



WAVES HOME APPLIANCES LIMITED

QUARTERLY REPORT 30 SEPTEMBER 2023

1. CORPORATION INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

- | | | |
|----|-------------------------------|-------------------------------|
| 1. | Mr. Tajammal Hussain Bokharee | 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 0020624

BANKERS

Askari Bank Limited
Bank Alfalah 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

2. DIRECTORS REPORT TO MEMBERS

2.1 Overview

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 September 2023. The key financial highlights from this period are provided herein:

	9 Months	9 Months
	<u>Rs. in '000</u>	<u>Rs. in '000</u>
Sales (Net)	3,358,038	6,941,324
Gross Profit	825,707	1,489,841
Profit from Operations	488,520	856,973
Profit before Taxation	139,941	377,300
Profit for the Period	97,825	310,784
Earnings Per Share – Basic and Diluted (Rupees)	<u>0.37</u>	<u>1.16</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 3,358 million as compared to PKR 6,941 million, whereas net profit was PKR 97 million as compared to PKR 310 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, 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.

2.3 Economic Analysis

The current year presents significant challenges for the country, but it has already witnessed improvements in its fiscal and current account balances. Government decisions and stabilization measures have set the country on a sustainable path. Additionally, administrative and regulatory efforts to combat illegal activities in the foreign exchange market are beginning to produce positive results. On the external front, there are positive developments in the current account deficit and related indicators. Similarly, fiscal performance has also shown improvement over the period. It is expected that the economic revitalization plan and prudent policies, including the Strategic

Investment and Financing Corporation (SIFC) and information technology (IT) policies, will attract new investments, fostering a multiplier effect in the economy, leading to higher and more inclusive economic growth in FY2024 and the medium term

WHALE has transitioned towards sourcing materials from local suppliers, reducing our dependence on imports, and encouraging the domestic production of certain previously imported components. Notably, our product line, including deep freezers and vizi-coolers, holds significant potential for corporate sales, particularly within sectors like Coca Cola and the wider frozen food and beverages industry. Despite the challenges we face, our unwavering focus remains on sustaining the continuity of our operations.

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.

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
Condensed Interim Statement of Financial Position (Un-audited)
As at 30 September 2023

		(Un-audited) 30 September 2023	(Audited) 31 December 2022			(Un-audited) 30 September 2023	(Audited) 31 December 2022
EQUITY AND LIABILITIES	<i>Note</i>	----- (Rupees in '000) -----		ASSETS	<i>Note</i>	----- (Rupees in '000) -----	
<u><i>Share capital and reserves</i></u>			Restated	<u><i>Non-current assets</i></u>			Restated
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	Property, plant and equipment	9	6,742,365	5,440,358
Capital reserve		3,690,236	3,695,868	Intangible assets and goodwill		2,810,530	2,835,855
Loan from sponsors		127,817	119,497	Long term Deposits	10	17,783	20,526
Revenue reserve - unappropriated profit		560,546	462,721	Employee retirement benefits		7,856	6,149
Surplus on revaluation of property, plant and equipment - <i>net of tax</i>		342,704	342,704			9,578,534	8,302,888
		7,400,155	7,299,643				
<u><i>Non-current liabilities</i></u>				<u><i>Current assets</i></u>			
Long term loans - secured		1,085,894	789,414	Stores, spares and loose tools		39,626	44,143
Amount due to holding company		1,712,757	1,519,276	Stock-in-trade		2,705,390	2,860,801
Lease liabilities				Trade debts		2,431,861	4,218,103
- Assets under right of use - secured		23,030	40,246	Advances, deposits, prepayments and other receivables		725,694	66,398
- Building under right of use - unsecured		53,452	41,687	Cash and bank balances	11	5,775	5,629
Deferred tax liability - <i>net</i>		464,618	456,083			5,908,346	7,195,074
Deferred income		5,896	6,477	Non current assets held for sale		1,470	1,470
		3,345,647	2,853,184			5,909,816	7,196,544
<u><i>Current liabilities</i></u>							
Trade and other payables		1,805,246	1,667,396				
Short term borrowings - <i>secured</i>	7	2,465,888	3,156,007				
Current portion of long term liabilities		471,414	523,203				
		4,742,548	5,346,606				
Contingencies and commitments	8						
		15,488,350	15,499,432			15,488,350	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
Condensed Interim Statement of Profit or Loss Account (Un-audited)
For the nine months period ended 30 September 2023

	Nine months ended		Three months ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	Note ----- (Rupees in '000) -----			
Sales - net of sales return	4,068,646	8,403,625	1,025,188	1,562,358
Sales tax and trade discount on invoices	(710,608)	(1,462,301)	(140,702)	(197,449)
Sales - net	3,358,038	6,941,324	884,486	1,364,910
Cost of sales	(2,532,331)	(5,451,484)	(668,414)	(1,050,739)
Gross profit	825,707	1,489,841	216,072	314,171
Marketing, selling and distribution costs	(208,420)	(369,229)	(87,874)	(94,354)
Administrative expenses	(175,135)	(247,486)	(58,272)	(79,187)
Other expenses	(44,187)	(72,411)	(10,374)	(1,278)
Other income	90,555	56,259	75,282	18,517
	(337,187)	(632,867)	(81,238)	(156,302)
Profit from operations	488,520	856,973	134,834	157,869
Finance cost	(348,579)	(479,673)	(100,258)	(130,242)
Profit before taxation	139,941	377,300	34,576	27,626
Taxation	(42,116)	(66,516)	(8,844)	(7,061)
Profit for the period	97,825	310,784	25,732	20,565
Earnings per share - basic and diluted (<i>Rupees</i>)	0.37	1.16	0.10	0.08

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 nine months period ended 30 September 2023

	<u>Nine months ended</u>		<u>Three months ended</u>	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	----- (Rupees in '000) -----			
Profit for the period	97,825	310,784	25,732	20,565
<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	97,825	310,784	25,732	20,565

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 Changes in Equity (Un-audited)
For the nine months period ended 30 September 2023

Issued, subscribed and paid-up capital	Capital Reserves						Revenue Reserve	Total	
	Shares to be issued under scheme	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
<u>Other comprehensive income for the year</u>									
Profit for the period								48,873	48,873
Surplus on revaluation of property	-		-	-	-		-	19,099	19,099
	-		-	-	-		-	67,972	67,972
<u>Surplus transferred to accumulated profits</u>									
Incremental depreciation relating to surplus on revaluation - net of tax	-		-	-	-		(26,280)	26,280	-
<u>Transactions with owners of the Company</u>									
Shares issued under scheme of arrangement	2,560,062	(2,560,062)							-
Shares capital issuance expenses				(22,011)					(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 (Audited)	2,678,853	-	148,489	3,619,991	(263,296)	119,497	342,704	470,176	7,116,414
<u>Prior year adjustment</u>									
Prior year adjustment against loan payable to holding company	-	-	-	-	190,684	-	-	11,378	202,062
Prior year adjustment against loan payable BOK	-	-	-	-	190,684	-	-	(18,834)	(18,834)
	-	-	-	-				(7,456)	183,228
Balance as at 31 December 2022 (Restated)	2,678,853	-	148,489	3,619,991	(72,612)	119,497	342,704	462,721	7,299,642
<u>Total comprehensive income for the year</u>									
Profit after taxation	-		-	-	-		-	97,825	97,825
Effect of change in tax rate on account of surplus on property, plant and equipment	-		-	-	-		-	-	-
	-		-	-	-		-	97,825	97,825
<u>Transactions with owners of the Company</u>									
Sponsors loan during the year	-			-	-	8,320	-	-	8,320
Shares capital issuance expenses	-			(5,632)	-		-	-	(5,632)
	-			(5,632)	-	8,320	-	-	2,688
Balance as at 30 September 2023 (Un-audited)	2,678,853	-	148,489	3,614,359	(72,612)	127,817	342,704	560,546	7,400,155

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 Cash Flow (Un-audited)
For the nine months period ended 30 September 2023

		Nine months ended	
		30 September 2023	30 September 2022
		----- (Rupees in '000) -----	
<u>Cash flows from operating activities</u>			
Profit before taxation		139,941	377,300
<i>Adjustments for non-cash and other items:</i>			
Depreciation on property, plant and equipment	9.1	187,558	195,892
Amortisation of intangible assets		25,325	29,060
Finance cost		348,579	479,673
Gain on sale of property, plant and equipment		(25,631)	(12,113)
Amortisation of deferred income		(581)	998
		675,191	1,070,810
<i>(Increase) / decrease in current assets:</i>			
Stores, spares and loose tools		4,517	(6,553)
Stock-in-trade		155,411	594,401
Trade debts and other receivables		1,786,242	1,811,136
Advances, deposits, prepayments and other receivables		(659,296)	(83,445)
<i>Increase in current liabilities:</i>			
Trade and other payables		137,849	(262,626)
		1,424,723	2,052,913
Cash used in operations		2,099,914	3,123,723
Income tax paid		(33,581)	(86,767)
Employee retirement benefits paid		(1,707)	1,135
Long term deposits - net		2,743	(13,068)
Net cash used in operating activities		2,067,369	3,025,024
<u>Cash flow from investing activities</u>			
Capital expenditure -net		(1,499,772)	(2,062,164)
Proceeds from disposal of property, plant and equipment		35,838	23,464
Net cash generated from investing activities		(1,463,934)	(2,038,700)
<u>Cash flow from financing activities</u>			
Long term loans received / (repaid)		244,691	103,756
Amount due to holding company		193,481	(525,143)
Finance costs paid		(348,579)	(358,643)
Short term borrowing - net		(630,184)	(364,425)
Loan from sponsors - <i>unsecured</i>		8,320	2,167
Lease rentals - net		(5,451)	13,286
Net cash generated from financing activities		(543,354)	(1,047,717)
Net increase in cash and cash equivalents		60,081	(61,393)
Cash and cash equivalents - at beginning of the period		(1,057,813)	(992,830)
Cash and cash equivalents - at end of the period	11	(997,732)	(1,054,223)

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

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

For the nine months period ended 30 September 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

Samina 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 0 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 "Samina 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 Honourable 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 September 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 nine 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.

5.2 During the period, the management identified that the amount of Rs. 18.834 million which was payable to The Bank of Khyber against SBP Salary Refinance Scheme out of Rs. 197.466 million which was received in the year 2020. Rs. 18.834 million was adjusted to deferred income against loan account and amortised in the financial years 2021 and 2022. 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		
	As Restated	Adjustment	Previously Reported
Effect on statement of Changes in Equity			
Merger Reserves	(72,612)	190,684	(263,296)
Un-appropriated Profit	462,720	(7,456)	470,176
Effect on statement of Financial Position			
Amount due to Holding Company	1,519,276	(202,062)	1,721,338
Current portion of long term liabilities	523,203	18,834	504,369

6 Issued, subscribed and paid up capital

	(Un-audited) 30 September 2023	(Audited) 31 December 2022	(Un-audited) 30 September 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:

	----- Percentage held -----	----- Number of shares -----		
- 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.

7 Short term borrowings

	(Un-audited) 30 September 2023	(Audited) 31 December 2022
	----- (Rupees in '000) -----	
Running finance under mark-up arrangements	1,003,507	1,063,442
Finance against trust receipt	1,169,440	1,796,224
Short term borrowings under 'Murahaba' arrangement	292,941	296,341
	2,465,888	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 September 2023	(Audited) 31 December 2022
	<i>Note</i>	----- (Rupees in '000) -----	
9 Property, plant and equipment			
Operating fixed assets	9.1	3,639,791	3,145,131
Right of use asset	9.2	75,935	131,641
Capital work-in-progress	9.3	3,026,639	2,163,586
		<u>6,742,365</u>	<u>5,440,358</u>

		(Un-audited) 30 September 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		636,286	512,421
Transfers from right to use to owned assets		33,085	48,588
		<u>3,814,502</u>	<u>3,358,129</u>
Book value of property, plant and equipment disposed off during the period		(11,505)	(9,712)
Depreciation charged during the period		(163,206)	(203,287)
Closing balance		<u>3,639,791</u>	<u>3,145,131</u>

		(Un-audited) 30 September 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		(33,085)	(48,588)
Depreciation charge for the period		(24,352)	(49,712)
Closing balance		<u>75,935</u>	<u>131,641</u>

	(Un-audited) 30 September 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	1,288,573	1,898,004
Closing balance	<u>3,026,639</u>	<u>2,163,586</u>
Breakup of capital work in progress:		
Building	1,456,172	1,190,312
Plant and machinery	1,425,035	844,601
Plant and machinery-in transit	144,074	127,358
Electric installation	1,359	1,315
	<u>3,026,639</u>	<u>2,163,586</u>
	(Un-audited) 30 September 2023	(Audited) 31 December 2022
	----- (Rupees in '000) -----	
10 Intangible assets and goodwill		
Software	27,482	29,748
Brand value	1,582,147	1,582,147
Customer relationships	130,695	153,753
Goodwill	1,070,207	1,070,207
	<u>2,810,530</u>	<u>2,835,855</u>
	(Un-audited) 30 September 2023	(Audited) 31 December 2022
	----- (Rupees in '000) -----	
11 Cash and cash equivalents		
Cash and bank balances	5,775	5,629
Short term running finance - secured	(1,003,507)	(1,063,442)
	<u>(997,732)</u>	<u>(1,057,813)</u>
	(Un-audited) 30 September 2023	(Un-audited) 30 September 2022
	----- (Rupees in '000) -----	
12 Sales - net		
<i>Gross sales:</i>		
- Local	4,074,631	8,452,874
Sales return	(5,985)	(49,249)
	<u>4,068,646</u>	<u>8,403,625</u>
Sales tax	(618,217)	(1,220,518)
Trade discounts	(92,391)	(241,783)
	<u>(710,608)</u>	<u>(1,462,301)</u>
	<u>3,358,038</u>	<u>6,941,324</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 September 2023	(Un-audited) 30 September 2022
Waves Marketplace Limited	Associated undertaking	Sale of inventory - gross	199,691	173,066
Employee's Provident Fund	Post employee contribution plan	Contribution for the period	18,133	23,869
Directors	Director	Loan from sponsors	8,320	-

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 September 2023				
		Carrying amount		Fair value		
	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3

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

Financial instruments

Financial assets - not measured at fair value

Security deposits	17,783	-	17,783	-	-	-
Trade debts	2,431,861	-	2,431,861	-	-	-
Other receivables	725,694	-	725,694	-	-	-
Cash & Bank Balances	5,775	-	5,775	-	-	-
15.3	<u>3,181,113</u>	<u>-</u>	<u>3,181,113</u>	<u>-</u>	<u>-</u>	<u>-</u>

Financial liabilities - not measured at fair value

Long term loans - secured	-	1,557,308	1,557,308	-	-	-
Trade and other payables	-	1,805,246	1,805,246	-	-	-
Employee retirement benefit	-	-	-	-	-	-
Short term borrowings - secured and unsecured	-	2,465,888	2,465,888	-	-	-
Mark-up accrued on short term finances and long term loans	-	-	-	-	-	-
15.3	<u>-</u>	<u>5,828,442</u>	<u>5,828,442</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>							
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	-	-	-
	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>							
Long term loans - secured		-	1,312,617	1,312,617	-	-	-
Trade and other payables		-	1,667,396	1,667,396	-	-	-
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		-	-	-	-	-	-
	15.3	<u>-</u>	<u>6,136,020</u>	<u>6,136,020</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 27 October 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 9-Km, Multan Road, Lahore
Ph: 042 35415421-5, 042 35421502-4
UAN: 042 111 21 32 33
www.waves.net.pk

