



WAVES HOME APPLIANCES LIMITED

QUARTERLY REPORT MARCH 2023

Waves Home Appliances Limited

1. CORPORATION INFORMATION

BOARD OF DIRECTORS

- | | | |
|----|-------------------------------|-------------------------------|
| 1. | Mr. Muhammad Zafar Hussain | Chairman/Independent Director |
| 2. | Mr. Tajammal Hussain Bukharee | Independent Director |
| 3. | Mr. Haroon Ahmad Khan | Chief Executive Officer |
| 4. | Mrs. Nighat Haroon Khan | Non-Executive Director |
| 5. | Mr. Moazzam Ahmad Khan | Non-Executive Director |
| 6. | Mr. Hamza Ahmad Khan | Non-Executive Director |
| 7. | Mr. Khalid Azim | Executive Director |

AUDIT COMMITTEE

- | | | |
|----|-------------------------------|-------------------------------|
| 1. | Mr. Tajammal Hussain Bukharee | Chairman/Independent Director |
| 2. | Mr. Moazzam Ahmad Khan | Non-Executive Director |
| 3. | Mrs. Hamza Ahmad Khan | Non-Executive Director |
| 4. | Mr. Khurram Zahoor | Secretary |

HR & REMUNERATION COMMITTEE

- | | | |
|----|----------------------------|-------------------------------|
| 1. | Mr. Muhammad Zafar Hussain | Chairman/Independent Director |
| 4. | Mr. Haroon Ahmad Khan | Executive Director |
| 3. | Mr. Moazzam Ahmad Khan | Non-Executive Director |
| 4. | Mr. Hamza Ahmad Khan | Non-Executive Director |
| 5. | Mr. Khurram Zahoor | Secretary |

CHIEF FINANCIAL OFFICER

Mr. Muhammad Usman

COMPANY SECRETARY

Mr. Khurram Zahoor

HEAD OF INTERNAL AUDITOR

Mr. Waleed Afzal

LEGAL ADVISOR

Law Wing, Advocates & Solicitors

EXTERNAL AUDITORS

RSM Avais Hyder Liaquat Nauman
Chartered Accountants

SHARE REGISTRAR

Corplink (Private) Limited

REGISTERED OFFICE

9-KM Multan Road, Lahore
PH. No. 042-35415421-5, 35421502-4
UAN: 042-111-31-32-33

REGISTRATION NUMBER

CUIN 20624

BANKERS

Askari Bank Limited
Bank Al Falah Limited
Bank of Punjab Limited

Habib Bank Limited
MCB Bank Limited
Al-Baraka Bank Limited

Sindh Bank Limited
Faysal Bank Limited
Silk Bank Limited

CONTACT INFORMATION

UAN: 042-111-31-32-33, 042-35415421-5, 042-35421502-4
Email: cs@waves.net.pk
Website: www.waves.net.pk

Waves Home Appliances Limited

2. DIRECTORS REPORT TO MEMBERS

2.1 Overview

We, the Board of Directors of Waves Home Appliances Limited (WAVES or the Company), are pleased to present the Directors' report and un-audited financial statements for your Company for the period concluding on 31 March 2023. The key financial highlights from this period are provided herein:

	Q1-2023	Q1-2022
	<u>Rs. in '000</u>	<u>Rs. in '000</u>
Gross Sales	1,381,116	3,382,762
Gross Profit	284,444	586,492
Marketing, selling and distribution costs	(65,497)	(184,511)
Administrative expenses	(70,809)	(78,255)
Other Expenses	(1,751)	(4,382)
Other Income	7,877	7,009
Profit from Operations	154,264	326,352
Finance Costs (net)	(137,491)	(199,065)
Profit before Taxation	16,773	127,287
Taxation	(5,555)	(34,195)
Profit for the Period	11,218	93,092
Earnings Per Share (Rupees)	<u>0.04</u>	<u>0.35</u>

Based on the financial results in view of the tough current economic conditions the Board of Directors do not recommend any pay-out to the shareholders of the Company.

2.2 Principal Activities

WHALE or the Company is listed on Pakistan Stock Exchange Limited (PSX). The Company has recently gone under a Scheme of Arrangement (the Scheme) wherein the home appliances business from Waves Corporation Limited, formerly Waves Singer Pakistan Limited, was acquired and merged into the Company. The Scheme was sanctioned by the honorable Lahore High Court, Lahore on 27 May 2022. The effective date of Scheme is 31 August 2021. WHALE is now a

Waves Home Appliances Limited

subsidiary company of WAVES. The brand includes Deep Freezers, Vizi-Coolers, Refrigerators, Air Conditioners, Washing Machines, Microwaves, Water Dispenser etc.

Our operations extend nationwide in major cities such as Karachi, Lahore, Gujranwala, Peshawar, Multan etc., with a network of 1,500+ dealers, 16 after-sales service centers, and above 500 service workshops. This robust infrastructure positions us alongside the leading home appliance companies operating within Pakistan. Despite the challenging economic environment, progress on WHALE's state-of-the-art purpose-built factory continues, albeit at a measured pace.

In response to policy changes permitting the import of materials/components by the home appliances industry and the slow processing of L/C opening by commercial banks, we have sought to ensure the continuity of operations by striving for significant import substitution. In line with this, WHALE has shifted to sourcing materials locally, decreasing reliance on imports and promoting the development of certain imported components domestically. Our products, especially deep freezers and vizi-coolers, have significant corporate sales potential, particularly for businesses like Coca Cola and the broader frozen food and beverages industry. Amid these challenges, we remain fully focused on maintaining the continuity of operations.

Economic Analysis and Industry Analysis

In response to policy changes permitting the import of materials/components by the home appliances industry and the slow processing of L/C opening by commercial banks, we have sought to ensure the continuity of operations by striving for significant import substitution. In line with this, WHALE has shifted to sourcing materials locally, decreasing reliance on imports and promoting the development of certain imported components domestically. Our products, especially deep freezers and vizi-coolers, have significant corporate sales potential, particularly for businesses like Coca Cola and the broader frozen food and beverages industry. Amid these challenges, we remain fully focused on maintaining the continuity of operations.

In the local context, agricultural output of wheat, maize, and sugarcane has increased, along with agricultural credit disbursements. However, disruption in the supply chain and global recessionary pressures have led to contraction in the Large-Scale Manufacturing (LSM) sector. Despite this, certain sectors have displayed positive growth, including wearing apparel, leather products, furniture, and others. The CPI inflation in March 2023 was recorded at 35.4% year on year basis, a notable increase from the previous 31.5%.

2.3 Company's Future Outlook / Forward Looking Statements

Looking ahead, inflation is anticipated to remain high due to a myriad of factors including a gap in the demand and supply of essential items, currency depreciation, and recent adjustments in the prices of petrol and diesel. The political and economic uncertainty coupled with strong inflationary expectations might further exacerbate inflationary pressures. However, we expect the Government to take immediate concrete steps, such as concluding the IMF program, to resolve the prevailing crisis. Despite short-term impacts, as the current account deficit is curtailed and political and social sentiments improve, we foresee an appreciation in the Rupee and an easing of monetary policy, marking the beginning of recovery and sustainable growth.

As one of the leading consumer brand entities, WAVES continuously strives to address the pressing issues of our time, such as energy, inflation, supply-chain, and human development. Our team's skills and creativity remain the cornerstone of our success, and we are committed to human development, ensuring that we have the best possible talent driving our growth.

Waves Home Appliances Limited

We are dedicated to enhancing the Group's overall performance and profitability, and remain committed to creating a learning organization.

2.4 Acknowledgements

We extend our gratitude to all stakeholders, including our valued customers, suppliers, business partners, financial institutions, regulators, who have placed their trust in us. The Company's achievements and current standing is a testament to the unwavering commitment, hard work, and tremendous support from our management team and employees. We are confident in their ability to meet and exceed stakeholder expectations.

We are appreciative of the continued support from the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan, and the management of the Pakistan Stock Exchange. Our sincere gratitude goes to our shareholders for their trust, confidence, and unwavering support.

For and on behalf of the Board:

-Sd-

Chief Executive Officer
Lahore

-Sd-

Director

Waves Home Appliances Limited (formerly, Samin Textiles Limited)

Condensed Interim Statement of Financial Position (Un-audited)

As at 31 March 2023

EQUITY AND LIABILITIES	(Un-audited) 31 March 2023	(Audited) 31 December 2022	Note	(Rupees in '000)	(Un-audited) 31 March 2023	(Audited) 31 December 2022
ASSETS						
Non-current assets						
Share capital and reserves						
Authorised capital 425,000,000 (2022: 425,000,000) ordinary shares of Rs. 10 each	4,250,000	4,250,000			4,250,000	4,250,000
Issued, subscribed and paid up capital	2,678,853	2,678,853	6		2,678,853	2,678,853
Other reserves	3,505,184	3,505,184			3,505,184	3,505,184
Loan from sponsors	162,389	119,497			162,389	119,497
Revenue reserve - unappropriated profit	481,394	470,176			481,394	470,176
Surplus on revaluation of property, plant and equipment - net of tax	342,704	342,704			342,704	342,704
	7,170,524	7,116,414			7,170,524	7,116,414
Current assets						
Long term loans - secured	811,372	789,415			811,372	789,415
Amount due to holding company	1,859,289	1,721,338			1,859,289	1,721,338
Lease liabilities						
- Assets under right of use - secured	36,498	40,246			36,498	40,246
- Building under right of use - unsecured	56,273	41,687			56,273	41,687
Employee retirement benefits - obligation	446,257	456,083			446,257	456,083
Deferred tax liability - net	6,186	6,477			6,186	6,477
Deferred income	3,215,875	3,055,246			3,215,875	3,055,246
	8,417,117	8,302,888			8,417,117	8,302,888
Current liabilities						
Trade and other payables	1,192,521	1,379,020			1,192,521	1,379,020
Mark-up accrued on borrowings	271,805	284,937			271,805	284,937
Short term borrowings - secured	3,386,603	3,156,007	7		3,386,603	3,156,007
Provision for tax	15,381	3,439			15,381	3,439
Current portion of long term liabilities	424,731	504,369			424,731	504,369
	5,291,041	5,327,772			5,291,041	5,327,772
Contingencies and commitments						
	15,677,440	15,499,432			15,677,440	15,499,432

The annexed notes 1 to 17 form an integral part of these condensed interim unconsolidated financial statements.

Lahore

Chief Executive Officer



Director



Chief Financial Officer

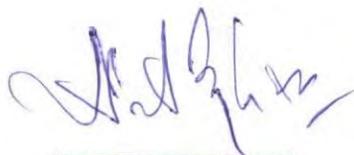


Waves Home Appliances Limited (formerly, Samin Textiles Limited)
Condensed Interim Statement of Profit or Loss Account (Un-audited)
For the three months period ended 31 March 2023

	Note	For three months period ended	
		31 March 2023	31 March 2022
----- (Rupees in '000) -----			
Sales - net of sales return		1,381,116	3,382,762
Sales tax and trade discount on invoices		(240,678)	(647,164)
Sales - net	12	1,140,438	2,735,598
Cost of sales		(855,994)	(2,149,106)
Gross profit		284,444	586,492
Marketing, selling and distribution costs		(65,497)	(184,511)
Administrative expenses		(70,809)	(78,255)
Other expenses		(1,751)	(4,382)
Other income		7,877	7,009
		(130,180)	(260,140)
Profit from operations		154,264	326,352
Finance cost		(137,491)	(199,065)
Profit before taxation		16,773	127,287
Taxation		(5,555)	(34,195)
Profit for the period		11,218	93,092
Earnings per share - basic and diluted (Rupees)		0.04	0.35

The annexed notes 1 to 17 form an integral part of these condensed interim unconsolidated financial statements.

Lahore



Chief Executive Officer



Director



Chief Financial Officer



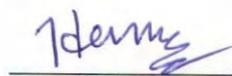
Waves Home Appliances Limited (*formerly, Samin Textiles Limited*)
 Condensed Interim Statement of Comprehensive Income (Un-audited)
 For the three months period ended 31 March 2023

	<u>For three months period ended</u>	
	31 March 2023	31 March 2022
	----- (Rupees in '000) -----	
Profit for the period	11,218	93,092
<u>Other comprehensive income for the period</u>		
<i>Items that will not be reclassified to profit or loss account:</i>	-	-
Total comprehensive income for the period	<u>11,218</u>	<u>93,092</u>

The annexed notes 1 to 17 form an integral part of these condensed interim unconsolidated financial statements.

Lahore


 Chief Executive Officer


 Director


 Chief Financial Officer

Waves Home Appliances Limited (formerly, Samin Textiles Limited)
Condensed Interim Statement of Changes in Equity
For the three months period ended 31 March 2023

Issued, subscribed and paid-up capital	Capital Reserves						Revenue Reserve	Total	
	Shares to be issued under scheme of arrangement	Capital redemption reserve	Share premium reserve	Merger reserve	Loan from sponsors	Surplus on revaluation of land and building	(Accumulated losses) / Unappropriated profits		
(Rupees in '000)									
As at 01 January 2022	118,791	2,560,062	148,489	3,642,002	(263,296)	115,300	368,984	375,924	7,066,256
Other comprehensive income for the year									
Profit for the period	-	-	-	-	-	-	-	48,873	48,873
Remeasurement of defined benefit obligation	-	-	-	-	-	-	-	-	-
Surplus on revaluation of property	-	-	-	-	-	-	-	19,099	19,099
Related deferred tax on surplus arisen	-	-	-	-	-	-	-	-	-
Surplus transferred to accumulated profits	-	-	-	-	-	-	-	67,972	67,972
Transfer against sale of land and building - net of tax									
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	-	-	-	-	(26,280)	26,280	-
	-	-	-	-	-	-	(26,280)	26,280	-
Transactions with owners of the Company									
Shares issued under scheme of arrangement	2,560,062	(2,560,062)	-	(22,011)	-	-	-	-	-
Shares capital issuance expenses	-	-	-	-	-	-	-	-	(22,011)
Sponsors loan during the year	-	-	-	-	4,197	-	-	-	4,197
	2,560,062	(2,560,062)	-	(22,011)	4,197	-	-	-	(17,814)
Balance as at 31 December 2022	2,678,853	-	148,489	3,619,991	(263,296)	119,497	342,704	470,176	7,116,414
Total comprehensive income for the year									
Profit after taxation	-	-	-	-	-	-	-	11,218	11,218
Sponsors loan during the year	-	-	-	-	42,892	-	-	-	42,892
Effect of change in tax rate on account of surplus on property, plant and equipment	-	-	-	-	-	-	-	-	-
	-	-	-	-	42,892	-	-	11,218	54,110
Balance as at 31 March 2023	2,678,853	-	148,489	3,619,991	(263,296)	162,389	342,704	481,394	7,170,524

The annexed notes form an integral part of these unconsolidated financial statements.

Lahore

Chief Executive Officer

Director

Chief Financial Officer

Waves Home Appliances Limited (formerly, Samin Textiles Limited)

Condensed Interim Statement of Cash Flow (Un-audited)

For the three months period ended 31 March 2023

	(Un-audited) 31 March 2023	(Un-audited) 31 March 2022
	-----Rupees in '000-----	
<u>Cash flows from operating activities</u>		
Profit before taxation	16,773	127,287
<i>Adjustments for non-cash and other items:</i>		
Depreciation on property, plant and equipment	59,167	63,017
Amortisation of intangible assets	7,455	33,722
Finance cost	137,491	-
Gain on sale of property, plant and equipment	(3,114)	-
Amortisation of deferred income	(291)	(472)
	<u>217,480</u>	<u>223,554</u>
<i>(Increase) / decrease in current assets:</i>		
Stores, spares and loose tools	5,466	(2,451)
Stock-in-trade	(241,945)	(52,176)
Trade debts and other receivables	231,735	642,649
Advances, deposits, prepayments and other receivables	(14,632)	23,865
<i>Increase in current liabilities:</i>		
Trade and other payables	(186,499)	(244,244)
	<u>(205,875)</u>	<u>367,643</u>
Cash used in operations	11,605	591,197
Income tax paid	(15,381)	(28,970)
Employee retirement benefits paid	(50)	-
Long term deposits - net	-	2,738
Net cash used in operating activities	(3,826)	564,965
<u>Cash flow from investing activities</u>		
Capital expenditure -net	(181,187)	(1,019,286)
Proceeds from disposal of property, plant and equipment	3,500	-
Net cash generated from investing activities	(177,687)	(1,019,286)
<u>Cash flow from financing activities</u>		
Long term loans received / (repaid)	(57,681)	588,765
Loan from holding company	137,951	48,927
Provision for tax	11,942	(5,482)
Finance costs paid	(150,623)	(26,952)
Short term borrowing - net	(373,827)	(4,179)
Loan from sponsors - <i>unsecured</i>	42,892	-
Lease rentals - net	10,838	-
Net cash generated from financing activities	(378,508)	601,079
Net increase in cash and cash equivalents	(560,021)	146,758
Cash and cash equivalents - at beginning of the period	(1,057,813)	(992,830)
Cash and cash equivalents - at end of the period	(1,617,834)	(846,072)

Note

9.1

11

The annexed notes 1 to 17 form an integral part of these condensed interim unconsolidated financial statements.

Lahore

Chief Executive Officer

Director

Chief Financial Officer

Waves Home Appliances Limited (formerly, Samin Textiles Limited)

Notes to the Condensed Interim Financial Information (Un-audited)

For the three months period ended 31 March 2023

1 Status and nature of business

Waves Home Appliances Limited (formerly, Samin Textiles Limited) ("the Company") is incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as a public limited company. The registered office of the Company is situated at 8.7 KM Hanjarwal, Multan Road Lahore. The Company is currently listed on Pakistan Stock Exchange. The principal business of the Company was trading, import and export of textile products. Consequent to approval of scheme of arrangement as discussed in note 2, the principal line of business has been amended to include manufacturing, assembly and wholesale of domestic consumer appliances and other light engineering products.

The Company is a subsidiary of Waves Corporation Limited (formerly Waves Singer Pakistan Limited), the ultimate parent Company.

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

- 9-K.M, Hanjarwal, Multan Road, Lahore.
- 'Mouza Mustafabad, 41-K.M., Ferozpur Road, Off 2-K.M. Rohi Nala Road, Tehsil & District Kasur

2 Separation / Carving out of Home Appliances Business from Waves Corporation Limited (WCL - formerly Waves Singer Pakistan Limited), a related entity and Amalgamation into WHAL

Samim Textiles Limited renamed as Waves Home Appliances Limited ("the Company-WHAL") completed a Scheme of Arrangement as follows:

- Carving out / separation of home appliances business from WCL by transferring certain assets, liabilities, obligations, contracts and undertakings and amalgamating the same with and into the Company as of the effective date of 01 September 2021 against allotment and issue of WHAL shares to WCL. WCL was a related party of the Company by virtue of common shareholding. Refer to note of these financial statements for details of assets transferred and liabilities assumed.
- The Honourable Lahore High Court (the Court) through its Order dated 22 June 2022, has approved the Scheme of Arrangement as proposed and granted sanction order for the carving out of home appliances business from the Holding Company and amalgamation of the same into the subsidiary Company WHAL.
- The Board of Directors of the Company, in their meeting held on 23 December 2021, approved and resolved to present the Scheme of Arrangement before the shareholders of the Company for their approval. After approval by the BOD, the said scheme was submitted to Court for approval. As per requirements, the Company subsequently obtained approval of the Scheme of Arrangement from its shareholders and secured creditors of the Company. Shareholders of the Company also approved the change of name of the Company in accordance with Section 12 of the Companies Act, 2017 from "Samim Textiles Limited (SMTM)" to "Waves Home Appliances Limited (WHAL)". Further, shareholders have also resolved to change the year-end of WHAL from 30 June to 31 December to be aligned with the year-end of the holding company subsequent to amalgamation.
- As envisaged by the scheme of arrangement approved by the Honorable Lahore High Court, the books of accounts of WCL and WHAL shall be updated to record the necessary fair value accounting entries in accordance with the applicable accounting standards and applicable laws.

- As consideration for the transfer of the home appliances business, WHAL shall:
 - issue a total of 256,006,196 shares:
 - Out of above, 199,724,956 shares shall be issued and allotted to WCL.
 - Remaining 56,281,240 shares of the Company shall to be issued and allotted to shareholders of WCL in the swap ratio of 20 shares for every 100 shares held in WCL. The 20 shares of the Company directly issued to the shareholders of WCL are equivalent to presently traded 45 shares of the Company prior to the proposed capital reduction.
 - Rs. 2 billion in cash shall be payable to WCL; no additional compensation shall be applicable against this amount if the said amount is settled by the Company within 2 years of sanction of this scheme. However, if the said amount is still wholly or partially outstanding at the end of 2 years of the sanction of scheme, then a profit/mark-up shall be payable on outstanding amount on a quarterly basis in arrears at such profit/mark-up rate as determined by the Board(s) of Directors of each of the Company at the relevant time, provided such profit/mark-up rate shall not be less than the rate prescribed under applicable laws.

As part of the arrangement hereunder, subsequent to the Scheme completion date, but prior to the issuance / allotment of WHAL Shares to the Company and its shareholders, share capital of WHAL will be reduced from every 225 shares to 100 shares i-e total paid up capital from 26,728,000 to 11,879,111 shares.

The Group expects several benefits after this merger including the synergies of operations, allowing them to become leading suppliers / service providers, resulting in greater revenue. Furthermore, by separating the business segments (as contemplated in this Scheme), the individual companies shall have unique identities, a more focussed business and customer base.

At the same time, as a consequence of the arrangement, accounting year-end of WHAL shall change from 30 June to 31 December and WHAL shall become a subsidiary of WCL. Separation of the different undertakings and assets of WCL and merger of the demerged undertaking with and into WHAL will allow the management of each company to focus on the business segment sought to be carried out by the respective company, resulting in better performance of the same.

Details of assets and liabilities demerged along with other disclosures are given in note to these financial statements.

3 Basis of preparation

Statement of compliance

3.1 These condensed interim unconsolidated financial statements of the Company have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017.
- Provisions of and directives issued under the Companies Act, 2017; and

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 These condensed interim unconsolidated financial statements comprise the condensed interim unconsolidated statement of financial position of the Company as at 31 December 2022 and the related condensed interim unconsolidated statement of profit or loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated statement of cash flow and notes to the financial information for the three month period then ended.

3.3 These condensed interim unconsolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 31 December 2022. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the Company's financial position and performance since the last annual financial statements.

4 Use of estimates and judgments

The preparation of condensed interim unconsolidated financial statements requires management to make judgments, estimates and assumptions for the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim unconsolidated financial statements, the significant judgments made by the management in applying accounting policies and key sources of estimation are the same as those applied in the preparation of annual audited financial statements for the year ended 31 December 2022.

5 Statement of consistency in accounting policies

The accounting policies and the methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are same as those applied in the preparation of annual audited financial statements for the year ended 31 December 2022.

6 Issued, subscribed and paid up capital

	(Un-audited) 31 March 2023	(Audited) 31 December 2022	(Un-audited) 31 March 2023	(Audited) 31 December 2022
	--- Number of shares ---		--- Rupees in '000 ---	
Issued for cash	11,879,111	11,879,111	118,791	118,791
To be issued under scheme of arrangement	256,006,196	256,006,196	2,560,062	2,560,062
	<u>267,885,307</u>	<u>267,885,307</u>	<u>2,678,853</u>	<u>2,678,853</u>

6.1 Ordinary shares of the Company held by associated persons and undertaking are as follows:

	(Un-audited) 31 March 2023	(Audited) 31 December 2022	(Un-audited) 31 March 2023	(Audited) 31 December 2022
- Waves Corporation Limited	74.56%	74.56%	199,724,956	199,724,956
- Haroon Ahmad Khan (CEO)	9.60%	9.60%	25,722,281	25,722,281
	<u>84.16%</u>	<u>84.16%</u>	<u>225,447,237</u>	<u>225,447,237</u>

6.2 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.

	(Un-audited) 31 March 2023	(Audited) 31 December 2022
	(Rupees in '000)	
7 Short term borrowings		
<i>From banking companies - secured:</i>		
Running finance under mark-up arrangements	1,667,865	1,063,442
Finance against trust receipt	1,422,397	1,796,224
Short term borrowings under 'Murahaba' arrangement	296,341	296,341
	<u>3,386,603</u>	<u>3,156,007</u>

7.1 These facilities are secured against charge over current assets of the company and personal guarantees of the sponsors of the company and carries markup rate of one month KIBOR + 2% per annum payable monthly in arrears and KIBOR + 2.5% per annum.

8 Contingencies and commitments

8.1 Contingencies

There has been no significant changes in contingencies as reported in the annual audited financial statements of the Company for the year ended 31 December 2022.

8.2 Commitments

The Company has the following commitments in respect of:

- (i) Commitments for the import of stock in trade outstanding at period end were for Rs. 136.58 million (31 December 2022: Rs. Nil).
- (ii) Commitments for capital expenditure against irrevocable letters of credit outstanding at the period end were Rs. 8.95 million (31 December 2022: Rs. 6.50 million).

		(Un-audited) 31 March 2023	(Audited) 31 December 2022
	<i>Note</i>	(Rupees in '000)	
9 Property, plant and equipment			
Operating fixed assets	<i>9.1</i>	3,139,717	3,145,131
Right of use asset	<i>9.2</i>	124,072	131,641
Capital work-in-progress	<i>9.3</i>	2,280,939	2,163,586
		<u>5,544,728</u>	<u>5,440,358</u>
9.1 Operating fixed assets			
Opening balance - as at 01 January		3,145,131	2,797,121
Additions / (deletion) during the period / year		45,933	512,421
Transfers from right to use to owned assets		-	48,588
		<u>3,191,064</u>	<u>3,358,129</u>
Book value of property, plant and equipment disposed off during the period / year		(1,480)	(9,712)
Depreciation charged during the period / year		(49,867)	(203,287)
Closing balance		<u>3,139,717</u>	<u>3,145,131</u>
9.2 Right of-use asset			
Balance as at 01 January		131,641	156,115
Additions / (deletion) during the period / year		1,731	73,825
Transfers to owned assets		-	(48,588)
Depreciation charge for the period / year		(9,300)	(49,712)
Closing balance		<u>124,072</u>	<u>131,641</u>

9.3 Capital work-in-progress

Balance as at 01 January	2,163,586	265,582
Additions / (deletion) during the period / year	117,353	1,898,004
Closing balance	<u>2,280,939</u>	<u>2,163,586</u>

Breakup of capital work in progress:

Building	1,263,734	1,190,312
Plant and machinery	1,015,846	971,959
Electric installation	1,359	1,315
	<u>2,280,939</u>	<u>2,163,586</u>

(Un-audited) (Audited)
31 March 2023 31 December
2022

10 Intangible assets and goodwill

(Rupees in '000)

Software	29,976	29,748
Brand value	1,582,147	1,582,147
Customer relationships	146,071	153,753
Goodwill	1,070,207	1,070,207
Deferred Cost	17,264	-
	<u>2,845,664</u>	<u>2,835,855</u>

11 Cash and cash equivalents

Cash and bank balances	50,032	5,629
Short term running finance - secured	(1,667,865)	(1,063,442)
	<u>(1,617,833)</u>	<u>(1,057,813)</u>

(Un-audited) (Un-audited)

31 March 2023 31 March 2022

(Rupees in '000)

12 Sales - net

Gross sales:

- Local	1,384,106	3,387,225
Sales return	(2,990)	(4,463)
	<u>1,381,116</u>	<u>3,382,762</u>

Sales tax	(207,798)	(492,486)
Trade discounts	(32,880)	(154,678)
	<u>(240,678)</u>	<u>(647,164)</u>
	<u>1,140,438</u>	<u>2,735,598</u>

13 Taxation

The Company has opted for group taxation and the Group falls under the normal tax regime. Provision for taxation has been calculated as group taxation.

14 Transactions with related parties

Related parties comprise of associated undertakings, directors, entities with common directorship, post employment plans and key management personnel. Amounts due from and to related parties are shown under respective notes in these unconsolidated condensed interim financial statements. Significant transactions with related parties are as follows:

Name of the Company	Relationship	Nature of transactions	(Un-audited) 31 March 2023	(Un-audited) 31 March 2022
Electronics Marketing Company (Pvt) Ltd.	Associated undertaking	Sale of inventory - gross	121,550	40,928
Employee's Provident Fund	Post employee contribution plan	Contribution for the period	6,473	9,848
Employee's Pension Fund	Post employee benefit plan	Contribution for the period	-	25
Employee's Gratuity Fund	Post employee benefit plan	Contribution for the period	-	127
Directors	Director	Loan from sponsors	42,892	-

The CEO and Directors are not drawing remuneration including meeting fee

15 Financial risk management and fair value of financial instruments

15.1 The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements of the Company for the year ended 31 December 2022.

15.2 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:

		31 March 2023		Fair value		
		Carrying amount				
	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- Rupees in '000 -----						
<i>Note</i>						
Financial instruments						
<u>Financial assets - not measured at fair value</u>						
Security deposits	20,526	-	20,526	-	-	-
Trade debts	3,986,368	-	3,986,368	-	-	-
Other receivables	81,030	-	81,030	-	-	-
Cash & Bank Balances	50,032	-	50,032	-	-	-
	4,137,956	-	4,137,956	-	-	-
15.3						

Financial liabilities - not measured at fair value

Long term loans - secured	-	1,236,103	1,236,103	-	-	-
Trade and other payables	-	1,192,521	1,192,521	-	-	-
Employee retirement benefit	-	-	-	-	-	-
Short term borrowings - secured and unsecured	-	3,386,603	3,386,603	-	-	-
Mark-up accrued on short term finances and long term loans	-	271,805	271,805	-	-	-
	-	6,087,032	6,087,032	-	-	-
15.3						

31 December 2022

Fair value

Financial assets at amortized cost Other financial liabilities Total Level 1 Level 2 Level 3

Note ----- Rupees in '000 -----

Financial instruments

31 December 2022

Financial assets - not measured at fair value

Security deposits	20,526	-	20,526	-	-	-
Trade debts	4,218,103	-	4,218,103	-	-	-
Other receivables	66,398	-	66,398	-	-	-
Bank balances	5,629	-	5,629	-	-	-
	<u>4,310,656</u>	<u>-</u>	<u>4,310,656</u>	<u>-</u>	<u>-</u>	<u>-</u>

15.3

Financial liabilities - not measured at fair value

Long term loans - secured	-	1,293,784	1,293,784	-	-	-
Trade and other payables	-	1,379,020	1,379,020	-	-	-
Employee retirement benefit	-	-	-	-	-	-
Short term borrowings - secured and unsecured	-	3,156,007	3,156,007	-	-	-
Mark-up accrued on short term finances and long term loans	-	284,937	284,937	-	-	-
	<u>-</u>	<u>6,113,748</u>	<u>6,113,748</u>	<u>-</u>	<u>-</u>	<u>-</u>

15.3

15.3 The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or reprise over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

Non financial assets measured at fair value

Land and Building and plant and machinery

Revalued Property, plant and equipment

Valuation approach and inputs used

Date of valuation

31 August 2021

The valuation model 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 fair valuation of land and building 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.

16 Date of authorization

This condensed interim Un-Consolidated financial information has been approved by the Board of Directors of the Company and authorized for issue on 30 May 2023.

17 General

Corresponding figures have been re-arranged and re-classified where necessary, for the purpose of comparison and better presentation as per reporting framework.

Figures have been rounded off to nearest thousand unless stated otherwise.



Lahore **Chief Executive Officer**



Director



Chief Financial Officer

Published by:
WAVES HOME APPLIANCES LIMITED
Factory Premises 042 35415421-5, 042 35421502-4
UAN: 042 111 21 32 33
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