



WAVES HOME APPLIANCES LIMITED

HALF YEARLY REPORT JUNE 2023

Waves Home Appliances Limited

1. CORPORATION INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

- | | | |
|----|-------------------------------|-------------------------------|
| 1. | Mr. Tajammal Hussain Bukharee | Chairman/Independent Director |
| 2. | Mr. Moazzam Ahmad Khan | Non-Executive Director |
| 3. | Mr. 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 (WHALE or the Company), are pleased to present the Directors' report and reviewed financial statements of your Company for the period concluding on 30 June 2023. The key financial highlights from this period are provided herein:

	HY-2023	HY-2022
	Rs. in '000	Rs. in '000
Sales (Net)	2,473,552	5,576,415
Gross Profit	609,635	1,175,669
Profit from Operations	353,686	699,104
Profit before Taxation	105,365	349,674
Profit for the Period	72,093	290,219
Earnings Per Share – Basic and Diluted (Rupees)	<u>0.27</u>	<u>1.08</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.

The Sales (net) of WHALE were PKR 2,473 million as compared to PKR 5,576 million, whereas net profit was PKR 72 million as compared to PKR 290 million in the previous period. This variance is primarily due to the challenging economic and financial environment, where supply was constrained and demand was restricted due to the prevailing recessionary situation. However, it may be noted that the gross margins have substantially improved

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

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.

Waves Home Appliances Limited

2.3 Economic Analysis and Outlook

The economic activity in major advanced economies is still challenging, mainly due to the continuation of monetary tightening measures. Inflation has fallen in some economies due to lower energy prices, but food and services prices continue to rise, contributing to persistent high inflation. Monetary tightening measures are still in place. Similarly, the emerging market economies are also facing challenges from the tough global financial conditions such as higher debt servicing costs, capital outflows, and reduced credit availability from foreign lenders. Moreover, rising geopolitical tensions and concerns about supply chain security have prompted several countries to implement trade and investment restrictions. Increasingly restrictive trade policies risk curtailing the gains from global trade and harming the development prospects of low-income countries.

Going forward the financial year 2023 is a challenging year for the country however, it has observed fiscal and current account balance improvements. The decisions and stabilization measures by the Government has navigated the country towards a sustainable path. The growth targets of ~3.5% are anticipated to be met through Kissan package, industrial support, export promotion, encouragement of the IT sector, and resource mobilization efforts. The Consumer Price Index (CPI) inflation and Sensitive Price Indicator (SPI) have declined in the month of June 2023 as compared to previous period. The fiscal front has seen an important improvement, with the primary deficit reducing significantly from the previous period. In order to contain persistently rising inflationary pressures and to maintain external sector stability, SBP had to keep the policy rate to 22%.

To achieve higher and sustainable economic growth, the Government will require prudent and effective economic decisions, political and economic certainty, and continuation of friendly economic policies along with enough foreign exchange financing. The recent IMF approval of the Stand- By Arrangement and other bilateral and multilateral inflows will pave the way to further improve the macroeconomic environment and the confidence of economic agents.

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. We are dedicated to enhance the Company'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 stakeholders' expectations.

For and on behalf of the Board:

-Sd-

Chief Executive Officer
Lahore

-Sd-

Director

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Waves Home Appliances Limited
On review of condensed interim unconsolidated financial Statements

RSM Avas Hyder Liaquat Nauman
Chartered Accountants

House # 136-B, Street # 43,
Sector F-10/4,
Islamabad - Pakistan.

T: +92 (51) 211 4096/7/8
F: +92 (51) 229 6688

Introduction

E: islahabad@rsm-pakistan.com
W: www.rsm-pakistan.com

We have reviewed the accompanying condensed interim unconsolidated balance sheet of Waves Home Appliances Limited ("The Company") as at 30 June 2023, and the related condensed interim unconsolidated profit and loss account, condensed unconsolidated interim statement of comprehensive income, condensed interim unconsolidated cash flow statement and condensed interim unconsolidated statement of changes in equity together with the notes forming part thereof for the half year then ended (here-in-after referred to as the "condensed unconsolidated interim financial statements"). Management is responsible for the preparation and presentation of this condensed interim unconsolidated financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed unconsolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim unconsolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

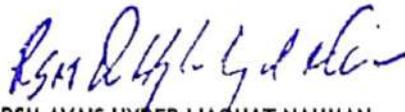
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed unconsolidated interim financial statements as of and for the half year ended 30 June 2022 is not prepared, in all material respects, in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matters

- 1-The figures of the condensed unconsolidated interim profit and loss account and condensed unconsolidated interim statement of comprehensive income for the three months period ended 30 June 2023 and 30 June 2022, have not been reviewed as we are required to review only the cumulative figures for the half year ended 30 June 2023.
- 2-We draw attention to the note no 5.1, that describes the restatement of prior year error.

The engagement partner on this independent auditor's review report is Mr. Nauman Mahmood, FCA.



RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

UDIN: RR2023103791dAobt76Y

Place: Islamabad

Date:15-Aug-2023

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

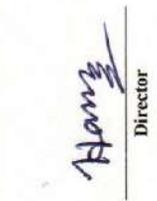
Other Offices at
Lahore : 92 (42) 3582 2731-3
Karachi : 92 (21) 355 5975-9
Faisalabad : 92 (41) 854 150-854 1965
Peshawar : 92 (91) 527 8370-5277205
Quetta : 92 (81) 262 4814
Kabul : 93 (799) 058155

Waves Home Appliances Limited
Condensed Interim Statement of Financial Position (Un-audited)
As at 30 June 2023

ASSETS	Note	Restated	
		(Un-audited) 30 June 2023	Audited 31 December 2022
		----- (Rupees in '000) -----	
EQUITY AND LIABILITIES			
<u>Share capital and reserves</u>			
Authorised capital 425,000,000 (2022: 425,000,000) ordinary shares of Rs. 10 each		4,250,000	4,250,000
Issued, subscribed and paid up capital	6	2,678,853	2,678,853
Capital reserve		3,695,868	3,695,868
Loan from sponsors		145,197	119,497
Revenue reserve - unappropriated profit		553,647	481,554
Surplus on revaluation of property, plant and equipment - net of tax		342,704	342,704
		7,416,269	7,318,476
<u>Non-current liabilities</u>			
Long term loans - secured		763,111	789,415
Amount due to holding company		1,664,589	1,519,276
Lease liabilities		28,852	40,246
- Assets under right of use - secured		53,363	41,687
- Building under right of use - unsecured		464,618	456,083
Deferred tax liability - net		5,896	6,477
Deferred income		2,980,429	2,853,184
<u>Current liabilities</u>			
Trade and other payables		1,656,605	1,667,395
Short term borrowings - secured	7	3,060,610	3,156,007
Current portion of long term liabilities		479,414	504,369
		5,196,629	5,327,771
Contingencies and commitments			
	8	15,593,327	15,499,432
		15,593,327	15,499,432
<u>ASSETS</u>			
<u>Non-current assets</u>			
Property, plant and equipment	9	6,074,312	5,440,358
Intangible assets and goodwill		2,834,662	2,835,855
Long term Deposits	10	18,855	20,526
Employee retirement benefits		7,096	6,149
		8,934,925	8,302,888
<u>Current assets</u>			
Stores, spares and loose tools		40,256	44,143
Stock-in-trade		2,740,466	2,860,801
Trade debts		3,085,628	4,218,103
Advances, deposits, prepayments and other receivables		784,968	66,398
Cash and bank balances	11	5,614	5,629
		6,656,932	7,195,074
Non current assets held for sale		1,470	1,470
		6,658,402	7,196,544
		15,593,327	15,499,432

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


Chief Executive Officer


Director


Chief Financial Officer

RSM

Lahore

Waves Home Appliances Limited
Condensed Interim Statement of Profit or Loss Account (Un-audited)
For the six months period ended 30 June 2023

	For six months period ended		For three months period ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Sales - net of sales return	3,043,458	6,841,267	1,662,342	3,458,505
Sales tax and trade discount on invoices	(569,906)	(1,264,852)	(329,228)	(617,688)
Sales - net	2,473,552	5,576,415	1,333,114	2,840,817
Cost of sales	(1,863,917)	(4,400,746)	(1,007,923)	(2,251,640)
Gross profit	609,635	1,175,669	325,191	589,177
Marketing, selling and distribution costs	(120,546)	(274,875)	(55,049)	(90,364)
Administrative expenses	(116,863)	(168,298)	(46,054)	(90,043)
Other expenses	(33,813)	(71,134)	(32,062)	(66,752)
Other income	15,273	37,742	7,396	30,733
	(255,949)	(476,565)	(125,769)	(216,426)
Profit from operations	353,686	699,104	199,422	372,751
Finance cost	(248,321)	(349,430)	(110,830)	(150,365)
Profit before taxation	105,365	349,674	88,592	222,386
Taxation	(33,272)	(59,455)	(27,717)	(25,260)
Profit for the period	72,093	290,219	60,875	197,126
Earnings per share - basic and diluted (Rupees)	0.27	1.08	0.23	0.74

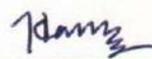
RSM

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

Condensed Interim Statement of Comprehensive Income (Un-audited)

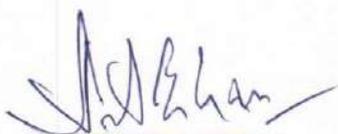
For the six months period ended 30 June 2023

	<u>For three months period ended</u>	
	<u>30 June</u> <u>2023</u>	<u>30 June</u> <u>2022</u>
	<u>----- (Rupees in '000) -----</u>	
Profit for the period	72,093	290,219
<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>72,093</u>	<u>290,219</u>

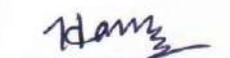
The annexed notes 1 to 17 form an integral part of these condensed interim unconsolidated financial statements.

RSM

Lahore



Chief Executive Officer



Director



Chief Financial Officer

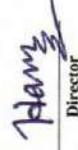
Waves Home Appliances Limited
Condensed Interim Statement of Changes in Equity
For the six months period ended 30 June 2023

	Issued, subscribed and paid-up capital	Capital Reserves						Revenue Reserve (Accumulated losses)/ Unappropriated profits	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		
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
----- (Rupees in '000) -----									
<i>Other comprehensive income for the year</i>									
Profit for the period	-	-	-	-	-	-	-	48,873	48,873
Surplus on revaluation of property	-	-	-	-	-	-	-	19,099	19,099
	-	-	-	-	-	-	-	67,972	67,972
<i>Surplus transferred to accumulated profits</i>									
Transfer against sale of land and building - net of tax	-	-	-	-	-	-	(26,280)	-	-
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	-	-	-	-	(26,280)	-	-
	-	-	-	-	-	-	(26,280)	26,280	-
<i>Transactions with owners of the Company</i>									
Shares issued under scheme of arrangement	2,560,062	(2,560,062)	-	-	(22,011)	-	-	-	(22,011)
Shares capital issuance expenses	-	-	-	-	-	4,197	-	-	4,197
Sponsors loan during the year	-	-	-	-	(22,011)	4,197	-	-	(17,814)
	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
Prior year adjustment	-	-	-	-	190,684	-	-	11,378	202,062
Balance as at 31 December 2022 (Restated)	2,678,853	-	148,489	3,619,991	(72,612)	119,497	342,704	481,554	7,318,476
<i>Total comprehensive income for the year</i>									
Profit after taxation	-	-	-	-	-	-	-	72,093	72,093
Sponsors loan during the year	-	-	-	-	-	25,700	-	-	25,700
Effect of change in tax rate on account of surplus on property, plant and equipment	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	25,700	-	72,093	97,793
Balance as at 30 June 2023	2,678,853	-	148,489	3,619,991	(72,612)	145,197	342,704	553,647	7,416,269

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

Lahore

Chief Executive Officer


Director


Chief Financial Officer

DSM

Waves Home Appliances Limited
 Condensed Interim Statement of Cash Flow (Un-audited)
 For the six months period ended 30 June 2023

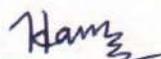
	(Un-audited) 30 June 2023	(Un-audited) 30 June 2022
Note	----- (Rupees in '000) -----	
<u>Cash flows from operating activities</u>		
Profit before taxation	105,365	349,673
<i>Adjustments for non-cash and other items:</i>		
Depreciation on property, plant and equipment	123,191	122,020
Amortisation of intangible assets	16,887	18,758
Finance cost	248,321	349,430
Gain on sale of property, plant and equipment	(11,073)	-
Amortisation of deferred income	(581)	2,119
	<u>482,109</u>	<u>842,000</u>
<i>(Increase) / decrease in current assets:</i>		
Stores, spares and loose tools	3,887	(9,424)
Stock-in-trade	120,335	139,758
Trade debts and other receivables	1,132,475	1,385,720
Advances, deposits, prepayments and other receivables	(718,570)	(107,905)
<i>Increase in current liabilities:</i>		
Trade and other payables	(10,790)	(357,752)
	<u>527,337</u>	<u>1,050,397</u>
Cash used in operations	1,009,446	1,892,397
Income tax paid	(24,737)	(5,481)
Employee retirement benefits paid	(947)	1,371
Long term deposits - net	1,671	(13,068)
Net cash used in operating activities	985,433	1,875,219
<u>Cash flow from investing activities</u>		
Capital expenditure -net	(775,307)	(1,420,284)
Proceeds from disposal of property, plant and equipment	13,540	-
Net cash generated from investing activities	(761,766)	(1,420,284)
<u>Cash flow from financing activities</u>		
Long term loans received / (repaid)	(51,259)	140,341
Amount due to holding company	145,313	-
Finance costs paid	(248,321)	(337,795)
Short term borrowing - net	(458,610)	(171,014)
Loan from sponsors - <i>unsecured</i>	25,700	2,167
Lease rentals - net	282	16,338
Net cash generated from financing activities	(586,895)	(349,963)
Net increase in cash and cash equivalents	(363,228)	104,972
Cash and cash equivalents - at beginning of the period	(1,057,813)	(992,830)
Cash and cash equivalents - at end of the period	(1,421,041)	(887,859)

11

#####

Lahore


 Chief Executive Officer


 Director


 Chief Financial Officer

Waves Home Appliances Limited

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

For the six months period ended 30 June 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 Seperation / Carving out of Home Appliances Business from Waves Corporation Limited (WCL - formlery Waves Singer Pakistan Limited), a related entity and Amalgamation into WHAL

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

- Carving out / seperation 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 requirments, 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 "Samin 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 Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- 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 IAS 34, 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 30 June 2023 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 six months 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.

- 5.1 During the period, the management identified that the amount of Rs. 2 billion which was payable to Holding Company was discounted under IFRS 9 from the Effective Date of Scheme of Arrangement, which should have been from the date of Sanction of Scheme. Accordingly, now this impact is recognized retrospectively. The comparative amounts have been restated as per the requirement of IAS 8 "Changes in accounting policy, estimates and errors". The following are the effects on Financial Position and Changes in Equity.

	As at 31 December 2022		
	Restated Balance	Adjustment	As previously Reported
Effect on statement of Changes in Equity			
Merger Reserves	(72,612)	190,684	(263,296)
Un-appropriated Profit	481,554	11,378	470,176
Effect on statement of Financial Position			
Amount due to Holding Company	1,519,276	(202,062)	1,721,338

6 Issued, subscribed and paid up capital

	(Un-audited) 30 June 2023	(Audited) 31 December 2022	(Un-audited) 30 June 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
	267,885,307	267,885,307	2,678,853	2,678,853

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

	(Un-audited) 30 June 2023	(Audited) 31 December 2022	(Un-audited) 30 June 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
	84.16%	84.16%	225,447,237	225,447,237

- 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) 30 June 2023	(Audited) 31 December 2022
--	---------------------------------	----------------------------------

(Rupees in '000)

7 Short term borrowings

Running finance under mark-up arrangements	1,426,655	1,063,442
Finance against trust receipt	1,337,614	1,796,224
Short term borrowings under 'Murahaba' arrangement	296,341	296,341
	3,060,610	3,156,007

- 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 three 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. Nil (31 December 2022: Rs. Nil).
- (ii) Commitments for capital expenditure against irrevocable letters of credit outstanding at the period end were Rs. Nil (31 December 2022: Rs. 6.50 million).

		(Un-audited) 30 June 2023	(Audited) 31 December 2022
	<i>Note</i>	(Rupees in '000)	
9 Property, plant and equipment			
Operating fixed assets	9.1	3,614,710	3,145,131
Right of use asset	9.2	89,835	131,641
Capital work-in-progress	9.3	2,369,768	2,163,586
		<u>6,074,312</u>	<u>5,440,358</u>

		(Un-audited) 30 June 2023	(Audited) 31 December 2022
		(Rupees in '000)	
9.1 Operating fixed assets			
Opening balance - as at 01 January		3,145,131	2,797,121
Additions during the period		552,054	512,421
Transfers from right to use to owned assets		25,383	48,588
		<u>3,722,568</u>	<u>3,358,129</u>
Book value of property, plant and equipment disposed off during the period		(2,821)	(9,712)
Depreciation charged during the period		(105,037)	(203,287)
Closing balance		<u>3,614,710</u>	<u>3,145,131</u>

		(Un-audited) 30 June 2023	(Audited) 31 December 2022
		(Rupees in '000)	
9.2 Right of-use asset			
Balance as at 01 January		131,641	156,115
Additions / (deletion) during the period		1,731	73,825
Transfers to owned assets		(25,383)	(48,588)
Depreciation charge for the period		(18,154)	(49,712)
Closing balance		<u>89,835</u>	<u>131,641</u>

	(Un-audited) 30 June 2023	(Audited) 31 December 2022
(Rupees in '000)		
9.3 Capital work-in-progress		
Balance as at 01 January	2,163,586	265,582
Transfers to owned assets	(425,520)	-
Additions during the period	631,702	1,898,004
Closing balance	<u>2,369,768</u>	<u>2,163,586</u>
Breakup of capital work in progress:		
Building	1,374,636	1,190,312
Plant and machinery	849,699	844,601
Plant and machinery-in transit	144,074	127,358
Electric installation	1,359	1,315
	<u>2,369,768</u>	<u>2,163,586</u>
	(Un-audited)	(Audited)
	30 June	31 December 2022
	2023	
(Rupees in '000)		
10 Intangible assets and goodwill		
Software	28,237	29,748
Brand value	1,582,147	1,582,147
Customer relationships	138,377	153,753
Goodwill	1,070,207	1,070,207
Deferred Cost	15,695	-
	<u>2,834,662</u>	<u>2,835,855</u>
	(Un-audited)	(Audited)
	30 June	31 December 2022
	2023	
(Rupees in '000)		
11 Cash and cash equivalents		
Cash and bank balances	5,614	5,629
Short term running finance - secured	(1,426,655)	(1,063,442)
	<u>(1,421,041)</u>	<u>(1,057,813)</u>
	(Un-audited)	(Un-audited)
	30 June	30 June
	2023	2022
(Rupees in '000)		
12 Sales - net		
<i>Gross sales:</i>		
- Local	3,046,939	6,896,732
Sales return	(3,481)	(55,465)
	<u>3,043,458</u>	<u>6,841,267</u>
Sales tax	(460,946)	(998,738)
Trade discounts	(108,960)	(266,114)
	<u>(569,906)</u>	<u>(1,264,852)</u>
	<u>2,473,552</u>	<u>5,576,414</u>
13 Taxation		
Provision for taxation has been calculated under normal tax regime		

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) 30 June 2023	(Un-audited) 30 June 2022
Waves Marketplace Limited	Associated undertaking	Sale of inventory - gross	181,285	129,742
Employee's Provident Fund	Post employee contribution plan	Contribution for the period	6,473	16,230
Directors	Director	Loan from sponsors	25,700	-

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:

		30 June 2023					
		Carrying amount		Fair value			
		Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
<i>Note</i>		----- Rupees in '000 -----					
Financial instruments							
<u><i>Financial assets - not measured at fair value</i></u>							
		18,855	-	18,855	-	-	-
		3,085,628	-	3,085,628	-	-	-
		784,968	-	784,968	-	-	-
		5,614	-	5,614	-	-	-
	15.3	<u>3,895,065</u>	<u>-</u>	<u>3,895,065</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u><i>Financial liabilities - not measured at fair value</i></u>							
		-	1,242,525	1,242,525	-	-	-
		-	1,656,605	1,656,605	-	-	-
		-	-	-	-	-	-
		-	3,060,610	3,060,610	-	-	-
		-	-	-	-	-	-
	15.3	<u>-</u>	<u>5,959,740</u>	<u>5,959,740</u>	<u>-</u>	<u>-</u>	<u>-</u>

		31 December 2022					
		Fair value					
		Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
<i>Note</i>		Rupees in '000					
Financial instruments							
<u>31 December 2022</u>							
<u>Financial assets - not measured at fair value</u>							
		20,526	-	20,526	-	-	-
		4,218,103	-	4,218,103	-	-	-
		66,398	-	66,398	-	-	-
		5,629	-	5,629	-	-	-
	15.3	<u>4,310,656</u>	<u>-</u>	<u>4,310,656</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Financial liabilities - not measured at fair value</u>							
		-	1,293,784	1,293,784	-	-	-
		-	1,667,395	1,667,395	-	-	-
		-	-	-	-	-	-
		-	3,156,007	3,156,007	-	-	-
		-	-	-	-	-	-
	15.3	<u>-</u>	<u>6,117,186</u>	<u>6,117,186</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

Date of valuation

31 August 2021

Valuation approach and inputs used

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 09 August 2023.

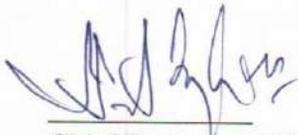
17 General

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.

RSM

Lahore



Chief Executive Officer



Director



Chief Financial Officer

Published by:
WAVES HOME APPLIANCES LIMITED
Factory Premises 9-KM, Multan Road, Lahore
042 35415421-5, 042 35421502-4 UAN: 042 111 21 32 33
www.waves.net.pk

