of

Bank Name	Facility	31 Aug 2021 Rupees	31 Dec 2020 Rupees	Mark-up as per Agreement	Tenure and basis of principal repayment	Security
Pak Brunei Investment Company Limited	Term Finance	237,500	326,563	3 Months KIBOR plus 3% per annum, payable quarterly	Balance payable in 11 quarterly instalments ending on 30 August 2023 after availing deferement of one year as allowed by SBP during March 2020	This facility is secured by way of joint parri passu charge of Rs 475 million on present and future fixed assets of the Company, ranking charge of Rs 475 million on current assets of the Company and personal guarantees of the directors of the Company This facility has been obtained to meet long term working capital requirements and balance sheet re-profiling of the Company.
Pak Oman Investment Company Limited	Term Finance	300,000	300,000	3 Months KIBOR plus 2.5% per annum, payable quarterly	Balance payable after expiry of 12 month grace period in 16 quarterly instalments ending on 06 September 2025 after availing deferement of one year as allowed by SBP during March 2020	This facility is secured by way of joint parri passu charge of Rs 400 million on present and future fixed assets of the Company and personal guarantees of the directors of the Company. This facility has been obtained to meet long term working capital requirements and CAPEX for shifting of existing manufacturing unit to new place.
Pak Libya Investment Company Limited - *note 8.3*	SBP Salary Refinance Scheme	136,778	182,371	SBP rate plus 3% per annum, payable quarterly	Balance payable after expiry of 6 months grace period in 8 quarterly instalments ending on 01 October 2022.	This facility is secured by way of joint pari passu charge of Rs 264 million on present and future fixed assets of the Company
Pak Libya Investment Company Limited	Term Finance	300,000	300,000	6 Months KIBOR plus 2.5% per annum, payable quarterly	Balance payable after expiry of 12 month grace period in 20 quarterly instalments ending on 05 July 2026 after availing deferement of one year as allowed by SBP during March 2020	This facility is secured by way of joint pari passu charge of Rs 400 million on present and future fixed assets of the Company and personal guarantees of the sponsor of the Company This facility has been obtained to finance the expansion of production facility
		974,278	1,108,934			

8.3 State Bank of Pakistan introduced a 'Refinance Scheme for payment of wages and salaries (RFWS Scheme)' to support the companies in payment of salaries during COVID-19 pandemic Under this scheme, the Company had availed financing of Rs 197.46 million and Rs. 182.37 million from Bank of Khyber and Pak Libya Holding Company (Private) Limited respectively. Loans obtained were utilized against salaries for the months from April 2020 to September 2020. These facilities have been recognized at fair value under IFRS-9 using an effective rate of interest of 9 76%, difference being recorded as deferred grant in accordance with IAS 20

8.4 State Bank of Pakistan introduced a 'Regulation R-8, Rescheduling / Restructuring of Financing Facilities' to relieve the stress on the corporate / commercial sector arises due to COVID-19 pandemic situation Under this scheme, the financial institutions have deferred repayment of principal loan amounting to Rs. 1,732 million by 12 to 18 month, provided that the Company will continue to service the mark-up amount as per agreed terms and conditions The deferment period has ended on 28 February 2021

8.5 As per the financing arrangements, the Company is required to comply with certain financial covenants such as current ratio and debt service coverage ratio and other conditions imposed by the providers of finance

	Note	31 Aug 2021	31 Dec 2020
		(Rupees in '000)	
9 Lease liabilities			
Building under right of use - *unsecured*	*9.1*	84,350	61,495
Other assets under right of use - *secured*	*9.2*	50,260	61,351
		134,610	122,846
Current maturity presented under current liabilities	*17*	(64,176)	(55,584)
		70,434	67,262

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

9.1 Building under right of use - *unsecured*

	31 Aug 2021			31 Dec 2020		
	Minimum lease payments	Finance cost	Present value of minimum lease payments	Minimum lease payments	Finance cost	Present value of minimum lease payments
	(Rupees in '000)					
Not later than one year	47,794	5,940	41,854	41,462	5,852	35,610
Later than one year and not later than five years	46,143	3,647	42,496	28,978	3,093	25,885
	93,937	9,587	84,350	70,440	8,945	61,495

The Company has recognized lease buildings on account of warehouses rented out to the Company. The remaining tenure of contracts ranges from 23 to 120 month payable monthly, quarterly and annually. Lease liability is calculated at discount rate ranging from 8.93% to 15.16%.

During the current period, the Company entered into lease arrangements of assets amounting to Rs. 60.40 million. These obligations are payable in monthly installments Rs. 0.014 million to Rs. 1.50 million and carry a mark up rate at one month KIBOR + 1.5% per annum.

9.2 Other assets under right of use - *secured*

	31 Aug 2021			31 Dec 2020		
	Minimum lease payments	Finance cost	Present value of minimum lease payments	Minimum lease payments	Finance cost	Present value of minimum lease payments
	(Rupees in '000)					
Not later than one year	25,622	3,300	22,322	24,801	4,827	19,974
Later than one year and not later than five years	30,761	2,823	27,938	46,160	4,783	41,377
	56,383	6,123	50,260	70,961	9,610	61,351

The above represents finance leases entered into with certain financial institution for plant and machinery and vehicles. Monthly payments of leases carry mark-up rates at KIBOR plus 2.5% to 3% per annum (31 December 2020: KIBOR plus 1.5 % to 3% per annum). KIBOR is one, three and six months average ask side. At the period/year-end the applicable rates ranged between 9.93% to 10.58% (31 December 2020: 9.17% to 16.50%) per annum.

	Note	31 Aug 2021	31 Dec 2020
		(Rupees in '000)	
10 Employee retirement benefits			
Classified under non-current liabilities			
Employee retirement benefits - obligation			
- Pension fund	*10.2*	1,007	3,355
- Gratuity fund - permanent employees	*10.2*	13,440	16,311
		14,447	19,666

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11	Deferred income	Note	31 Aug 2021	31 Dec 2020
			(Rupees in '000)	
	Sale and lease back	11.1	-	2,304
	Grant in aid	11.2	7,593	8,368
	Government grant	11.3	2,229	10,200
			9,822	20,872

11.1 Sale and lease back

Details of the movement in the balance			
Gross balance:			
Balance as at 01 January		36,576	36,576
Balance at 31 December		36,576	36,576
Accumulated amortization:			
Balance as at 01 January		(30,966)	(26,479)
Amortization for the period/year	33	(2,992)	(4,487)
Balance at 31 August		(33,958)	(30,966)
Carrying amount:			
Balance at 31 August		2,618	5,610
Current portion of deferred income	17	(2,618)	(3,306)
Balance as at 31 August	11.1.1	-	2,304

11.1.1 The Company had entered in sale and lease back arrangements of specific items of plant and machinery resulting in a deferred income (representing excess of sale proceeds over the carrying amount of respective assets). The deferred income has been amortized and recognized in the unconsolidated interim statement of profit or loss over the lease term.

11.2 Grant in aid	Note	31 Aug 2021	31 Dec 2020
		(Rupees in '000)	
Gross balance:			
Balance as at 01 January		13,953	13,953
Balance at 31 August		13,953	13,953
Accumulated amortization:			
Balance as at 01 January		(4,206)	(2,827)
Amortization for the period/year	33	(775)	(1,379)
Balance at 31 August		(4,981)	(4,206)
Carrying amount:			
Balance at 31 August		8,972	9,747
Current portion	17	(1,379)	(1,379)
Balance at 31 August	11.2.1	7,593	8,368

11.2.1 Grant in aid represents the amount received from the World Bank under a project to phase out the Ozone Depleting Substances (ODS) by acquiring asset (production facility) which manufactures products that are free from such substances. This grant is classified as deferred income and is being amortized over the useful life of the asset. Amortization for the year is based on 8.33% of the balance in accordance with the depreciation charged on plant and machinery for which the grant was received.

11.3 Government grant	Note	31 Aug 2021	31 Dec 2020
		(Rupees in '000)	
Balance as at 01 January		26,560	-
Recognized during the period/year	8	-	36,227
Amortization during the period/year	33	(11,429)	(9,667)
Unamortized balance of deferred grant		15,131	26,560
Current maturity	17	(12,902)	(16,360)
Balance as at 31 August 2021	8.3	2,229	10,200

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12 Deferred tax liability - net

Deferred tax asset and liability comprise of taxable and deductible temporary differences in respect of the following:

	Note	Balance as at 01 January 2020	Recognized in statement of profit or loss	Transfers	Balance as at 31 December 2020	Recognized in statement of profit or loss	Recognised in equity / OCI	Balance as at 31 August 2021
		(Rupees in '000)						
Taxable temporary difference								
- accelerated tax depreciation		433,942	32,083	-	466,025	17,549	-	483,574
- surplus on revaluation of property, plant and equipment	7	102,230	(8,163)	-	94,067	(4,991)	40,218	129,294
		536,172	**23,920**	-	**560,092**	**12,558**	**40,218**	**612,868**
Deductible temporary difference								
- other provisions		(48,364)	(1,241)	-	(49,605)	(107)	-	(49,712)
- effect of "Group Taxation"		(112,633)	90,822	(93,999)	(115,810)	-	-	(115,810)
- effect of minimum tax		(17,932)	(131,504)	-	(149,436)	(30,731)	-	(180,167)
- tax losses		(109,300)	(6,025)	93,999	(21,326)	21,326	-	-
		(288,229)	**(47,948)**	-	**(336,177)**	**(9,512)**	-	**(345,689)**
Deferred tax liability - net		**247,943**	**(24,028)**	-	**223,915**	**3,046**	**40,218**	**267,179**

12.1 Deferred tax has been recognised at rates enacted at the reporting date at which these are expected to be settled / realized.

12.2 The Company has recorded deferred tax asset on tax credits based on financial projections indicating the absorption of deferred tax asset over future years against future expected taxable profits. The financial projections involve certain key assumptions such as sales price and composition, raw materials, labour prices and distribution channels etc. Any significant change in the key assumptions may have an effect on the absorption of the deferred tax asset. Nonetheless, the Company is confident of the achievement of its targeted results.

15	Short term borrowings - *secured*	Note	31 Aug 2021	31 Dec 2020
			(Rupees in '000)	
	From banking companies			
	Running finance under mark-up arrangements	15.2	1,275,769	1,214,797
	Finance against trust receipt	15.3	2,480,672	2,388,632
	Short term borrowings under Murahaba arrangement	15.4	351,523	351,523
			4,107,964	3,954,952

15.1 Particulars of borrowings

Interest / mark-up based borrowings	3,756,442	3,577,566
Islamic mode of borrowings	351,522	377,386
	4,107,964	3,954,952

15.2 Short term running finance

This represents utilized amount of short term running finance facilities under mark-up arrangements availed from various commercial banks aggregating to Rs. 1,503.04 million (31 December 2020: Rs. 1,466.56 million). These facilities are secured by way of equitable mortgage charge on building on freehold land of the Company, charge over all current assets and fixed assets of the Company and personal guarantees of the sponsor directors of the Company and carry mark-up ranging from 8.95% to 11.58% (31 December 2020: 8.81% to 17.55%) per annum, payable monthly and quarterly in arrears. These facilities are expiring on various dates (Latest by December 2021 and maximum by July 2022).

15.3 Finance against trust receipt

This represents Finance Against Trust Receipt (FATR) available from commercial banks aggregating to Rs. 2,842.40 million (31 December 2020: 2,729.10 million). These facilities are secured against charge over current assets of the Company and personal guarantees of the sponsor directors of the Company and carries mark-up rate ranging between 9.09% to 16.30% (31 December 2020: 9.09% to 16.83%) per annum payable on maturity, monthly and quarterly in arrears. These borrowings are repayable on different dates starting from Sept 2021 to July 2022.

15.4 Islamic mode of borrowings

This represents utilized amount of Musharka / Tijara borrowings available from banks aggregating to Rs. 371.52 million (31 December 2020: Rs. 351.52 million). These facilities are secured against charge over all current assets and fixed assets of the Company and personal guarantees of the sponsor directors of the Company and carrying mark-up rates ranging from 9.20% to 10.39% (31 December 2020: 9.06% to 15.41%) per annum payable quarterly in arrears. These borrowings are repayable between October 2021 to May 2022.

15.5 Unavailed credit facilities

The facilities for opening of letter of credits and guarantees as at 31 August 2021 amounted to Rs. 1,757.18 million of which remaining unutilized amount was Rs. 1,425.08 million.

15.6 As per the financing arrangements, the Company is required to comply with certain financial covenants such as current ratio and debt service coverage ratio and other conditions imposed by the providers of finance.

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16 Loan from sponsors - *unsecured*

Loan obtained from Directors of the Company, Mr. Haroon Ahmad Khan and Mrs. Nighat Haroon amounting to Rs. 539.20 million and Rs. 139.63 million respectively has been adjusted to the extent of their proportionate entitlement in the ordinary shares issued as right shares as mentioned in note 5.4.

17 Current portion of long term liabilities

	Note	31 Aug 2021	31 Dec 2020
		(Rupees in '000)	
Long term loans - *secured*	*8*	859,625	464,130
Lease liabilities	*9*	64,176	55,584
Deferred income	*11*	16,899	21,045
		940,700	540,759

18 Contingencies and commitments

18.1 Contingencies

18.1.1 The Company has filed a Constitutional petition before the Honorable Sindh High Court at Karachi, challenging the vires of Rule 58T of the Sales Tax Special Procedure Rules relating to 2% extra sales tax on certain home appliances. This is based on the view that the said vires are not applicable on the Company. The case is pending before the Honorable Sindh High Court. An interim order was received in favour of the Company. The Company is confident that no liability is expected to occur. Amount involved is Rs. 84.80 million as of 31 December 2020 against which no provision has been made as the Company, based on the opinion of legal advisor's advice, is confident of a favourable decision.

During the financial year 2014, the Company received a show cause notice from the Federal Board of Revenue (FBR) in respect of short payment of 2% extra sales tax under the Sales Tax Procedures Rules, 2007 as amended by SRO. 896(I)/2013 dated 4 October 2013 and deduction of input tax more than the limit defined under section 8 read with chapter IV of Sales Tax Rules, 2006. The tax authority in the said notice raised a demand of Rs. 19.91 million and Rs. 11.15 million respectively for the period from 1 January 2014 to 30 September 2014. The Company after consultation with its tax advisors has replied and submitted explanation with the tax authorities along with revised workings for the apportionment of input tax which in the case of the Company for the above period was Rs. 0.52 million (regarding the 2% extra sales tax matter, please refer the above paragraph). Since then, no further action has been initiated by the tax authorities.

The Company had earlier received a sales tax recovery order from the sales tax authorities amounting to Rs. 195.63 million, for the financial year ended 31 December 2010 against which the Company had filed an appeal with the Commissioner Inland Revenue - Appeals (CIR-A). CIR-A had deleted one item while the remaining matters were set aside. Moreover, the management, based on consultation with its tax advisor, is of the view that matter would be decided in favour of the Company. However, CIR has filed an appeal against Company on the matters of SRO 647/2007 regarding input tax adjustments against 90% output tax and payment of sales tax on instalment sales at the time of receipt of instalment instead at the time when instalment sales are actually being made for which no hearing has yet taken place. Amount involved is Rs. 171.71 million. However, based on advice of legal consultant, management is of the view that that no potential liability is expected to occur.

18.1.2 Income tax assessments of the Company have been finalized up to and including the tax year 2007. The Company had applied for Income tax refund for the tax years from 2006 to 2011. Income tax refund orders were earlier determined for the tax years 2009, 2010 and 2011. Income tax refund was released for the tax year 2009. However, the Additional Commissioner Inland Revenue (ACIR) amended the deemed assessed orders under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax years from 2009 to 2012 and raised additional income tax demand of Rs. 19.98 million. However, the Company had filed an application for the rectification of orders after which the net tax additional demand was reduced to Rs. 2.02 million (after the adjustment of the refund of related years) under section 221 of the Income Tax Ordinance, 2001. Appeals have been filed to Commissioner Inland Revenue - Appeals (CIR-A) against these orders.

Company has received appellate orders for the tax years from 2009 to 2012, dated 29 June 2015, where the CIR-A has set aside certain issues for reassessment, deleted certain items and maintained certain disallowances. The financial impact of the items set aside for reassessment and continued disallowances amount to Rs. 43.72 million. Appeal has been filed with Appellate Tribunal Inland Revenue (ATIR) against these issues. The Company based on the merits of matters is of the view that ultimate decisions are expected in its favour. However, adequate provision is held in the special purpose unconsolidated interim financial statements in respect of the above balance.

18.1.3 The Finance Act, 2017 introduced a tax under section 5A of the Income Tax ordinance, 2001 on every pubic Company other than a scheduled bank or Modaraba, that derives profit for the tax year and does not distribute at least 40% of the after tax profit within six months of the end of said tax year through cash or bonus issue. Under the earlier section tax was not mandatorily leviable in case the Company's reserves were not in excess of the paid up capital (which was the case with the Company as it had accumulated losses). Provision for the above referred tax amounting to Rs. 9.35 million has not been paid as the Company's management is of the view that the amendment was made after the closure of Company's financial year ended 31 December 2016 and for certain other legal reasons. The Company has filed a Constitutional petition before the Honorable Sindh High Court at Karachi challenging the vires of Section 5A of the Income Tax Ordinance, 2001 and a stay order has been granted against any coercive action against the Company under the newly inserted Section 5A.

18.1.4 The Deputy Commissioner Inland Revenue (DCIR), via order dated 30 April 2014, under section 161(1) and 205(3) of the Income Tax Ordinance, 2001 for the tax year 2014 raised a tax demand of Rs. 0.83 million for non deduction of advance income tax for the period from 01 November 2013 to 30 April 2014 under section 236(G) and 236(H) of the aforesaid Ordinance. Company filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A) which was remanded back to DCIR. The Company filed an appeal against the order of CIR-A in Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication. However, adequate provision is held in the special purpose unconsolidated interim financial statements in respect of the above balance.

18.1.5 During the financial year 2014, the Company received a notice by Commissioner Inland Revenue - Zone I for selection of audit under section 214C for the tax year 2012. The Company filed an appeal against the said notice before Honorable Lahore High Court which was decided against the Company and audit proceedings were initiated. The Deputy Commissioner Inland Revenue issued an amended assessment order under section 122(1) and 122(5) through which certain additions were made and demand order was raised amounting to Rs. 48.10 million.

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Being aggrieved, the Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A), who vide his order no. 9 dated 04 April 2019 deleted certain additions. Being aggrieved with the order of CIR-A the Company filed an appeal before the honorable Appellate Tribunal Inland Revenue, which is pending adjudication.

18.1.6 During the financial year 2014, the Assistant Commissioner Inland Revenue imposed penalty vide order dated 27 April 2014 under section 182(1) of the Income Tax Ordinance, 2001 amounting Rs. 0.91 million for the tax year 2013 for the late filling of income tax return under section 114 of the Income Tax Ordinance, 2001.The Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) against the above order. The CIR-A decided the matter against the Company vide order dated 25 March 2014. The Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A which is pending adjudication. However, adequate provision is held in the special purpose unconsolidated interim financial statements in respect of the above balance.

18.1.7 During the financial year 2015, the Additional Commissioner Inland Revenue (ACIR), vide order dated 30 April 2015, under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2010, raised an amended demand of Rs. 7.85 million after disallowing certain expenses amounting to Rs. 29.15 million. The Company filed an appeal for the rectification of order before Commissioner Inland Revenue - Appeals (CIR-A) who vide its order dated 30 December 2015 deleted certain items amounting to Rs. 19.94 million. ACIR has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A which is pending adjudication. However, adequate provision is held in the special purpose unconsolidated interim financial statements in respect of the above balance.

18.1.8 During the financial year 2017, the Additional Commissioner Inland Revenue (ACIR) amended the deemed assessed return vide its order dated 19 June 2017 under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2011. The ACIR disallowed certain expenses amounting to Rs. 9.58 million and raised the additional income tax demand of Rs. 1.02 million. The Company filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A). The CIR-A vide order no. 19 dated 21 September 2020 decided the appeal partially in favour of the Company by deleting the additions amounting to Rs. 4.62 million under the head financial charges and directed the ACIR to verify the said contention and adjust the refund of Rs. 1.02 million if still available to the Company for adjustment in the current year. Being aggrieved with of the CIR-A order, the Company preferred an appeal before the Honorable Appellate Tribunal Inland Revenue, Lahore, which is still pending for adjudication. However, adequate provision is held in the special purpose unconsolidated interim financial statements in respect of the above balance.

18.1.9 During the financial year 2018, the Company received a show cause notice issued by Deputy Commissioner Inland Revenue under section 161 for the tax year 2017 on non deduction of withholding tax amounting to Rs. 6.03 million on payments against purchase of plant and machinery, packing material and other miscellaneous payments. The Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) where the case was remanded back to the Department. Being aggrieved, the Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication.

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18.1.10 During the financial year 2018, the Taxation Officer, after conducting audit under section 177 of the Income Tax Ordinance, 2001 (the Ordinance) for the tax year 2014, passed an amended assessment order under section 122 of the Ordinance raising tax demands of Rs. 25.29 million alleging that the Company suppressed its sales and adjusted inadmissible expenses. Being aggrieved, the Company has filed appeal before Commissioner Inland Revenue - Appeals (CIR-A). CIR-A vide order, deleted certain additions amounting to Rs. 80 million and the rest of the additions amounting to Rs. 26 million were confirmed. Hence nothing is outstanding or payable against the Company. The department filed an appeal before Income Tax Appellate Tribunal (ITAT) which is pending for adjudication and a favourable outcome is expected.

18.1.11 During the financial year 2016, the Deputy Commissioner Inland Revenue raised an order under section 161/205 of the Income Tax Ordinance, 2001 for non-deduction of tax amounting Rs. 6.45 million and Rs. 3.76 million for tax years 2009 and 2010 respectively. The Company filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A) which was decided against the Company. The Company filed an appeal against the order of CIR-A in Appellate Tribunal Inland Revenue (ATIR), which is pending for adjudication. However, adequate provision is held in the special purpose unconsolidated financial statements in respect of the above balance.

18.1.12 During the financial year 2019, the Company received a show cause notice from Collector of Customs dated 05 April 2019 and respective order dated 17 October 2019 in which the Company was directed to deposit an amount of Rs. 24.12 million for the consignment of Polymethylene polyphenylene isocynate which was cleared through erroneous application of SRO 659/2007 dated 30 June 2007. The Company has filed an appeal against the order which is in progress.

18.1.14 During the financial year 2019, a special customs reference was filed by the before the Honorable Sindh High Court Karachi against order dated 14 May 2019 passed by Customs Appellate Tribunal, Karachi where in the Company was directed to deposit an amount of Rs. 30.85 million and penalty of Rs. 1.00 million alleging that from July 2013 to June 2016 the Company imported four consignments of Polyethylene Isocynates under PCT heading 3824.9091 wherein custom duty charged @ 0% instead of 20%. The reference of the Company is under adjudication.

Based on the opinion of the legal and tax advisors handling the above litigations, the management believes that the Company has strong legal grounds against each case and that no financial liability is expected to accrue. Accordingly, no provision (in addition to already held in respect of certain cases of the Company) has been made in these special purpose unconsolidated interim financial statements.

18.2 Commitments

18.2.1 Commitments, for the import of stock in trade, outstanding at year end were for Rs. 231.65 million (31 December 2020: Rs. 185.47 million).

18.2.2 Commitments, for capital expenditure, against irrevocable letters of credit outstanding at year end were for Rs. Nil (31 December 2020: Rs. 2.16 million).

19 Property, plant and equipment	Note	31 Aug 2021	31 Dec 2020
		(Rupees in '000)	
Operating fixed assets	*19.1*	5,214,210	4,634,915
Right of use assets	*19.1*	177,903	151,122
Capital work-in-progress	*19.2*	202,307	82,995
		5,594,420	4,869,032

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19.1 Operating fixed assets / Right of use assets

	Note	Operating fixed assets						Right of use assets					
		Freehold Land	Buildings On freehold land	Plant and machinery	Furniture and equipment	Vehicles	Computers	Buildings	Plant and machinery	Furniture and equipment	Vehicles	Computers	Total
		Rupees (000)											
At 01 January 2021													
Cost / revaluation		2,364,500	410,606	1,911,420	110,372	124,676	66,844	150,316	75,512	1,360	51,708	3,917	5,271,231
Accumulated depreciation		-	(12,177)	(146,379)	(62,994)	(65,641)	(66,312)	(102,162)	(6,290)	(1,337)	(18,303)	(3,599)	(485,194)
Net book value		2,364,500	398,429	1,765,041	47,378	59,035	532	48,154	69,222	23	33,405	318	4,786,037
Transactions during the period													
Additions		472,513	31,084	5,559	13,492	8,372	2,156	60,389	-	-	-	-	593,565
Transfers													
Cost		-	-	-	-	-	-	-	-	-	-	-	-
Depreciation		-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-
Disposals	19.3												
Cost		-	-	-		(5,095)	-	-	-	-	-	-	(5,095)
Depreciation		-	-	-		3,548	-	-	-	-	-	-	3,548
		-	-	-	-	(1,547)	-	-	-	-	-	-	(1,547)
Depreciation charge for the period		-	(8,604)	(106,287)	(7,893)	(17,015)	(691)	(31,583)	(4,193)	(23)	(6,894)	(318)	(183,501)
Effect of revaluation		57,152	(11,832)	(130,611)	-	-	-	-	(1,080)	-	-	-	(86,371)
Elimination of gross carrying value against accumulated depreciation		-	20,781	252,666	-	-	-	-	10,483	-	-	-	283,930
Closing net book value		2,894,165	429,858	1,786,368	52,977	48,845	1,997	76,960	74,432	-	26,511	-	5,392,113
As at 31 August 2021													
Cost / revaluated amount		2,894,165	429,858	1,786,368	123,864	127,953	69,000	210,705	74,432	1,360	51,708	3,917	5,773,330
Accumulated depreciation		-	-	-	(70,887)	(79,108)	(67,003)	(133,745)	-	(1,360)	(25,197)	(3,917)	(381,217)
Net book value		2,894,165	429,858	1,786,368	52,977	48,845	1,997	76,960	74,432	-	26,511	-	5,392,113
Depreciation rate (% per annum)		Nil	3	8.33	10-20	20	20	10	8.33	10	20	20	

19.1 Operating fixed assets / Right of use assets

	Note	Operating fixed assets						Right of use assets					
		Freehold Land	Buildings On freehold land	Plant and machinery	Furniture and equipment	Vehicles	Computers	Buildings	Plant and machinery	Furniture and equipment	Vehicles	Computers	Total
		Rupees (000)											
At 01 January 2020													
Cost / revaluation		2,364,500	402,500	1,714,488	101,316	132,830	64,901	232,407	75,512	1,360	48,500	3,917	5,142,231
Accumulated depreciation		-	-	-	(52,459)	(51,084)	(53,115)	(50,321)	-	(1,201)	(7,966)	(2,815)	(218,961)
Net book value		2,364,500	402,500	1,714,488	48,857	81,746	11,786	182,086	75,512	159	40,534	1,102	4,923,270
Transactions during the year													
Additions		-	8,106	196,932	9,106	17,178	1,943	18,808	-	-	5,538	-	257,611
Transfers													
Cost		-	-	-	-	2,330	-	-	-	-	(2,330)	-	-
Depreciation		-	-	-	-	(412)	-	-	-	-	412	-	-
		-	-	-	-	1,918	-	-	-	-	(1,918)	-	-
Disposals	19.3												
Cost		-	-	-	(50)	(27,662)	-	(100,899)	-	-	-	-	(128,611)
Depreciation		-	-	-	5	10,807	-	13,533	-	-	-	-	24,345
		-	-	-	(45)	(16,855)	-	(87,366)	-	-	-	-	(104,266)
Depreciation charge for the year		-	(12,177)	(146,379)	(10,540)	(24,952)	(13,197)	(65,374)	(6,290)	(136)	(10,749)	(784)	(290,578)
Closing net book value		2,364,500	398,429	1,765,041	47,378	59,035	532	48,154	69,222	23	33,405	318	4,786,037
As at 31 December 2020													
Cost / revaluated amount		2,364,500	410,606	1,911,420	110,372	124,676	66,844	150,316	75,512	1,360	51,708	3,917	5,271,231
Accumulated depreciation		-	(12,177)	(146,379)	(62,994)	(65,641)	(66,312)	(102,162)	(6,290)	(1,337)	(18,303)	(3,599)	(485,194)
Net book value		2,364,500	398,429	1,765,041	47,378	59,035	532	48,154	69,222	23	33,405	318	4,786,037
Depreciation rate (% per annum)		Nil	3	8.33	10-20	20	20	10	8.33	10	20	20	

19.1.1 Had there been no revaluation of the freehold land, buildings thereon and plant and machinery therein, the net book value as of 31 August 2021 would have been as follows:

	31 Aug 2021	31 Dec 2020
	(Rupees in '000)	
Land	2,837,012	2,364,500
Buildings	418,885	396,364
Plant and Machinery	1,420,387	1,507,142
	4,676,284	4,268,006

19.1.2 The latest revaluation was carried on 31 August 2021 by Asif Associates (Private) Limited. As per the revaluation report, forced sale value of freehold land, buildings on free hold land and plant and machinery was Rs. 2,578.34 million, Rs. 390.60 and Rs. 1,488.75 million respectively.

19.1.3 Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

Location	Usage of immovable property	Total area (Kanals)	Covered area (Square Feet)
9-K.M, Hanjarwal, Multan Road, Lahore.	Head Office and manufacturing facility	61.90	340,134
Dina Nath, Mouza Rakh Serai Cheenba, Tehsil Pattoki, District Kasur.	Manufacturing facility	8.45	18,069
Mouza Mustafabad,41-KM Ferozepur Road, Off 2-KM Rohi Nala Road, Tehsil & District Kasur	Manufacturing facility (In the process of construction)	267.55	-

19.1.4 Depreciation for the period has been allocated as follows:

	Note	31 Aug 2021	(Unaudited) 31 Aug 2020
		(Rupees in '000)	
Cost of sales	*29.1*	114,774	103,806
Marketing, selling and distribution costs	*30*	31,583	33,338
Administrative expenses	*31*	37,144	35,668
		183,501	172,812

19.2 Capital work-in-progress

	Note	31 Aug 2021	31 Dec 2020
		(Rupees in '000)	
Balance as at 01 January		82,995	46,204
Additions during the period/year		191,805	97,291
Transfers during the period/year		(72,493)	(60,500)
Balance as at 31 August 2021	*19.2.1*	202,307	82,995
Breakup of capital work in progress is as follows:			
- Building		1,246	26,019
- Plant and machinery		80,494	15,012
- Electric installation		1,077	6,964
- Advance against purchase of land		-	35,000
- New land development expenditure		119,490	-
		202,307	82,995

19.2.1 This represents work-in-progress for development, improvement and installation. Addition in PPE and transfer to PPE during the period 01 January and 31 August 2020 are Rs. 3.93 million and Nil.

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19.3 Disposal of operating fixed assets

Particulars of assets	Particulars of purchaser	Relationship with Company	Cost / Revalued amount	Net book value	Net sale proceeds	Gain / (loss) on disposal	Mode of disposal
			(Rupees in '000)				
Vehicles							
Suzuki Mehran	Muhammad Kashif	Employee	752	201	529	328	Company Policy
Honda Vezel Hybrid	Zia ul Haq	- do -	3,300	832	586	(246)	- do -
			4,052	1,033	1,115	82	
Various assets having net book value up to Rs 500,000 each			1,043	514	1,016	502	
	31-Aug-21		**5,095**	**1,547**	**2,131**	**584**	
	31-Dec-20		128,611	104,266	24,423	7,523	

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20	Intangible assets and goodwill	Note	31 Aug 2021	31 Dec 2020
			(Rupees in '000)	
	Software		32,032	35,623
	Goodwill		1,070,207	1,070,207
	Brand value		1,582,147	1,582,147
	Customer relationships		194,694	215,179
		20.1	2,879,080	2,903,156

20.1 Reconciliation of carrying amounts

Description	Software	Goodwill	Brand value	Customer relationships	Total
	(Rupees in '000)				
Cost					
Balance at 01 January 2020	88,849	1,070,207	1,582,147	261,289	3,002,492
Additions during the year	9,430	-	-	-	9,430
Balance as at 31 December 2020	98,279	1,070,207	1,582,147	261,289	3,011,922
Additions during the period	5,924	-	-	-	5,924
Balance at 31 august 2021	104,203	1,070,207	1,582,147	261,289	3,017,846
Accumulated amortization and impairment losses					
Balance at 01 January 2020	(49,560)	-	-	(15,370)	(64,930)
Amortization for the year	(13,096)	-	-	(30,740)	(43,836)
Balance at 31 December 2020	(62,656)	-	-	(46,110)	(108,766)
Amortization for the period	(9,515)	-	-	(20,485)	(30,000)
Balance at 31 August 2021	(72,171)	-	-	(66,595)	(138,766)
Carrying amounts:					
At 31 December 2020	35,623	1,070,207	1,582,147	215,179	2,903,156
At 31 August 2021	32,032	1,070,207	1,582,147	194,694	2,879,080
Rates of amortization/useful life	5-10 years	Nil	Nil	10.5 years	

20.1.2 Addition during the period 01 January and 31 August 2020 are Rs. 6.42 million

20.2 Goodwill and other intangible assets acquired in business combination

Effective 01 July 2017, Waves Singer Pakistan Limited ("the Company") completed a 'Scheme of Arrangement' as approved by the Honorable Sindh High Court through its Order dated 22 May 2018 for the amalgamation of Cool Industries (Private) Limited [CIPL] and Link Wel (Private) Limited [LWPL] with and into the Company and demerger of retail business from the Company and amalgamate the same into the subsidiary. The excess amount paid over the fair value of the net assets of CIPL and LWPL on its acquisition as of the start of business on 01 July 2017 represents goodwill. The fair valuation exercise of the recorded tangible assets and liabilities was completed at the time of acquisition resulting in recognition of provisional goodwill amounting to Rs. 2,975.12 million which, after completion of exercise for determination of separately identifiable assets, has been allocated to 'Goodwill' amounting to Rs.1,070.21 million, 'Brand value' amounting to Rs. 1,582.15 million and 'Customers relations' amounting to Rs. 322.77 million (transferred from subsidiary at Rs. 261.29 million and amortized value of Rs. 215.18 million) inline with the requirements of International Accounting Standard 38, (IAS-38) 'Intangible Assets'.

20.2.1 Impairment testing

The recoverable amount of goodwill including intangible assets (brand value and customer relationships) acquired through a business combination has been tested for impairment as at 31 August 2021, by allocating the amount of goodwill and intangible assets to respective assets on which it arose, based on value in use in accordance with IAS 36 "Impairment of Assets". The recoverable amount was calculated on the basis of five years business plan approved by the Board of Directors which includes a comprehensive analysis of existing operational deployments of the Company along with strategic business plans and business growth. The value in use calculations are based on cash flow projections derived from aforesaid business plan, which have been extrapolated beyond five years, by using a steady 3.00% growth rate. The cash flows are discounted using a discount rate of 11.49% (goodwill) and 15% (intangibles) for use in calculation of value in use which is sensitive to discount rate and local inflation rates. Based on this calculation no impairment is required to be accounted for against the carrying amount of goodwill and other intangible assets.

20.3	Amortisation for the period has been allocated as follows:	Note	31 Aug 2021	(Unaudited) 31 Aug 2020
			(Rupees in '000)	
	Marketing, selling and distribution costs	30	20,485	20,485
	Administrative expenses	31	9,515	6,096
			30,000	26,581

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		31 Aug 2021	31 Dec 2020
		(Rupees in '000)	
21	**Investment property**		
	Balance as at 01 January	**303,480**	220,500
	Additions during the period/year	-	-
	Disposals during the period/year	-	-
	Fair value gain	**20,000**	82,980
	Balance as at 31 August 2021	**323,480**	303,480

The Company has rented out the owned shops to its subsidiary Company {Electronic Marketing Company (Private) Limited}. Balance as of 31 August 2021 comprised of shops of Rs. 323.48 million (31 December 2020: Rs 303.48 million) and revaluation gain of Rs 20 million (31 August 2020: Rs. 82.98) based on the revaluation / fair value of the owned shops determined on 31 August 2021. The fair value gain have been recognized in the unconsolidated interim statement of profit or loss as 'Other income' as referred to in note 33.

Rent income of Rs. 3.78 million (1 January 2020 to 31 August 2020: Rs 3.78 million) has been recognized on the above property during the period ended 31 August 2021. Agreements for the rent are valid up to 10 years and are renewable. Surplus on revaluation of the above properties amounting to Rs. 149.97 million as of 31 August 2021 continues to be maintained in the "Surplus on Revaluation of Property, Plant and Equipment" mentioned in note 7 to these unconsolidated interim financial statements.

The fair value of investment properties as of 31 August 2021 has been determined by an external independent property valuer M/s Asif Associates (Private) Limited based on independent inquiries from active local realtors, recent experience in the location and the records of the valuer. The fair value measurement of the investment property had been categorized as a level 3 fair value based on the input to the valuation technique used.

		Note	31 Aug 2021	31 Dec 2020
22	**Investment in subsidiaries**		(Rupees in '000)	
	Electronics Marketing Company (Private) Limited - at cost 50,000,000 (31 December2020: 50,000,000) fully paid ordinary shares of Rs. 10 each	*22.1*	**500,000**	500,000
	Equity held: 100% (31 December 2020: 100%) Chief Executive Officer - Moazzam Ahmad Khan			
	Waves Builders and Developers (Private) Limited (formerly named as Waves Marketing (Private) Limited) 100.000 (31 December 2020: 100,000) fully paid ordinary shares of Rs. 10 each	*22.2*	**1,000**	1.000
	Equity held: 100% (31 December 2020: 100%) Chief Executive Officer - Moazzam Ahmad Khan			
			501,000	501,000

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22.1 Electronics Marketing Company (Private) Limited (EMCPL), a wholly owned subsidiary, was incorporated on 09 September 2016. The principal activity of the subsidiary Company is to carry out distribution / wholesales and retail business of all kinds of electronic appliances, its components and accessories etc. The registered office of the subsidiary Company is located at Shop No. 5, Ganga Ram Mansion Shahrah-e-Quaid-e-Azam (Mall Road), Lahore, Punjab.

22.2 Waves Builders and Developers (Private) Limited (WBDL), formerly, Waves Marketing (Private) Limited is a private limited company which was incorporated on 10 April 2017 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the company is located at 15/3 A Model Town, Lahore. The principal activity of the company is real estate development.

	Note	31 Aug 2021	31 Dec 2020
		(Rupees in '000)	
23 Long term deposits			
Deposits			
- leases		5,357	5,526
- other long term deposits		3,188	3,188
		8,545	8,714
24 Stock-in-trade			
Raw and packing materials			
- in stores (in hand)		923,167	686,022
- in bonded warehouse	*24.1*	639,808	450,740
- in transit		262,763	242,078
		1,825,738	1,378,840
Work in process		239,171	204,180
Finished goods			
- own manufactured		659,893	832,803
- purchased for resale		64,449	46,258
		724,342	879,061
Provision for slow moving and damaged stock		(29,868)	(29,868)
		2,759,383	2,432,213

24.1 Stock amounting to Rs. 225.34 million (31 December 2020: Rs. 378.50 million) was cleared subsequent to the period end.

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26 Advances, deposits, prepayments and other receivables	Note	31 Aug 2021	31 Dec 2020
		(Rupees in '000)	
Advances - considered good			
- Employees and executives	*26.1*	5,729	4,290
- Suppliers		49,978	9,678
- Against letter of credit		2,995	37,825
		58,702	51,793
Short term deposits		20,401	21,652
Prepayments		8,798	5,891
Other receivables			
- Claims	*26.2*	9,164	9,020
- Receivable from subsidiary companies	*26.3*	462,547	490,260
		471,711	499,280
Loss allowances against other receivables	*26.4*	(2,342)	(2,342)
	26.5	557,270	576,274

26.1 At 31 August 2021, the advances due from executives amounted to Rs. Nil (31 December 2020: Rs. Nil). The maximum aggregate amount of advances due from executives at the end of any month during the period/year was Rs. Nil (31 December 2020: Rs. 0.74 million).

26.2 This includes claims receivable from insurance companies, suppliers and product claims amounting to Rs. 3.7 million (31 December 2020: Rs. 3.57 million) against which provision of Rs. 2.34 million (31 December 2020: Rs. 2.34 million) is held.

26.3 This represents amounts due from subsidiary companies, on account of expenses allocated to them / incurred on their behalf in accordance to a basis approved by the Board of Directors of the Company. The balance is unsecured and receivable on demand. Mark-up is charged at average quarterly borrowing rate of the Company.

26.3.1 Ageing of the receivable is as under:

	Less than 6 months	Greater than 6 months	31 Aug 2021	31 Dec 2020
	Rupees '000			
Waves Builders and Developers (Private) Limited (WBDPL)	-	103,907	103,907	157,885
Electronics Marketing Company (Private) Limited (EMCPL)	-	358,640	358,640	332,375
	-	462,547	462,547	490,260

26.3.2 Maximum outstanding balance with reference to month end balances:

	31-Aug-21		31-Dec-20	
	In the month	Rupees in '000	In the month of	Rupees in '000
Waves Builders and Developers (Private) Limited (WBDPL)	Aug-21	103,907	Dec-20	157,885
Electronics Marketing Company (Private) Limited (EMCPL)	Aug-21	358,640	Dec-20	332,375

26.4 Movement in loss allowance against other receivables	31 Aug 2021	31 Dec 2020
	(Rupees in '000)	
Balance as at 01 January	2,342	2,342
Loss allowance for the period/year	-	-
Reversal of loss allowance	-	-
Balance as at 31 August	2,342	2,342

26.5 All the above balances other than amount referred in note 26.3 are interest free and unsecured.

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		Note	31 Aug 2021	31 Dec 2020
			(Rupees in '000)	
27	**Cash and bank balances**			
	Balances with banks			
	- in current accounts	*27.1*	121,965	89,222
	Cash in hand		5,197	4,997
			127,162	94,219

27.1 These include bank account of Rs. 2.21 million (31 December 2020: Rs. 0.64) maintained under Shariah compliant arrangement.

		(Audited) 01 Jan 2021 to 31 Aug 2021	(Unaudited) 01 Jan 2020 to 31 Aug 2020
28	**Revenue - *net***	(Rupees in '000)	
	Sales		
	- local	7,279,313	5,770,691
	- export	15,996	24,075
	Sales return	(97,165)	(55,726)
		7,198,144	5,739,040
	Sales tax	(830,990)	(822,406)
	Trade discount	(338,200)	(187,693)
		(1,169,190)	(1,010,099)
	Revenue from contracts with customers	6,028,954	4,728,941

28.1 Revenue from contracts with customers relates to both local (Pakistan) and foreign (Afghanistan) markets and represents sale of domestic consumer products.

		Note	(Audited) 01 Jan 2021 to 31 Aug 2021	(Unaudited) 01 Jan 2020 to 31 Aug 2020
			(Rupees in '000)	
29	**Cost of sales**			
	Opening stock - finished goods			
	- own manufactured		832,803	1,053,253
	- purchased for resale		46,258	-
			879,061	1,053,253
	Purchases		95,906	106,055
	Cost of goods manufactured	*29.1*	4,496,179	3,329,027
			5,471,146	4,488,335
	Closing stock - finished goods			
	- own manufactured		(659,893)	(834,507)
	- purchased for resale		(64,449)	-
			4,746,804	3,653,828

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			(Audited) 01 Jan 2021 to 31 Aug 2021	(Unaudited) 01 Jan 2020 to 31 Aug 2020
29.1	**Cost of goods manufactured**	*Note*	**(Rupees in '000)**	
	Raw and packing materials and stores consumed		3,967,967	2,881,860
	Salaries, wages and other benefits	*29.1.1*	302,014	250,752
	Depreciation on property, plant and equipment	*19.1.4*	114,774	103,806
	Fuel and power		58,505	55,253
	Freight charges		42,067	10,328
	Insurance expense		7,396	7,649
	Repairs and maintenance		15,202	13,453
	Printing and stationery		20,158	11,515
	Travelling and conveyance		146	815
	Rent, rates and taxes		1,429	5,455
	Communication		511	299
	Miscellaneous expenses		1,001	71
			4,531,170	3,341,256
	Work-in-process			
	Opening stock		204,180	212,851
	Closing stock		(239,171)	(225,080)
			(34,991)	(12,229)
	Cost of goods manufactured		4,496,179	3,329,027

29.1.1 These include provision / reversal of Rs. 0.67 million (31 August 2020: Rs. 1.64 million), Rs. 1.36 million (31 August 2020: Rs. (0.24) million) and Rs. 6.63 million (31 August 2020: Rs. 9.20 million) in respect of gratuity, pension and provident funds respectively.

			(Audited) 01 Jan 2021 to 31 Aug 2021	(Unaudited) 01 Jan 2020 to 31 Aug 2020
30	**Marketing, selling and distribution costs**	*Note*	**(Rupees in '000)**	
	Salaries and benefits	*30.1*	169,745	119,039
	Rent, rates and taxes		953	16,719
	Publicity and sales promotion		35,220	70,252
	Depreciation on property, plant and equipment	*19.1.4*	31,583	33,338
	Warranty obligations		35,725	40,056
	Utilities		4,657	3,441
	Printing and stationery		1,620	491
	Travelling and conveyance		21,097	12,223
	Amortisation of intangible assets	*20.3*	20,485	20,485
	Communication		562	508
	Repair and maintenance		812	804
	Insurance expense		1,565	4,189
	Others		627	282
			324,651	321,827

30.1 These include provision / reversal of Rs. 0.10 million (31 August 2020: Rs. 0.25 million), Rs. 0.52 million (31 August 2020: Rs. (0.90) million) and Rs. 5.77 million (31 August 2020: Rs. 6.48 million) in respect of gratuity, pension and provident funds respectively.

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	Note	(Audited) 01 Jan 2021 to 31 Aug 2021	(Unaudited) 01 Jan 2020 to 31 Aug 2020
		(Rupees in '000)	
31 Administrative expenses			
Salaries and benefits	*31.1*	118,168	103,347
Legal and professional charges		13,492	5,936
Auditors' remuneration	*31.3*	2,850	750
Depreciation on property, plant and equipment	*19.1.4*	37,144	35,668
Communication		7,819	8,292
Travelling and conveyance		10,158	5,934
Repair and maintenance		2,011	2,017
Utilities		7,679	6,525
Printing and stationery		3,994	3,047
Rent, rates and taxes		5,453	1,227
Insurance expense		3,946	3,786
Entertainment expense		3,484	1,990
Fees and subscription		4,660	1,343
Amortisation of intangible assets	*20.3*	9,515	6,096
Charity and donations	*31.2*	25	25
Others		1,781	1,381
		232,179	187,364

31.1 These include provision / reversal of Rs. 0.26 million (31 August 2020: Rs. 0.63 million), Rs. 21 million (31 August 2020: Rs. (0.04) million) and Rs. 4.92 million (31 August 2020: Rs. 6.91 million) in respect of gratuity, pension and provident funds respectively.

31.2 None of the donations were made to an entity in which any director or his / her spouse had an interest.

	Note	(Audited) 01 Jan 2021 to 31 Aug 2021	(Unaudited) 01 Jan 2020 to 31 Aug 2020
		(Rupees in '000)	
31.3 Auditors' remuneration			
Fee for the review of interim financial information		550	500
Special audit		2,000	-
Out of pocket expenses		300	250
		2,850	750

	Note	(Audited) 01 Jan 2021 to 31 Aug 2021	(Unaudited) 01 Jan 2020 to 31 Aug 2020
32 Other expenses			
Workers' profits participation fund (WPPF)	*13.2*	16,811	14,530
Exchange loss - net		22,734	11,396
Research and development expenditure		5,261	3,267
Workers' welfare fund		6,402	5,522
Other expenses		5,428	-
		56,636	34,715

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	Note	(Audited) 01 Jan 2021 to 31 Aug 2021	(Unaudited) 01 Jan 2020 to 31 Aug 2020
		(Rupees in '000)	

33 Other income

	Note	(Audited) 01 Jan 2021 to 31 Aug 2021	(Unaudited) 01 Jan 2020 to 31 Aug 2020
Income from financial assets			
Profit on a profit and loss sharing bank balance		88	44
Income from non-financial instruments			
Gain on disposal of property, plant and equipment and investment property - *net*		584	6,795
Fair value gain on investment property		20,000	-
Reversal of loss allowance against trade debts		4,216	-
Mark-up on receivables from subsidiary companies	*33.1*	21,819	162,538
Rental income	*21*	3,780	3,780
Scrap sales		5,946	5,733
Amortisation of deferred income	*11*	15,196	16,220
Others		11,686	14,938
		83,227	210,004
		83,315	210,048

33.1 This represents mark-up charged against net amount receivable from the subsidiary companies at an average quarterly borrowing rate of the Company at the outstanding balance receivable.

34 Finance costs

	Note	(Audited) 01 Jan 2021 to 31 Aug 2021	(Unaudited) 01 Jan 2020 to 31 Aug 2020
		(Rupees in '000)	
Islamic mode of financing			
- Short term borrowings		19,538	30,344
Interest / mark-up on interest / mark-up based loans			
- Long term loans		146,320	162,035
- Short term borrowings		257,676	403,147
- Finance lease		9,123	12,864
Bank charges		12,206	11,504
		444,863	619,894

35 Taxation

	Note	2021	2020
Current:			
- for the year	*35.1*	78,639	70,934
- prior year		-	
		78,639	70,934
Deferred:			
- group taxation		-	90,822
- for the year		3,046	(59,530)
- prior year		-	(17,400)
		3,046	13,892
		81,685	84,826

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35.1 The Company has opted for Group taxation and the Group taxation has been determined under 'Minimum Tax on Turnover' under section 113 of the Income Tax Ordinance, 2001. The current tax includes tax under the final tax regime amounting to Rs. 5.92 million (31 August 2020: Rs. 5.50 million).

35.2 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit:

	(Audited) 31 Aug 2021	(Unaudited) 31 Aug 2020
	(Rupees in '000)	
Profit before tax	**307,136**	121,361
Tax at the applicable tax rate of 29% (31 August 2020: 29%)	**89,069**	35,195
Tax effect of permanent differences:		
- Differential under normal and final / minimum tax regime	**(1,678)**	652
- Exempt income (exempt due to group taxation)	**(6,328)**	(37,990)
- Other permanent differences	**7**	(163)
Prior year tax charge	**-**	73,422
Others	**615**	13,710
	81,685	84,826

35.3 In prior years, the Company has not recorded provision for minimum tax under the Income Tax Ordinance, 2001 (Ordinance) amounting to Rs. 44.60 million and Rs. 15.10 million in respect of year ended 31 December 2017 and 31 December 2015 respectively as the management expects to adjust the same against its future tax liability under the normal tax regime within the time limit as specified for adjustments of minimum tax in the Ordinance. Similarly for the year ended 31 December 2016, provision for Alternate Corporate Tax (ACT) (being higher than the minimum tax) amounting to Rs. 23.07 has also not been recorded on the same basis.

36 Earnings per share - basic and diluted

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

No figure for diluted earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

Company's earnings per share have been calculated as follows:

		(Audited) 31 Aug 2021	(Unaudited) 31 Aug 2020 *(Restated)*
Profit for the period	***Rupees in '000***	**225,451**	36,535
Weighted average number of ordinary shares	***Shares***	**229,206**	207,659
Earnings per share - *basic and diluted*	***Rupees***	**0.98**	0.18

The earning per share for prior period is restated for the effect of right issue as referred in note 5.3

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		31 Aug 2021	31 Dec 2020
37	Cash and cash equivalents	(Rupees in '000)	

37.1 Cash and cash equivalents

	31 Aug 2021	31 Dec 2020
Cash and bank balances	127,162	94,219
Short term running finances under mark-up arrangements - *secured*	(1,275,769)	(1,214,797)
	(1,148,607)	(1,120,578)

37.2 Reconciliation of movements of liabilities to cash flows arising from financing activities

	31 Aug 2021									
	Liabilities						Equity			
	Short term borrowings	Loan from sponsors	Long term loans	Lease liability	Mark-up accrued on borrowings	Unpaid dividend	Share capital	Share premium reserve	Capital reserve	Total
	Rupees in '000									
Balance as at 01 January 2021	3,954,952	380,500	2,470,604	122,846	178,416	1,276	1,876,041	4,581,063	5,000	13,570,698
Cash flows										
Short term borrowings repaid net of receipts	92,040	-	-	-	-	-	-	-	-	92,040
Proceeds from issuance of ordinary shares	-	(380,500)	-	-	-	-	938,021	444,598	-	1,002,119
Dividend paid	-	-	-	-	-	(79)	-	-	-	(79)
Long term loans repaid	-	-	(184,023)	-	-	-	-	-	-	(184,023)
Finance cost paid	-	-	-	-	(482,333)	-	-	-	-	(482,333)
Repayment of lease rentals	-	-	-	(48,625)	-	-	-	-	-	(48,625)
	92,040	(380,500)	(184,023)	(48,625)	(482,333)	(79)	938,021	444,598	-	379,099
Non-cash changes										
Changes in running finance	60,972	-	-	-	-	-	-	-	-	60,972
Movement in lease liabilities	-	-	-	60,389	-	-	-	-	-	60,389
Finance cost	-	-	-	-	444,863	-	-	-	-	444,863
	60,972	-	-	60,389	444,863	-	-	-	-	566,224
Balance as at 31 August 2021	4,107,964	-	2,286,581	134,610	140,946	1,197	2,814,062	5,025,661	5,000	14,516,021

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	31 Aug 2020 (Unaudited)									
	Liabilities						Equity			
	Short term borrowings	Loan from Sponsors	Long term finances	Lease liability	Mark-up accrued on borrowings	Unpaid dividend	Share capital	Share premium reserve	Capital reserve	Total
	Rupees in '000									
Balance as at 01 January 2020	4,113,581	-	1,732,271	263,148	216,566	1,457	1,876,041	4,581,063	5,000	12,789,127
Cash flows										
Short term borrowings repaid net of receipts	(623,431)	-	-	-	-	-	-	-	-	(623,431)
Shares issued as fully paid bonus shares @ 15%	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	(181)	-	-	-	(181)
Loan from sponsors		172,000								172,000
Long term loans received	-	-	574,541	-	-	-	-	-	-	574,541
Finance cost paid	-	-	-	-	(704,090)	-	-	-	-	(704,090)
Repayment of lease rentals	-	-	-	(40,597)	-	-	-	-	-	(40,597)
	(623,431)	172,000	574,541	(40,597)	(704,090)	(181)	-	-	-	(621,758)
Non-cash changes										
Changes in running finance	11,396	-	-	-	-	-	-	-	-	11,396
Movement in lease liabilities	-	-	-	759,921	-	-	-	-	-	759,921
Finance cost	-	-	-	-	619,894	-	-	-	-	619,894
	11,396	-	-	759,921	619,894	-	-	-	-	1,391,211
Balance as at 31 August 2020	3,501,546	172,000	2,306,812	982,472	132,370	1,276	1,876,041	4,581,063	5,000	13,558,580

38 Provident fund related disclosure

The Company operates approved contributory provident fund for all the employees eligible under the scheme. Till 2018, the Company was operating two separate provident funds in the name of SPL and CIPL but with effect from 01 January 2019, the Company has merged its funds. The management is of the view that the investments out of provident fund have not been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated thereunder.

39 **Remuneration of Chief Executive, Directors And Executives**

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

	Chief Executive		Executive Directors		Executives		Total	
	(Audited) 31 Aug 2021	(Unaudited) 31 Aug 2020	(Audited) 31 Aug 2021	(Unaudited) 31 Aug 2020	(Audited) 31 Aug 2021	(Unaudited) 31 Aug 2020	(Audited) 31 Aug 2021	(Unaudited) 31 Aug 2020
	(Rupees in '000)							
Managerial remuneration	10,691	10,691	3,712	3,453	48,114	38,822	62,517	52,966
Contribution to provident fund	1,272	1,272	281	262	3,640	2,880	5,193	4,414
Housing allowance	6,109	6,109	1,350	1,256	17,496	14,117	24,955	21,482
	18,072	18,072	5,343	4,971	69,250	55,819	92,665	78,862
Number of persons	1	1	1	1	30	24	32	26

39.1 In addition to the above, Directors and certain Executives are provided with free use of the Company maintained vehicles, 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.

39.2 In addition, aggregate amount charged in these special purpose unconsolidated interim financial statements for payments on account of the meeting fee to two (31 August 2020: two) non-executive directors was Rs. Nil (31 August 2020: Rs. 0.28 million).

40 Related parties comprise of associated undertakings, directors, entities with common directorship, post employment plans and key management personnel. Amounts due from related parties are shown under trade debts note 25, advances, deposits, prepayments and other receivables note 26 and remuneration of directors and key management personnel note 39. Other significant transactions with related parties are as follows:

Name of the Company	Relationship	Nature of transactions	31 Aug 2021	(Unaudited) 31 Aug 2020
			(Rupees in '000)	
i. Subsidiary Company				
Waves Builders and Developers (Private) Limited	Wholly owned subsidiary	Mark-up charged on receivable from subsidiary	-	132,229
Electronics Marketing (Private) Limited	Wholly owned subsidiary	Sale of inventory - gross	298,102	312,126
		Mark-up charged on receivable from subsidiary	21,819	30,309

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Name of the Company	Relationship	Nature of transactions	31 Aug 2021	(Unaudited) 31 Aug 2020
			(Rupees in '000)	
ii. Associated Undertakings				
Samin Textile Limited	Common shareholding	Purchase of raw material	13,413	-
Employee's Provident Fund	Post employee contribution plan	Contribution for the year	20,645	19,335
Employee's Gratuity Fund	Post employee benefit plan	Contribution for the year	846	10,892
Directors	Employees	Fee for meetings	1,800	-
		Loan from sponsors	-	172,000
		Loan from sponsors adjusted against right issue	678,831	-

	Capacity		Production	
	31 Aug 2021	(Unaudited) 31 Aug 2020	31 Aug 2021	(Unaudited) 31 Aug 2020
41 Plant capacity and actual production	(Units)		(Units)	
Refrigerators	83,333	83,333	55,308	61,314
Deep Freezer	76,667	76,667	98,471	53,853
Microwave ovens	40,000	40,000	-	-
Air conditioners	40,000	40,000	-	-
Washing Machines	26,667	26,667	3,748	6,363
Gas appliances (water heater and cooking range excluding microwave ovens)	16,667	16,667	686	1,990
Televisions	15,000	15,000	-	-
Water dispenser	13,333	13,333	-	-

Capacity reflects units expected to be produced on the basis of normal production hours (one shift of 8 hours). The production / capacity utilization is according to market demand.

	Total employees	
	31 Aug 2021	(Unaudited) 31 Aug 2020
42 Number of employees	(Number of persons)	
Total number of employees as at 31 August 2021 - *note 39*	2,091	1,887
Average number of employees	2,089	1,843

43 Financial risk management

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board of Directors reviews and agrees policies for managing each of the risks.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of 'which are reported to the Board of Directors. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

43.1 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. Credit risk of the Company arises principally from trade debts, advances, deposits, other receivables and bank balances.

43.1.1 Exposure to credit risk

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	
	31 Aug 2021	31 Dec 2020
	(Rupees in '000)	
Security deposits	28,946	30,366
Trade debts	6,078,825	5,482,315
Other receivables	469,369	496,938
Balances with banks	121,965	89,222
	6,699,105	6,098,841

43.1.2 Concentration of credit risk

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. Concentration of credit risk indicate the relative sensitivity of the Company's performance for developments affecting a particular industry. Out of total receivable, 19% (2020: 21%) relates to receivable from subsidiary companies. Maximum exposure to credit risk by type of counterparty is as follows:

	Net receivable (net of provisions)	
	31 Aug 2021	31 Dec 2020
	(Rupees in '000)	
Trade debts		
- others	5,297,185	4,721,495
- subsidiary companies	781,640	760,820
Security deposits		
- individuals	23,589	24,840
- lease	5,357	5,526
Other receivable from subsidiary companies	462,547	490,260
Insurance Company (claims)	6,822	6,678
Banks	121,965	89,222
	6,699,105	6,098,841

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43.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or historical information about the counterparty default rates. All counterparties, with the exception of customers and utility Companies, have external credit ratings determined by various credit rating agencies and other regulatory authorities. Credit quality of customer is assessed by reference to historical default rates and present ages.

43.1.3(a) ***Counterparties with external credit ratings***

These include banking companies and financial institutions, which are counterparties to bank balances and deposits. Impairment on cash and cash equivalents has been measured on a 12 month expected loss basis and reflects the short maturities of the exposures. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

Banks	Rating Agency	Short term	Long term	31 Aug 2021	31 Dec 2020
				(Rupees in '000)	
Al Baraka Bank (Pakistan) Limited	PACRA	A-1	A	184	1,144
Allied Bank Limited	PACRA	A-1+	AAA	83	1,083
Askari Bank Limited	PACRA	A-1+	AA+	1,732	2,487
Bank Alfalah Limited	PACRA	A-1+	AA+	14,427	11,005
BankIslami Pakistan Limited	PACRA	A-1	A+	1	1
Dubai Islamic Bank Pakistan Limited	VIS	A-1+	AA	1,449	790
Faysal Bank Limited	PACRA	A-1+	AA	2,671	5,531
Habib Bank Limited	VIS	A-1+	AAA	48,015	635
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+	236	936
JS Bank Limited	PACRA	A-1+	AA-	4	13,436
MCB Bank Limited	PACRA	A-1+	AAA	5,039	38,016
Meezan Bank Limited	VIS	A-1+	AAA	2,739	236
National Bank of Pakistan	PACRA	A-1+	AAA	655	4
Finca Microfinance Bank Limited	PACRA	A-1	A	640	4,419
Samba Bank Limited	VIS	A-1	AA	246	5,627
Soneri Bank Limited	PACRA	A-1+	AA-	646	611
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	AAA	1,090	393
The Bank of Khyber	PACRA	A-1	A	25,026	688
The Bank Of Punjab	PACRA	A-1+	AA+	16,012	1,110
United Bank Limited	VIS	A-1+	AAA	1,070	1,070
				121,965	89,222
Security Deposits					
The Bank of Punjab	PACRA	A-1+	AA+	-	209
Askari Bank Limited	PACRA	A-1+	AA+	2,772	2,412
Sindh Leasing Company Limited	JCR-VIS	A+	A-1	2,585	2,905
				5,357	5,526
				127,322	94,748

43.1.3(b) ***Counterparties without external credit ratings***

These include customers which are counter parties to trade debts. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer / dealers. As explained in note 4.18, the Company applies the IFRS 9 simplified approach to measure expected credit losses. The analysis of ages of trade debts and loss allowance using the aforementioned approach was determined as follows:

	31 Aug 2021		31 Dec 2020	
	Gross	Impairment loss	Gross	Impairment loss
	(Rupees in '000)		(Rupees in '000)	
Not yet due	2,537,742	-	2,432,105	-
Past due 1 - 30 days	508,292	-	404,829	-
Past due 31 days - 90 days	1,228,096	-	1,078,226	-
Past due 91 - 180 days	1,272,876	-	1,153,161	-
Past due 181 - 360 days	531,819	-	413,994	-
Past due by more than 1 year	166,993	166,993	171,209	171,209
Total	6,245,818	166,993	5,653,524	171,209

The management has established a credit policy under which each new customer is analysed individually for credit worthiness.

None of the financial assets of the Company are impaired except as those mentioned in these special purpose unconsolidated interim financial statements. Deposits and other receivables are mostly due from subsidiary companies, banks and individuals. Impairment on these assets has been measured on a 12 month expected loss basis and reflects the short maturities of the exposures. Based on past experience the management believes that no impairment allowance is necessary in respect of these financial assets. There are reasonable grounds to believe that these amounts will be recovered in short course of time.

43.2 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 15 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.

Exposure to liquidity risk

Following are the contractual maturities of the financial liabilities (based on the remaining period as of the period-end), including interest obligations:

		31 Aug 2021					
Financial liabilities	*Note*	**Carrying amount**	**Contractual cash flows**	**One year or less**	**One to two years**	**Two to five years**	**More than 5 years**
		(Rupees in '000)					
Long term loans - *secured*	*8*	2,322,808	2,829,620	1,160,515	920,119	748,986	-
Lease liabilities	*9*	134,610	150,320	73,416	40,262	36,642	-
Trade and other payables	*13*	1,205,190	1,205,190	1,205,190	-	-	-
Mark-up accrued on borrowings	*14*	140,946	140,946	140,946	-	-	-
Short term borrowings - *secured*	*15*	4,107,964	4,350,056	4,350,056	-	-	-
		7,911,518	8,676,132	6,930,123	960,381	785,628	-

		31 Dec 2020					
Financial liabilities		Carrying amount	Contractual cash flows	One year or less	One to two years	Two to five years	More than 5 years
		(Rupees in '000)					
Long term loans - *secured*	*8*	2,506,831	3,078,430	740,922	1,119,633	1,170,674	47,201
Lease liabilities	*9*	122,846	141,401	66,263	56,155	18,983	-
Trade and other payables	*13*	900,538	900,538	900,538	-	-	-
Mark-up accrued on borrowings	*14*	178,416	178,416	178,416	-	-	-
Short term borrowings - *secured*	*15*	3,954,952	4,352,072	4,352,072	-	-	-
Loan from sponsors - secured	*16*	380,500	380,500	380,500			
		8,044,083	9,031,357	6,618,711	1,175,788	1,189,657	47,201

43.3 Market risk

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

43.3.1 Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated and the respective functional currency of the Company. The functional currency of the Company is Pak Rupee. The currencies in which these transactions are primarily denominated are Euros and US dollars.

43.3.1(a) Exposure to 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:

		31 Aug 2021	31 Dec 2020	31 Aug 2021	31 Dec 2020
				(Rupees in '000)	
Trade creditors	(USD in '000)	1,705	6,144	283,797	981,996
Trade creditors	(Euro in '000)	-	42	-	8,259

Following significant exchange rates have been applied:

	Average rate		Reporting date Spot rate	
	31 Aug 2021	31 Dec 2020	31 Aug 2021	31 Dec 2020
USD to PKR	158.31	161.62	166.45	159.83
EUR to PKR	189.76	184.39	196.76	196.64

Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the US Dollar with all other variables held constant, profit for the period/year would have been lower by the amount shown below, as a result of net foreign exchange gain on translation of foreign currency bills payables.

	31 Aug 2021	31 Dec 2020
	(Rupees in '000)	
Effect on statement of profit or loss	28,380	99,026

The weakening of the PKR by 10% against US Dollar would have had an equal but opposite impact on the profit for the period.

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

43.3.2 Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

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43.3.2(a) *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 statement of profit or loss. Therefore a change in interest rate at the reporting date would not affect statement of profit or loss.

43.3.2(b) *Mismatch of interest rate sensitive financial assets and financial liabilities*

The Company's interest / mark-up and non-interest / mark-up bearing financial instruments as at the reporting date are as follows:

	31 Aug 2021		
	Carrying amount	**Interest bearing / variable rate financial instruments**	**Non-interest bearing / fixed rate financial instruments**
	(Rupees in '000)		
Financial assets			
Security deposits	28,946	-	28,946
Trade debts	6,078,825	-	6,078,825
Other receivables	469,369	462,547	6,822
Cash and bank balances	127,162	-	127,162
	6,704,302	462,547	6,241,755
Financial liabilities			
Long term loans - *secured*	(2,322,808)	(2,322,808)	-
Lease liabilities	(134,610)	(134,610)	-
Trade and other payables	(1,205,190)	-	(1,205,190)
Mark-up accrued on borrowings	(140,946)	-	(140,946)
Short term borrowings - *secured*	(4,107,964)	(4,107,964)	-
Loan from sponsors - *unsecured*	-	-	-
	(7,911,518)	(6,565,382)	(1,346,136)
	(1,207,216)	(6,102,835)	4,895,619

	31 Dec 2020		
	Carrying amount	Interest bearing / variable rate financial instruments	Non-interest bearing financial instruments
Financial assets	(Rupees in '000)		
Security deposits	30,366	-	30,366
Trade debts	5,482,315	-	5,482,315
Other receivables	496,938	490,260	6,678
Cash and bank balance	94,219	-	94,219
	6,103,838	490,260	5,613,578
Financial liabilities			
Long term loans - *secured*	(2,506,831)	(2,506,831)	-
Lease liabilities	(122,846)	(122,846)	-
Trade and other payables	(900,538)	-	(900,538)
Mark-up accrued on borrowings	(178,416)	-	(178,416)
Loan from sponsors - unsecured	(380,500)	-	(380,500)
Short term borrowings - *secured*	(3,954,952)	(3,954,952)	-
	(8,044,083)	(6,584,629)	(1,459,454)
	(1,940,245)	(6,094,369)	4,154,124

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43.3.2.1 Effective interest / mark-up rates for the financial assets and financial liabilities are as follows:

	31 Aug 2021	31 Dec 2020
	Percentage	
Financial liabilities		
Long term loans - *secured*	**3% to 10.58%**	3% to 16.75%
Lease liabilities	**9.93% to 10.58%**	9.17% to 16.50%
Short term borrowings - *secured*	**8.95% to 16.30%**	8.81% to 18.55%

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the period/year by Rs. 60.66 million (31 December 2020: Rs. 60.95 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 31 December 2020.

43.3.3 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 did not have financial instruments exposed to other price risk.

43.4 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

43.4.1 The following table shows the carrying amounts and fair values of financial instruments and non- financial instruments including their levels in the fair value hierarchy:

On statement of financial position - Financial instruments

	31 August 2021					
	Carrying Amount			Fair value		
	Financial assets at amortised cost	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3
	----------------	----------------	(Rupees in '000)	----------------	----------------	----------------
Financial assets - amortised cost						
Security deposits	28,946	-	28,946	-	-	-
Trade debts	6,078,825	-	6,078,825	-	-	-
Other receivables	469,369	-	469,369	-	-	-
Cash and bank balances	127,162	-	127,162	-	-	-
	6,704,302	-	6,704,302	-	-	-
Financial liabilities - amortised cost						
Long term loans - *secured*	-	2,322,808	2,322,808	-	-	-
Lease liabilities	-	134,610	134,610	-	-	-
Trade and other payables	-	1,205,190	1,205,190	-	-	-
Mark-up accrued on borrowings	-	140,946	140,946	-	-	-
Short term borrowings - *secured*	-	4,107,964	4,107,964	-	-	-
Loan from sponsors - *unsecured*		-	-	-	-	-
	-	7,911,518	7,911,518	-	-	-

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On statement of financial position - Financial instruments

	31 December 2020					
	Carrying Amount			Fair value		
	Financial assets at amortised cost	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3
Financial assets - amortised cost	---------- (Rupees in '000) ----------					
Security deposits	30,366	-	30,366	-	-	-
Trade debts	5,482,315	-	5,482,315	-	-	-
Other receivables	496,938	-	496,938	-	-	-
Cash and bank balances	94,219	-	94,219	-	-	-
	6,103,838	-	6,103,838	-	-	-
Financial liabilities - amortised cost						
Long term loans - *secured*	-	2,506,831	2,506,831	-	-	-
Lease liabilities	-	122,846	122,846	-	-	-
Trade and other payables	-	900,538	900,538	-	-	-
Mark-up accrued on short term running	-	178,416	178,416	-	-	-
Short term borrowing - *secured*	-	3,954,952	3,954,952	-	-	-
Loan from sponsors - unsecured		380,500	380,500	-		
	-	8,044,083	8,044,083	-	-	-

The Company has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair values.

Non-financial assets measured at fair value

Land, building and plant and machinery

Revalued Property, plant and equipment	Date of valuation	31 August 2021
Investment property	Date of valuation	31 August 2021

Valuation approach and inputs used

The valuation model for land and building is based on price per square metre. In determining the valuation for land and building the valuer refers to numerous independent market inquiries from local estate agents / realtors in the vicinity to establish the present market value. The valuation for plant and machinery is based on present operational condition and age of plant and machinery. The fair valuation of land, building and plant and machinery are considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets.

The fair value are subject to change owing to changes in input. However, management does not expect there to be a material sensitivity to the fair value arising from the non-observable inputs.

44 Capital risk management

The Company's objectives when managing capital are:

a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

b) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio calculated as total debt (current and non-current borrowings) to debt plus equity.

The debt to equity ratios were as follows:	**31 Aug 2021**	31 Dec 2020
	(Rupees in '000)	
Total debt	**6,842,204**	6,888,452
Total equity and debt	**17,399,884**	15,675,086
Debt to equity ratio	**39%**	44%

The Company is not subject to externally imposed capital requirements.

45 Events after the reporting date

The Board of Directors in their meeting held on 10 December 2021, approved these special purpose financial statements and authorized the management to take steps for preparation of the relevant scheme of arrangement ('the Potential Merger Transaction") for carving out the Company's home appliances business into Samin Textile Limited, a related company (Acquirer). The said scheme of arrangement along with the share issuance letter will be presented for consideration, review and approval of the Board in the next Board meeting to be held on 23 December 2021, following which the said scheme shall be submitted to the Honorable High Court along with the petition for acquisition of home appliances business. The scheme is planned to be implemented from 01 September 2021 and would be so implemented after the necessary corporate legal and regulatory requirements have been fulfilled and the plan has been approved. As per the draft plan, if implemented, the management intends to acquire the carrying values of assets and liabilities assumed at the date of merger as summarized below:

	01 Sep 2021
	(Rupees in '000')
Property, plant and equipment	3,229,920
Intangible assets and goodwill	2,879,080
Long term deposits	8,545
Inventory and stores	2,804,872
Trade debts	6,078,825
Advances, deposits, prepayments and other receivables	557,270
Reserves	(750,000)
Loans and borrowings	(4,946,015)
Other non-current liabilities	(361,882)
Trade and other payables	(1,310,704)
Total identifiable net asset to be transferred	**8,189,911**

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Net assets will be transferred against issue of shares of the Acquirer to the Company and its shareholders in addition of certain amount of cash consideration. There is no contingent consideration involved. At the date of authorization of these special purpose interim unconsolidated financial statements, the business combination is incomplete and hence amount of goodwill and shares to be issued cannot be determined. Adjustments for the above, as per the International Accounting Standards (IAS) would be made once approved by the Board of Directors and legal formalities have been fulfilled.

Consequent to the potential Demerger Transaction, the Company would deemed be a Holding Company with investments in subsidiaries (operating in appliances and real estate sector) and expectation of primary income generated from dividend. Further, the acquirer will become subsidiary of the Company and it may meet the objectives of the Company for focus, growth and strategic alliance with global players in home alliances business.

For the eight months period ended 31 August 2021, the Company contributed revenue of Rs. 6,028.95 million and profit of Rs. 225.45 million. If the demerger had occurred on 01 January 2021, the management estimates that the above revenue and profit would have been recognized in Samin Textile Limited. However, there would be no material change in the consolidated results.

46 Corresponding figures

Corresponding figures have been re-arranged and re-classified, where necessary, for the purpose of comparison and better presentation as per reporting framework. However, no significant reclassification has been made.

47 Date of authorization of issue

These special purpose unconsolidated interim financial statements were authorized for issue by the Board of Directors in their meeting held on ________________.

10 DEC 2021

Lahore	Director	Chief Executive Officer	Chief Financial Officer