



ANNUAL REPORT 2017

WAVES SINGER PAKISTAN LIMITED

Formerly:

Singer Pakistan Limited

Registered Office:

Plot No. 39, Sector 19, Korangl Industrial Area, Karachi - 74900, Pakistan

Ph: 021-35205395

Karachi Office:

10th Floor, Right Wing, NIC Building, Abbasi Shaheed Road, Karachi - 74400, Pakistan

Ph: 021-35205395

Lahore Office:

9 km Multan Road, Lahore - 54790, Pakistan

Ph: 042-35415421-5, 042-35421502-4

www.waves.net.pk [/wavespakistan](https://www.facebook.com/wavespakistan)

UAN: 111-31-32-33

www.singer.com.pk [/SingerPak](https://www.facebook.com/SingerPak)

ANNUAL
REPORT
2017

CONTENTS

Annual Report 2017



- Corporate Information 04
- Message from the Chairman 06
- Message from the CEO 07



- Board of Directors 08
- Audit Committee 08
- Human Resources & Remuneration Committee 09
- Statutory Office Holders 09



- Vision 10
- Mission 11
- Core Values 12
- Code of Conduct 13
- Objective & strategies 14



- About Waves Singer 16
- Singer's History 16



- Types of Products 18
- Multi Brand Products 19
- Quality Management 20
- Geographical Presence /Distribution Network 21



- Key Financial Performance 22
- Key Highlights 23
- Financial Trends 24
- Key Operating Financial Data 27
- Analysis of Financial Position and Performance 28
- Ratio Analysis 29
- Horizontal & Vertical Analysis 31
- Dupont Analysis 36

CONTENTS

Annual Report 2017



- Economic and Industrial Review 37
- Business Overview 39
- Risks, Uncertainties and Mitigations 40
- Environment, Health & Safety (EHS) 41
- Corporate Social Responsibility 41
- Investment in Human Capital 42
- Company's Future Outlook/Forward Looking Statements 42
- Adherence to the Best Practices of Corporate Governance 42
- Shareholders Information 45
- External Auditors 46
- Any Post Balance Sheet Event or Significant Developments 46
- Acknowledgement 46
- Auditors' review report on code of corporate governance 47
- Statement of Compliance 48
- Pattern of Shareholding 51



- Notice of AGM 57
- Proxy Form 61
- Audited Financial Statements 63

CORPORATE INFORMATION



Registered Office: Plot No 39, Sector 19, Korangi Industrial Area, Karachi
Plant Locations: **Karachi:** Plot No 39, Sector 19, Korangi Industrial Area
Lahore: 9 KM Multan road, Hanjerwal Lahore,
Auditors: KPMG Taseer Hadi & Co, Chartered Accountants
Legal Advisors: Syed Haider Ali Pirzada
Share Registrar: Corp Link (Private) Limited, Wings Arcade, I-K, Commercial, Model Town, Lahore



Bankers:
 Al Baraka Bank (Pakistan) Limited
 Allied Bank Limited
 Askari Bank Limited
 Bank Al Falah Limited
 Bank of Khyber
 Dubai Islamic Bank Pakistan Limited
 Faysal Bank Limited
 Habib Bank Limited
 Habib Metropolitan Bank Limited
 MCB Bank Limited
 Meezan Bank Limited
 National Bank of Pakistan
 Pak Brunie Investment Company Ltd.
 Sindh Bank Limited
 Soneri Bank Limited
 The Bank of Punjab
 United Bank Limited



Contact Information
Registered Office:
 021-35205395
 Karachi Office:
 021-35205395
Lahore Office:
 Ph: 042-35415421-5 - 042-35421502-4



www.singer.com.pk
www.waves.net.pk



GOVERNANCE AND MANAGEMENT



Board of Directors

Mr. Umair Khan, Chairman
 Mr. Haroon Ahmad Khan, Chief Executive Officer
 Mr. Moazzam Ahmad Khan
 Mrs. Nighat Haroon Khan
 Mr. Mukhtar Ahmed, Brig (Retd)
 Mr. Yousuf Muhammad Farooq
 Mr. Mohammad Saqib Jillani

Board Committees

Audit Committee

Chairman: Mr. Moazzam Ahmad Khan
Members:
 Mr. Umair Khan
 Mrs. Nighat Haroon Khan

Human Resources & Remuneration Committee

Chairman: Brig (Retd.) Mukhtar Ahmed
Members:
 Mr. Moazzam Ahmad Khan
 Mrs. Nighat Haroon Khan
 Mr. Yousaf Muhammad Farooq

Statutory Office Holders:

Chief Financial Officer:
 Mr. Nadeem M. Butt

Company Secretary:

Mr. Tauseef Ahmed Zakai

Chief Internal Auditor:

Mr. Khurram Ali



MESSAGE FROM THE CHAIRMAN

Our industry co relates our consumer's living standard and life style approach. Our vision is to produce convenience, innovation, smart living besides producing technology driven products. This is how we envision to make a difference as this is how our two reputable brands, Waves and Singer Pakistan have been distinguishing itself from the market competition in their golden years.

The size of the consumer market is increasing in equal proportion to the rising level of our consumer expectations. We aim to focus on the evolving life style trends in order to exceed the bars of quality, technology and consumers' needs.

We understand that reliability and durability in the category of home appliances is one of the core areas we must not undermine. Brands are built on certain perceptions and those perceptions are based on the value our products promise to deliver. We are conscious of preserving and simultaneously, in the process of strategically elevating the essence of each of our two Brands in the market.

We are thankful to our stakeholders for posing their confidence in our ability to once again ignite the glory of Pakistan.

Umair Ahmad Khan
Chairman



MESSAGE FROM THE CEO

The real business success lies in enduring risks and turning around the risks into great opportunities. Waves Singer Pakistan merger is going to be, INSHA ALLAH a strong case of turning two smaller companies in identical business into one significant and aspiring organization. Although, turning around, re-structuring re-positioning of the brand and re vamping of the brand entail series of strategic decisions and set of challenges at every front. However, Pakistan despite unfavorable business climate, has a growing market size, improving infrastructure, increasing consumer base and technological advancements are some of the motivating factors to our mission in transforming the local consumer durable market of Pakistan.

The unique attributes and brand essence of Waves and Singer respectively enjoy a mature and established brand reputation in their relative market segments. Our vision to promote the both brands, catering two different market segments with value added features aim to restore the loyal customer base of each brand as well to scale up the product portfolio and the benchmark of each brand with latest market trends and technological advancement.

Waves and Singer Pakistan have inspired our Nation for decades and the companies' internal and external stakeholders under their previous management have had the history of strong success stories, translating into the overall business growth and brand value in the market once upon a time. We shall INSHA ALLAH revive that time.

We are on our mission to continue the inspiration with double the zeal.

Haroon Ahmad Khan
Chief Executive Officer



BOARD OF DIRECTORS

Mr. Umair Khan Chairman

Mr. Umair Khan is from Civil Superior Services of Pakistan and has worked in a number of senior management positions representing Government of Pakistan, within and outside the Country. In the Corporate sector, he has been the Chief Executive Officer and Managing Director of Sui Southern Gas Pipelines Limited and Alpha Insurance Company Limited. He has also served and is continuing to be on the Boards of various Government and Semi-Government Organizations.

Mr. Haroon Ahmad Khan CEO

Mr. Haroon Ahmad Khan is serving as Chief Executive Officer at Waves Singer Pakistan Limited. Mr. Haroon has an extensive experience in managing appliances businesses and had previously been working as Managing Director of one of the most renowned appliances companies of Pakistan. Mr. Khan's expertise include financial management and business structuring of a number of technology transfer and Joint Venture agreements. He is also a fellow member of the Institute of Chartered Accountants of Pakistan.

Mr. Moazzam Ahmad Khan

Mr. Moazzam Ahmad Khan is a Fellow Member of the Institute of Chartered Accountants of Pakistan (FCA) and has worked for a number of Pakistani and Saudi Organizations in Senior Management positions for the last two decades.

Mrs. Nighat Haroon Khan

Dr. Nighat Haroon Khan is a member of the teaching faculty of the Radiology dept. at Post Graduate Medical Institute, Lahore General Hospital, Lahore. She holds MBBS, MCPS and FCPS degrees and is pursuing her fellowship from Royal College of Radiology, London along with years of experience in her profession.

Mr. Mukhtar Ahmed, Brig (Retd)

Brig. (Retd.) Mukhtar Ahmed is serving as Director Administration and HR at Waves Singer Pakistan Limited. Brig. Mukhtar has a comprehensive experience in Administration and has served in Government sector as Chairman of Anti-Corruption Sindh, Home Secretary Sindh and Director of Anti-Narcotics in Sindh and as Brigadier in Pakistan Army. Brig. (Retd.) Mukhtar is a member of BOD of Cadet College Larkana and New Port University. He is also chairman of Pakistan Employees Cooperative Housing Society of Karachi.

Mr. Yousuf Muhammad Farooq

Mr. Yousuf is currently working as a fund manager at Providus Capital and has over 6 years of experience in Pakistan's capital markets. Previously, he served as the Head of Research at JS Investments Limited and Fortune Securities (Pvt) Ltd. Mr. Yousuf is also serving as a Director on the boards of Capital Asset Leasing Corporation and The Resource Linked (Pvt) Ltd, a private FMCG distribution company based in Karachi. Yousuf has a Bachelor's Degree in Business Administration from SZABIST, and is currently pursuing the CFA Charter.

Mr. Mohammad Saqib Jilani

Mr. Mohammad Saqib Jilani Saqib Jilani has a wide range of experience in corporate and commercial matters. He has worked extensively in the power generation sector and advised on some of the very first wind power projects initiated in Pakistan. He has advised and been involved in a number of major acquisitions and initial public offerings in the Middle East and has handled competition law issues in Pakistan. Mr. Jilani is also litigation lawyer and has represented both corporates and shareholders in issues involving derivative rights of shareholders. Mr. Jilani has a keen interest in International Law. He has authored "A case for Rome Statute" which was published in the Pakistan Law Digest.

VISION STATEMENTS



VISION

“To be an innovative company that is driven by modern ideas, committed to constantly strive for surpassing customer expectations in Quality and Value for Money and to be a leading home appliances company in Pakistan.”

MISSION STATEMENTS



MISSION

“To inspire the Consumer with our innovative products & designs through R&D, improve the standard of life by offering high-quality products and services at affordable prices and create the Future.”



CORE VALUES



Customer-Centricity

The core focus of our business is to make our customers' lives better.



Innovative Mindset

Our Company always works to improve the quality of our products through smart and simplified solutions.



Social Responsibility

We embody strong ethical and cultural values befitting our status as a responsible corporate citizen by protecting the environment and investing in our communities.



Internal Synergy

Our entire human and financial capital is deployed to create a pro-growth and high moral business environment.



Honesty and Integrity

Our people adhere to the codes of honest, moral and responsible behavior.



R&D

The company has high emphasis on research and development.

CODE OF CONDUCT



Ethics in our business practices cannot be compromised. We have developed a code of conduct that lays out our business principles and ethical standards for all our people to follow. A brief overview is provided below:

Ethical Conduct

All employees are required to follow the company's core values, follow the law, and have concern for the health, safety and environment both within and outside the company.

Business Integrity

All employees are required to follow the Company's core values, follow the law, and always be mindful about the health, safety and environment obligations both within and outside the Company.

All business activities must be conducted with honesty and integrity. Any violations are strictly punished.

Corporate Social Responsibility

We support various community initiatives and ensure that our employees' health and safety and that of the environment remain intact.

Conflict of Interest

Management decisions are made solely to benefit the Company and there are no conflicts of interest of directors or employees.

Confidentiality

Employees are expected to maintain secrecy of the Company's information and cannot use inside information for personal or family gain.

CORPORATE OBJECTIVES & STRATEGIES

Objectives	Strategies
Enhance shareholders' Returns	To manage business in an efficient manner with a constant focus on the topline and bottom-line performance of the Company
Become Price-Competitive	Improve production efficiency through both technological upgrades and optimal resource utilization
Broaden the Product Portfolio	Enter into strategic trading relationships with global brands to improve standing in segments where product standing is weak
Exceed Customer Expectations	Invest in customer-centric initiatives to improve geographical touch-points and after-sales services
Create a Pro-Growth, Learning Organization	Promote employee training & development and ethical business



ABOUT WAVES SINGER

History of Waves Singer Pakistan Limited

Waves Singer Pakistan Limited has become a merged company with the acquisition of Cool Industries (Pvt) Limited by Singer Pakistan during 2017. After the approval of the Scheme of Merger by Sindh High Court, the combined company has acquired the name of Waves Singer Pakistan Limited.

Singer's history dates back to 1850, when Isaac Merritt Singer manufactured the first ever sewing machine in Boston, USA. I. M Singer & Company was duly incorporated during the same year. The name of the company was changed to Singer Manufacturing Company during 1853 when the factory of the Company was also relocated to New York, USA. Singer established its presence in the Indian sub-continent during 1877. Over the years, and after the independence of Pakistan, Singer continued its business of sewing machines in the country, but also started dealing in domestic consumer appliances, besides manufacturing and assembling light engineering products. In 1985, the Company became a public listed company. Singer Pakistan's retail network has 140 shops in Pakistan alone, and covers every small town and metropolitan city of the country. Under the Singer brand, the Company produces a variety of consumer appliances including refrigerators, air conditioners, LED TVs, washing machines, microwave ovens, in addition to its more traditional offerings of sewing machines, water heaters and gas ovens etc.

Cool Industries (Pvt) Limited, the owner of the WAVES brand of consumer appliances, was established in 1971 by a family of entrepreneurs from Lahore. Within a span of four decades, the Company became a household brand in the country. The Company's history is filled with many milestones. Back in 1976, it started the production of refrigerators. By 2002, the Company had become the sole producer of Split Air Conditioners in Pakistan. The Company started producing Microwaves in 2003, under an agreement with GALANZ, a Chinese company. The product take-off was impressive, thanks to product durability. The production of Washing Machines started in 2004, when Waves pioneered single-tub and double-tub washing machines in this market. The Company continued its growth path until 2015, when a tough competitive landscape and succession issues within the sponsors family created many bottlenecks in the smooth operations of the Company. Subsequently, the Company was acquired by the sponsors of Singer Pakistan Limited.

Upon approval of the regulatory and legal formalities, both Companies have been merged into a single company, with the surviving Company being named as Waves Singer Pakistan Limited.



TIMELINE

1877

First Singer sewing machine goes into sale in the Indian subcontinent

1985

Singer gets listed on the Karachi Stock Exchange (Now Pakistan Stock Exchange)

1991

The Company introduces its Refrigerator products to the market

2006

Singer broadens its product portfolio and launches retail stores with brand name 'Singer Plus'

2007

Singer Retail Academy was launched for human resource development

2009

LCD Television product is launched

2010

A new assembly line for split ACs is launched and Silar water geysers go on sale

2013

"Singer Furniture" is launched. Room cooler products are introduced

2014

The Company started focusing more on cash sales, impacting its popular credit-based sales system

2015

The company's geographical footprint had reached 139 retail shops (Singer Plus outlets), 6 service centers, and 8 warehouses across Pakistan

2016

Singer (Pakistan) B.V. Netherlands divests its entire shareholding in Singer Pakistan Limited

2016

A wholly owned subsidiary Electronics Management Company (Pvt) Limited incorporated to deal in distribution and wholesale business of electronic appliances and its components

2017

Glass door refrigerators and Inverter ACs launched in the market

2018

Retail business of Singer demerged and merged into its wholly-owned subsidiary EMC. Singer merged with Cool Industries Limited ("Waves"), creating Waves-Singer Pakistan Limited



TYPES OF PRODUCTS

Waves Singer Pakistan Limited manufacture and markets the following types of household consumer appliances:



MULTI BRAND PRODUCTS

The Company through its subsidiary Electronics Marketing Company Pvt Limited (EMCPL) also deals in buying and selling multi brand products including LED/TVs, Refrigerators, Deep Freezers, Motor Bikes, Generators, Air Conditioners and other related products of renowned brands in order to generate retailer's margins.



QUALITY MANAGEMENT

At Waves Singer, standardized manufacturing processes and rigorous quality control management procedures are followed to achieve consistency in product performance and enhance customer satisfaction.

Waves Singer Pakistan recognizes the importance of quality management system as an integrated function; integrated with Innovation, Research & Development and Information Technology. Besides complying with the international standard ISO 9001, the Company has developed an additional in-house Quality Check Performa, to achieve Zero Defects by ensuring complete risk coverage and controls, at each stage, from design to production to final inspection.

Our Philosophy

Our purpose to quality is beyond incorporation of the industrial and global standards and best practices or certifications and audits. Our quality resides in the decision, selection and preference of the customers that define our objectivity in quality.

Research and Development

The Company's budget for research and development exceeds over marketing and other strategic functions. We allocate a seasoned team of Engineers and Specialists to continuously transform our products according to the evolving lifestyles of our customers. Our in-house R&D Engineers also work in conjunction with the market agents to incorporate market feedback before designing and making of a new product. Broadly, the R&D entails the use of the following:

- Sophisticated designing software
- Designing tools
- Testing facilities
- Product development
- Pilot run

Quality Control

Our salient quality control features include:

- Leak detectors
- Electrical safety testers
- Performance line and running
- Bar code system for the traceability of the product.

Form Fit Function and Setting the Standard

The standard global best practice to achieve seamless design clearance is our holistic practice:

- Form: The feel and the look of the design
- Fitment: The tolerances and the clearances of the tools in the overall design.
- Function: Intended use of the product according to its purpose and functionality.

Standards specification development: After the successful completion of our new design, the R & D specialists develop the specifications and standards documentation as a guide and a testing tool assisting the quality inspection team deployed throughout the manufacturing chain for sampling and measuring the set standards against the design's feel, look, form, tolerance, clearance and most importantly, its functionality.



GEOGRAPHICAL PRESENCE/ DISTRIBUTION NETWORK



Singer's Nationwide Network

Zone	Singer Plus	Warehouse	Service Centre	Total
South	72	5	3	80
North	67	3	3	73
Total	139	8	6	153

Waves Nationwide Network

Zone	Dealers	Warehouse	Service Centre and Workshops	Total
North	1034	13	253	1300
South	357	3	114	474
Total	1391	16	367	1774

KEY FINANCIAL PERFORMANCE

Gross Profit
2017: Rs. 1.09 bn

2016: Rs. 0.49 bn

Net Profit
2017: Rs. 0.32 bn

2016: Rs. 0.09 bn

Fixed Assets
2017: Rs. 7.70 bn

2016: Rs. 2.01 bn

Operating Profit
2017: Rs. 0.56 bn

2016: Rs. 0.15 bn

Shareholder's Equity
2017: Rs. 8.18 bn

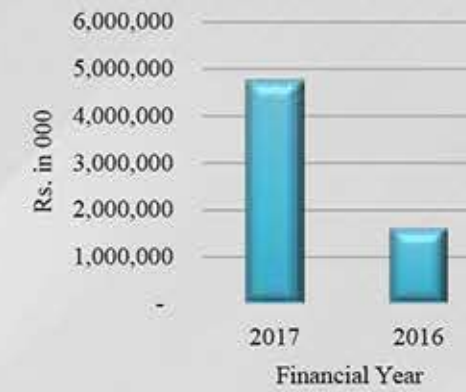
2016: Rs. 1.40 bn

Total Assets
2017: Rs. 13.21 bn

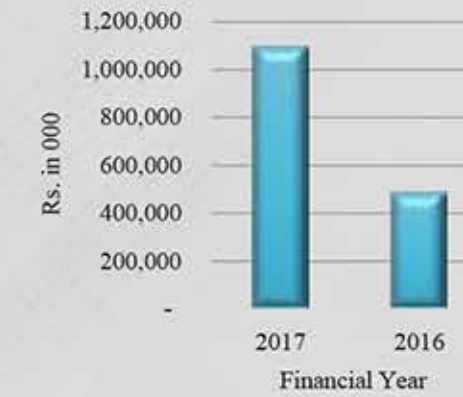
2016: Rs. 3.93 bn

KEY HIGHLIGHTS

Gross Sales



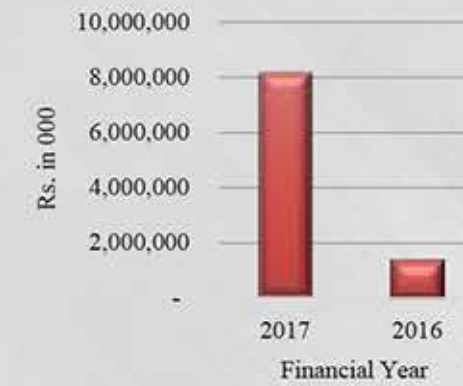
Gross Profit



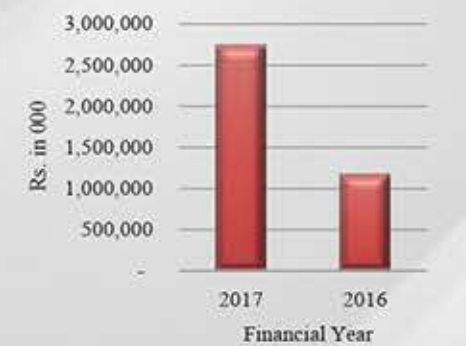
Finance costs



Total Equity



Short Term Borrowing

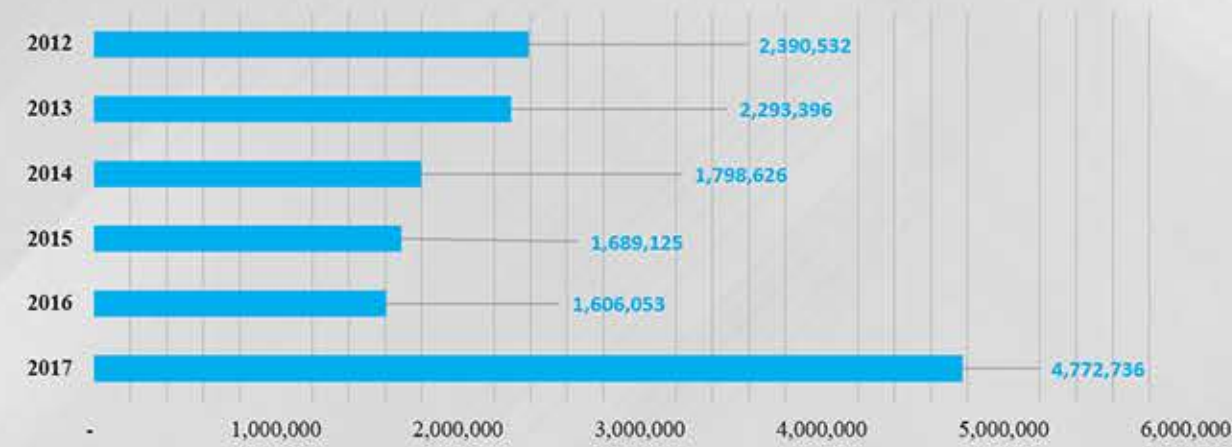


Non Current Assets

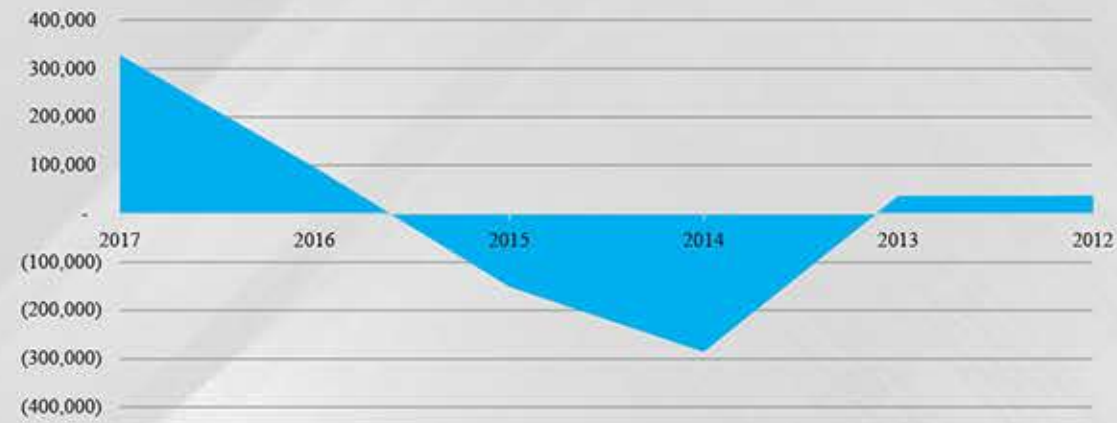


FINANCIAL TRENDS

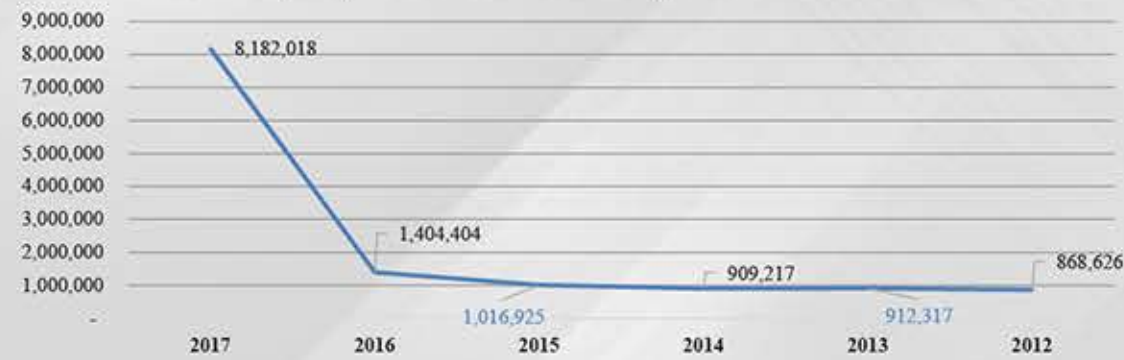
Gross Sales Trend



Profit After taxation

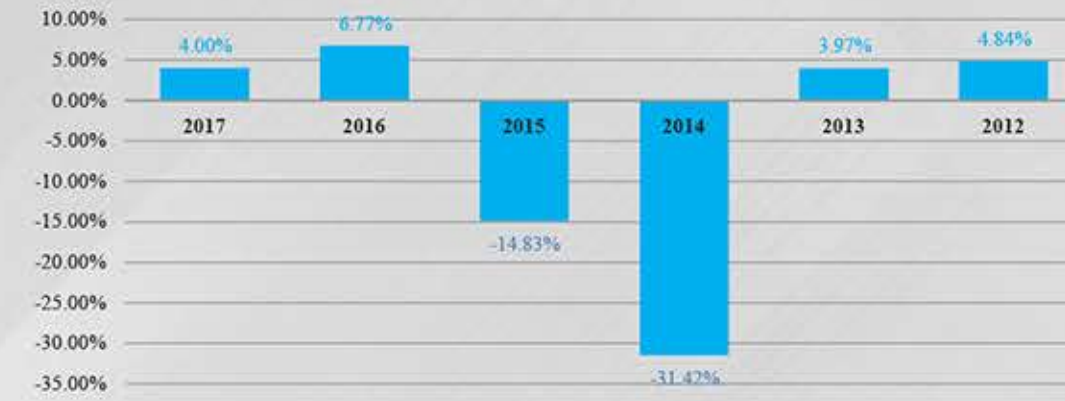


Shareholders' Equity + Revaluation Surplus



FINANCIAL TRENDS

ROE



EPS



Gross Profit

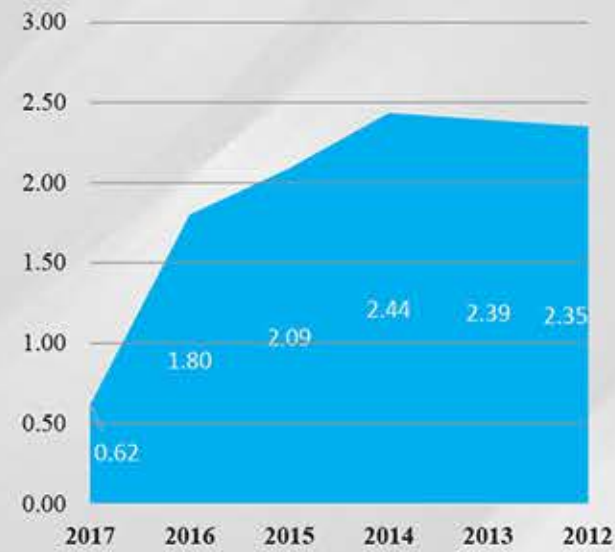


FINANCIAL TRENDS

CURRENT RATIO

Book Value Per Share
(Including Revaluation Surplus)

Total Liabilities to Equity



P/E RATIO



KEY OPERATING FINANCIAL DATA

Rs. in 000	2017	2016	2015	2014	2013	2012
Net Sales	3,685,623	1,399,606	1,487,934	1,414,903	1,847,807	1,946,581
Gross Profit	1,097,284	489,289	298,573	142,041	188,322	211,967
Profit after Taxation	327,508	95,122	(150,766)	(285,719)	36,259	42,079
Shareholder's Equity + Revaluation Surplus	8,182,018	1,404,404	1,016,925	909,217	912,317	868,626
Current Asset	5,516,459	1,917,541	1,783,205	2,035,523	2,383,136	2,216,944
Fixed Asset	7,702,007	2,015,791	1,359,453	1,088,998	711,424	693,736
Total Asset	13,218,466	3,933,332	3,142,658	3,124,521	3,094,560	2,910,680
Current Liability	4,116,560	1,719,347	1,836,344	1,944,960	1,905,696	1,673,872
Fixed Liability	919,888	809,581	289,389	270,344	276,547	368,182
Total Liability	5,036,448	2,528,928	2,125,733	2,215,304	2,182,243	2,042,054
Paid Up Capital (Nos.)	454,056	454,056	454,056	454,056	454,056	412,778

ANALYSIS OF FINANCIAL POSITION & PERFORMANCE

Equity And Liabilities

Shareholders' Equity

The equity of the Company has grown over the past 6 years, and has also registered a YOY increase of 483% compared to last year. Net profits, of 2017, stood at Rs. 327 million.

Non-Current Liabilities

Total non-current liabilities comprising of long term debt, deferred taxation and deferred income increased by 14% as compared to previous year. Long term debt was obtained mainly for balance sheet restructuring to pay off expensive short term borrowings.

Current Liabilities

Current liabilities of the Company, over the last year have increased from Rs. 1.7 billion to Rs. 4.1 billion at the close of 2017 primarily due to consolidation of merged entities and to finance the increased business volume.

Assets

Non-Current Assets

Non-current assets of the Company including property, plant and equipment, intangible assets, long term investments and other long-term assets increased by 282% over the last year. Property, plant and equipment increased by Rs. 3,023 million due to the net impact of consolidation of merged entities and sale of factory land at Karachi.

Intangible assets include goodwill recognized on acquisition of Cool Industries Pvt Limited and Linkwel Pvt Limited. The Goodwill of PKR 2,975 million is currently recorded as a provisional amount and will be divided into the different identifiable intangible assets i.e. Brand value, Customer relationship, technology, skilled workforce etc...

Current Assets

Current assets include inventories, trade debts short term advances, deposits, prepayments and other receivables, short term investments, current tax assets and cash and bank balances. With an aggregate balance of Rs. 5,516 million at the close of 2017, the current assets recorded an increase by 188% mainly on account of increase in stock in trade and trade debts as a result of consolidation of merged entities and increase in business volume.

Profit And Loss

Revenue and Cost of Sales

Sales revenue registered increase by 197% over the last year. Cost of sales increased by 184%.

Operating Costs

Distribution cost has increased by 63% as compared to previous year. Administrative and general expenses have also increased by 182%.

RATIO ANALYSIS

Profitability Ratios

Significant increase in turnover coupled with manufacturing cost efficiencies resulted in an increase in gross profit margins for 2017. The gross profit for the year has been reported at 30% of net sales. Net profit margin for the year has been reported at 9% as compared to 6.8% for 2016. Consequently, returns on equity and returns on asset stood at 4.0% and 2.4% respectively.

Operating Performance / Liquidity

Current ratio for 2017 is right on track and stands at 1.34 times against 1.12 times for the year 2016. Cash to current liabilities has shown a significant decline by 19% from the last year.

Activity / Turnover Ratios

Inventories and Receivable turnover days are 219 days and 224 days. These ratios are likely to improve on inclusion of full year's results of the acquired entities. Total asset turnover ratio recorded slight increase at 0.43 times in year 2017 against 0.40 times for the year 2016.

Investment / Market Ratios

The Company's earnings per share - EPS for the year 2017, is Rs. 3.50 per share as against Rs. 2.09 for 2016. Price to earnings ratio was lower by 10.57 times as compared to 25.27 of year 2016.

Capital Structure Ratios

A debt to equity ratio of 1 would mean that investors and creditors have an equal stake in the business assets. At the end of FY 2017, the ratio stood at 0.62 times in comparison to 1.80 times for the year 2016 showing a substantial improvement. Equity to Asset Ratio improved to 0.62 at the close of year 2017 as compared to 0.36 for year 2016.

RATIO ANALYSIS

Liquidity Ratios	Unit	2017	2016	2015	2014	2013
Current Ratio	Times	1.34	1.12	0.97	1.05	1.25
Quick/Acid Test Ratio	Times	0.71	0.82	0.81	0.83	0.92
Cash to Current Liabilities	Times	0.07	0.09	0.04	0.04	0.07
Solvency Ratios	Unit	2017	2016	2015	2014	2013
Debt to Equity Ratio	Times	0.62	1.80	2.09	2.44	2.39
Debt to Asset Ratio	Times	0.38	0.64	0.68	0.71	0.71
Equity to Asset Ratio	Times	0.62	0.36	0.32	0.29	0.29
Profitability Ratio	Unit	2017	2016	2015	2014	2013
Gross Profit	%	29.77%	34.96%	20.07%	10.04%	10.19%
Net Profit Margin	%	8.89%	6.80%	-10.13%	-20.19%	1.96%
EBIT margin	%	15.40%	11.06%	-17.47%	-32.53%	-7.30%
Return on Assets	%	2.48%	2.42%	-4.80%	-9.14%	1.17%
Return on Equity	%	4.00%	6.77%	-14.83%	-31.42%	3.97%
Turnover Ratio	Unit	2017	2016	2015	2014	2013
Total Asset Turnover Ratio	Times	0.43	0.40	0.47	0.46	0.62
Fixed Asset Turnover Ratio	Times	0.76	0.83	1.22	1.57	2.63
Inventory Turnover Ratio	Times	1.67	2.28	3.31	2.40	2.47
No. of Days in Inventory	Days	219	160	110	152	148
Debtor turnover ratio	Times	1.63	1.28	1.23	1.05	1.28
No. of Days in Receivables	Days	224	286	297	347	284
Market Ratios	Unit	2017	2016	2015	2014	2013
Earnings per Share	Rupees	3.50	2.09	(3.32)	(6.29)	0.80
Price Earnings ratio	Times	10.57	25.27	(8.55)	(4.08)	30.05
Book Value Per Share	Rupees	56.85*	30.93	22.40	20.02	20.09

Calculated on the basis of potential number of shares of 141.856 Million.

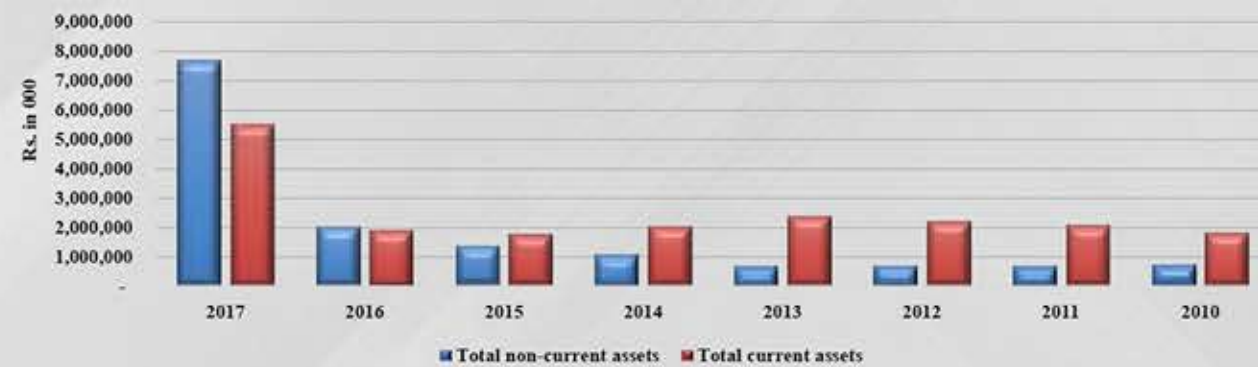
HORIZONTAL AND VERTICAL ANALYSIS

Horizontal Analysis Balance Sheet

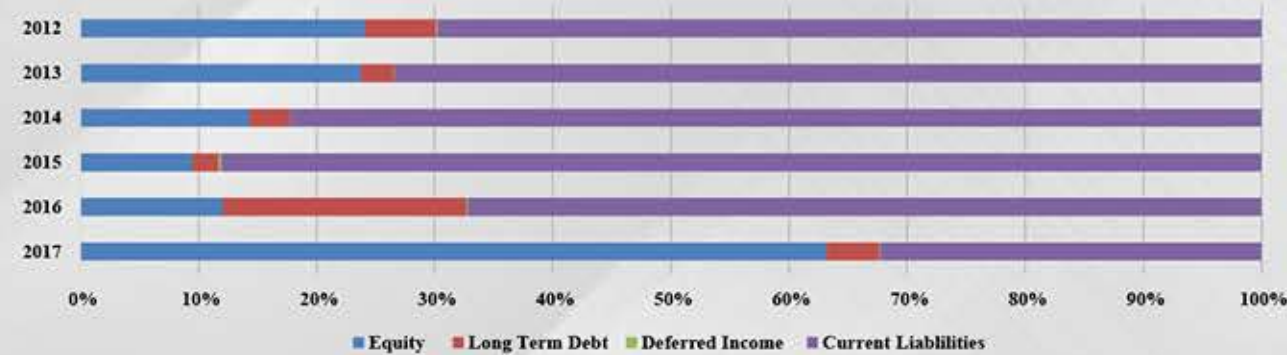
	2017	2017	2016	2016	2015	2015	2014	2014	2013	2013	2012	2012
	(Rupees in '000)	Vs 2016	(Rupees in '000)	Vs 2016	(Rupees in '000)	Vs 2014	(Rupees in '000)	Vs 2013	(Rupees in '000)	Vs 2012	(Rupees in '000)	Vs 2011
EQUITY AND LIABILITIES												
SHARE CAPITAL AND RESERVES												
Issued, subscribed and paid-up capital	454,056	0.00%	454,056	0.00%	454,056	0.00%	454,056	0.00%	454,056	10.00%	412,778	10.00%
Shares to be issued pursuant to amalgamation	964,500	100%	-	-	-	-	-	-	-	-	-	-
Share premium reserve	5,038,548	100.00%	-	-	-	-	-	-	-	-	-	-
Capital reserve	5,000	0.00%	5,000	0.00%	5,000	0.00%	5,000	0.00%	5,000	0.00%	5,000	0.00%
Revenue reserve	-	0.00%	-	-100.00%	117,837	0.00%	117,837	0.00%	117,837	0.00%	117,837	-2.08%
Unappropriated profit / Accumulated loss	1,601,815	-1164.28%	(150,507)	-60.33%	(379,436)	59.54%	(237,828)	-712.49%	38,830	-6.82%	41,674	18.49%
Share Holder EQUITY	8,063,919	2513.50%	308,549	66.26%	197,457	-41.76%	339,065	-44.93%	615,723	6.66%	577,289	7.75%
SURPLUS ON REVALUATION OF PROPERTY												
PLANT AND EQUIPMENT	118,099	-89.22%	1,095,856	33.73%	819,468	43.73%	570,152	92.23%	296,594	1.80%	291,337	-3.33%
LIABILITIES												
NON-CURRENT LIABILITIES												
Long term loan - secured	568,276	7.60%	528,125	1026.67%	46,875	-42.75%	81,875	11.02%	73,750	-49.36%	145,625	-26.58%
Liabilities against assets subject to finance lease	38,254	249.54%	10,944	-36.93%	17,553	101.17%	8,626	-41.98%	14,867	1.73%	14,614	100.00%
Long term deposits	-	-	-	-	-	-	-	-	-	-100.00%	37,011	14.80%
Employee retirement benefits - obligation	54,527	5.65%	51,612	7.97%	47,803	139.84%	19,931	2.84%	19,380	17.58%	16,483	105.88%
Deferred taxation- net	246,132	13.66%	216,560	25.07%	173,147	8.28%	159,912	-4.86%	168,086	9.82%	153,057	3.57%
Deferred income	12,679	441.84%	2,340	-44.43%	4,211	100.00%	-	-100.00%	464	-66.67%	1,392	-57.13%
Total non-current liabilities	919,885	13.63%	809,581	179.76%	289,389	7.04%	270,344	-2.24%	276,547	-24.89%	368,182	-9.94%
CURRENT LIABILITIES												
Trade and other payables	1,190,262	151.11%	474,796	15.32%	411,735	-17.59%	499,619	3.42%	483,086	22.27%	395,091	11.32%
Accrued interest/short-term	73,767	84.39%	40,005	20.16%	33,294	-27.52%	43,934	11.20%	41,308	-12.21%	47,053	-5.64%
Short term financing - secured	2,748,916	131.47%	1,177,396	-10.92%	1,321,668	1.23%	1,305,600	1.25%	1,289,482	13.02%	1,140,798	10.79%
Current portion of non-current liabilities	81,182	332.97%	18,750	-48.57%	59,647	-31.08%	86,546	2.57%	84,375	-4.38%	80,834	12.79%
Current portion of liabilities against assets subject to finance lease	17,400	166.50%	6,529	-19.68%	8,129	19.60%	6,797	4.30%	6,517	-28.92%	9,168	-51.36%
Current portion of deferred income	3,033	62.11%	1,871	0.00%	1,871	303.23%	464	-50.00%	928	100.00%	928	-
Total current liabilities	4,116,660	139.43%	1,719,347	-6.37%	1,836,344	-6.58%	1,944,960	2.06%	1,905,696	13.86%	1,673,872	9.76%
TOTAL LIABILITIES	5,036,445	99.16%	2,628,928	18.97%	2,125,733	-4.04%	2,216,304	1.62%	2,182,243	6.87%	2,042,054	6.60%
TOTAL EQUITY AND LIABILITIES	13,218,466	236.06%	3,933,332	26.16%	3,142,668	0.58%	3,124,621	0.97%	3,094,660	6.32%	2,910,680	6.04%
ASSETS												
NON-CURRENT ASSETS												
Property, plant and equipment	4,681,004	182.37%	1,657,732	26.54%	1,309,999	26.89%	1,032,370	60.73%	642,318	-1.55%	652,417	-0.56%
Intangible assets	2,993,838	132.98%	22,345	-14.30%	26,074	-12.58%	29,826	-11.22%	33,596	1816.49%	1,753	-0.34%
Employee retirement benefits - prepayment	-	-	-	-	-	-	-	-	3,548	-60.58%	9,001	-34.43%
Long term investment (property)	-	100.00%	317,200	100.00%	-	-	-	-	-	-	-	-
Long term deposits	27,165	46.73%	18,514	-20.81%	23,380	-12.77%	26,802	-16.14%	31,962	4.57%	30,565	-4.81%
Total non-current assets	7,702,007	282.08%	2,015,791	48.28%	1,369,453	24.84%	1,088,998	63.07%	711,424	2.66%	693,736	-1.42%
CURRENT ASSETS												
Stores, spares and loose tools	22,918	348.31%	5,312	-53.04%	10,885	64.60%	6,613	8.00%	6,123	-15.66%	7,260	-4.04%
Stock-in-trade	2,592,330	409.26%	509,039	74.82%	291,180	-32.00%	428,200	-32.17%	631,308	-11.16%	710,626	24.54%
Trade debts	2,156,791	102.84%	1,063,317	-10.08%	1,182,580	-10.26%	1,317,837	-5.61%	1,396,131	20.07%	1,162,753	1.06%
Short term Advances, deposits and prepayments	-	-	-	-	-	-	-	-	-	-100.00%	43,677	26.15%
Other receivables	106,895	225.15%	32,876	17.30%	28,026	5.44%	26,580	-38.01%	42,881	89.54%	22,624	34.74%
Taxation - net	345,878	120.16%	157,100	-0.75%	158,294	27.40%	124,251	9.61%	113,360	36.81%	82,861	34.55%
Investments	-	-	-	-100.00%	36,000	-30.10%	51,500	-11.05%	57,900	28.72%	44,981	7.10%
Cash and bank balances	291,647	94.31%	150,097	96.87%	76,240	-5.34%	80,542	-40.53%	135,433	-4.73%	142,162	-22.55%
Total current assets	6,616,459	187.68%	1,917,541	7.63%	1,783,205	-12.40%	2,035,623	-14.59%	2,383,136	7.60%	2,216,944	7.24%
TOTAL ASSETS	13,218,466	236.06%	3,933,332	26.16%	3,142,668	0.58%	3,124,621	0.97%	3,094,660	6.32%	2,910,680	6.04%

HORIZONTAL AND VERTICAL ANALYSIS

BALANCE SHEET ANALYSIS (ASSETS)



BALANCE SHEET ANALYSIS (EQUITY AND LIABILITIES)



VERTICAL ANALYSIS BALANCE SHEET

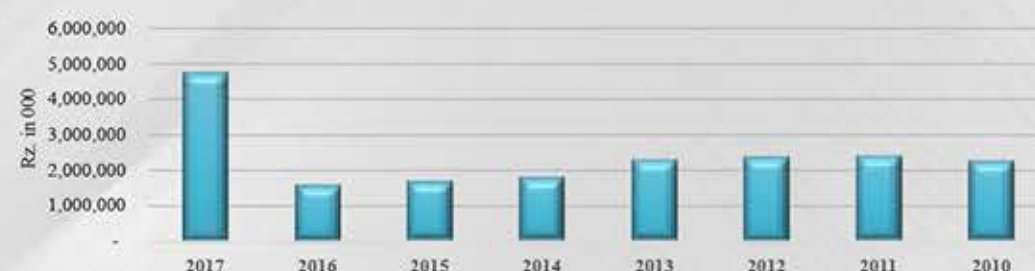
	2017 (Rupees in '000)	%age (Rupees in '000)	2016 (Rupees in '000)	%age (Rupees in '000)	2015 (Rupees in '000)	%age (Rupees in '000)	2014 (Rupees in '000)	%age (Rupees in '000)	2013 (Rupees in '000)	%age (Rupees in '000)	2012 (Rupees in '000)	%age (Rupees in '000)
EQUITY AND LIABILITIES												
SHARE CAPITAL AND RESERVES												
Issued, subscribed and paid-up capital	434,056	3.44%	434,056	11.54%	434,056	14.45%	434,056	14.33%	434,056	14.67%	412,778	14.18%
Shares to be issued pursuant to amalgamation	964,500	7.30%	-	-	-	-	-	-	-	-	-	-
Share premium reserve	5,038,548	38.12%	-	-	-	-	-	-	-	-	-	-
Capital reserve	5,000	0.04%	5,000	0.13%	5,000	0.16%	5,000	0.16%	5,000	0.16%	5,000	0.17%
Revenue reserve	-	0.00%	-	0.00%	117,837	3.75%	117,837	3.77%	117,837	3.81%	117,837	4.05%
Accumulated loss	1,803,815	12.12%	(150,507)	-3.83%	(379,436)	-12.07%	(237,828)	-7.61%	38,830	1.25%	41,674	1.43%
TOTAL EQUITY	8,063,919	61.00%	308,549	7.84%	197,457	6.28%	339,065	10.85%	615,723	19.90%	577,259	19.83%
SURPLUS ON REVALUATION OF PROPERTY												
PLANT AND EQUIPMENT	118,099	0.89%	1,095,855	27.86%	819,468	26.08%	570,152	18.25%	296,594	9.58%	291,337	10.01%
LIABILITIES												
NON-CURRENT LIABILITIES												
Long term loans - secured	568,276	4.30%	528,125	13.43%	46,875	1.49%	81,875	2.62%	73,750	2.38%	145,625	5.00%
Liabilities against assets subject to finance lease	38,254	0.29%	10,944	0.28%	17,353	0.55%	8,626	0.28%	14,867	0.48%	14,614	0.50%
Long term deposits	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	37,011	1.27%
Employee retirement benefits - obligation	54,527	0.41%	51,612	1.31%	47,803	1.52%	19,931	0.64%	19,380	0.63%	16,483	0.57%
Deferred taxation - net	246,152	1.86%	216,560	5.51%	173,147	5.51%	139,912	5.12%	168,086	5.43%	153,057	5.26%
Deferred income	12,679	0.10%	2,340	0.06%	4,211	0.13%	-	0.00%	464	0.01%	1,392	0.05%
Total non-current liabilities	919,838	6.96%	809,581	20.58%	289,389	9.21%	270,344	8.65%	276,647	8.94%	368,182	12.65%
CURRENT LIABILITIES												
Trade and other payables	1,192,262	9.02%	474,796	12.07%	411,735	13.10%	499,619	15.99%	483,086	15.61%	395,091	13.57%
Accrued interest/mark-up	73,767	0.56%	40,005	1.02%	33,294	1.06%	45,934	1.47%	41,308	1.33%	47,053	1.62%
Short term running finances - secured	2,748,916	20.80%	1,177,396	29.93%	1,321,668	42.06%	1,305,600	41.79%	1,289,482	41.67%	1,140,798	39.19%
Current portion of non-current liabilities	81,182	0.61%	18,750	0.48%	59,647	1.90%	86,546	2.77%	84,375	2.73%	80,834	2.78%
Current portion of liabilities against assets subject to finance lease	17,400	0.13%	6,529	0.17%	8,129	0.26%	6,797	0.22%	6,517	0.21%	9,168	0.31%
Current portion of deferred income	3,033	0.02%	1,871	0.05%	1,871	0.06%	464	0.01%	928	0.03%	928	0.03%
Total current liabilities	4,116,560	31.14%	1,719,347	43.71%	1,836,344	58.43%	1,944,560	62.25%	1,905,696	61.58%	1,673,872	57.51%
TOTAL LIABILITIES	5,036,448	38.10%	2,528,928	64.29%	2,125,733	67.64%	2,215,304	70.90%	2,182,243	70.52%	2,042,054	70.16%
TOTAL EQUITY AND LIABILITIES	13,218,466	100.00%	3,933,332	100.00%	3,142,658	100.00%	3,124,521	100.00%	3,094,560	100.00%	2,910,680	100.00%
ASSETS												
NON-CURRENT ASSETS												
Property, plant and equipment	4,681,004	35.41%	1,657,732	42.15%	1,309,999	41.68%	1,032,370	33.04%	640,318	20.76%	652,417	22.41%
Intangible assets	2,993,838	22.65%	22,545	0.57%	26,074	0.83%	29,826	0.95%	33,596	1.09%	1,753	0.06%
Employee retirement benefits - prepayment	-	0.00%	-	0.00%	-	0.00%	-	0.00%	3,548	0.11%	9,001	0.31%
Long term investment (property)	-	0.00%	317,200	8.06%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Long term deposits	27,165	0.21%	18,514	0.47%	23,380	0.74%	26,802	0.86%	31,962	1.03%	30,565	1.05%
Total non-current assets	7,702,007	58.17%	2,016,791	51.25%	1,359,453	43.26%	1,088,998	34.85%	711,424	22.99%	693,736	23.83%
CURRENT ASSETS												
Stores, spares and loose tools	22,918	0.17%	5,112	0.13%	10,883	0.35%	6,613	0.21%	6,123	0.20%	7,260	0.25%
Stock in-trade	2,592,330	19.61%	599,039	12.94%	291,180	9.27%	428,200	13.70%	631,308	20.40%	710,628	24.41%
Trade debts	2,156,791	16.32%	1,063,317	27.03%	1,182,580	37.63%	1,317,837	42.18%	1,396,131	45.12%	1,162,753	39.95%
Short term Advances, deposits and prepayments	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	43,677	1.50%
Other receivables	106,895	0.81%	32,876	0.84%	28,026	0.89%	26,580	0.85%	42,881	1.39%	22,624	0.78%
Taxation - net	345,878	2.62%	137,100	3.49%	158,294	5.04%	124,251	3.98%	113,360	3.66%	82,861	2.85%
Investments	-	0.00%	-	0.00%	36,000	1.15%	51,500	1.65%	57,900	1.87%	44,981	1.55%
Cash and bank balances	291,647	2.21%	150,097	3.82%	76,240	2.43%	80,542	2.58%	135,433	4.38%	142,162	4.88%
Total current assets	5,516,459	41.73%	1,917,541	48.75%	1,783,205	56.74%	2,035,523	65.15%	2,383,136	77.01%	2,216,944	76.17%
TOTAL ASSETS	13,218,466	100.00%	3,933,332	100.00%	3,142,658	100.00%	3,124,521	100.00%	3,094,560	100.00%	2,910,680	100.00%

HORIZONTAL AND VERTICAL ANALYSIS

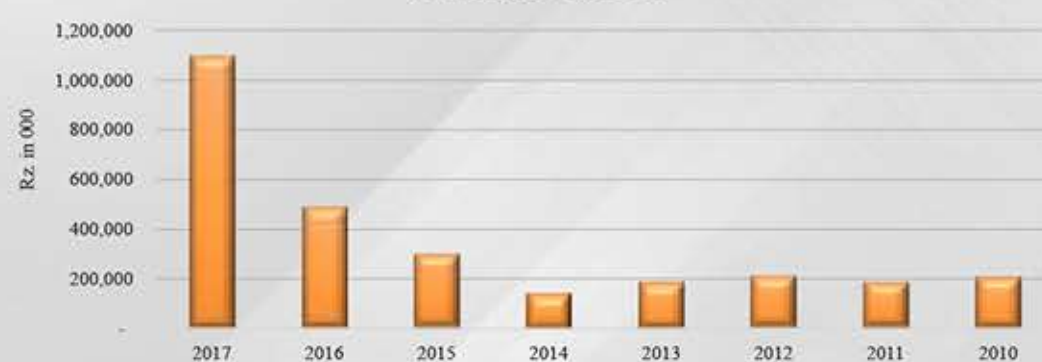
Horizontal Analysis Profit and Loss

	2017	2017	2016	2016	2015	2015	2014	2014	2013	2013	2012	2012
	(Rupees in '000)	Vs 2016	(Rupees in '000)	Vs 2015	(Rupees in '000)	Vs 2014	(Rupees in '000)	Vs 2013	(Rupees in '000)	Vs 2012	(Rupees in '000)	Vs 2011
Sales	4,772,736	197.17%	1,606,053	-4.92%	1,689,125	-6.09%	1,798,626	-21.57%	2,293,396	-4.06%	2,390,532	-0.55%
Sales tax	(1,087,113)	-426.58%	(206,447)	2.61%	(201,191)	-47.57%	(383,723)	-13.88%	(445,589)	0.37%	(443,951)	-2.52%
Net Sales	3,685,623	163.33%	1,399,606	-5.94%	1,487,934	5.16%	1,414,903	-23.43%	1,847,807	-5.07%	1,946,581	-0.09%
Cost of sales	(2,588,339)	184.33%	(910,317)	-23.46%	(1,189,361)	-6.56%	(1,272,862)	-23.30%	(1,659,485)	-4.33%	(1,734,614)	-1.60%
Gross Profit	1,097,284	124.26%	489,289	63.88%	298,573	110.20%	142,041	-24.68%	188,322	-11.16%	211,967	14.16%
Marketing, selling and distribution costs	(712,590)	63.50%	(435,825)	-1.33%	(441,705)	42.00%	(311,062)	22.04%	(254,884)	-4.68%	(267,403)	14.97%
Administrative and general expenses	(192,475)	182.86%	(68,046)	-1.30%	(68,940)	17.23%	(58,808)	7.69%	(54,607)	14.67%	(47,620)	5.82%
Other expenses	(122,716)	854.69%	(12,854)	-79.57%	(62,912)	-74.70%	(248,692)	809.23%	(27,352)	47.34%	(38,564)	13.69%
Other income	498,264	173.40%	182,246	1105.65%	15,116	-7.39%	16,323	20.15%	13,586	47.99%	9,183	9.83%
Operating profit	(529,517)	68.31%	(334,479)	-40.11%	(558,444)	-7.27%	(602,239)	86.30%	(323,257)	-0.35%	(324,404)	13.61%
Earned carrying charges	79,357	-28.74%	111,361	-50.80%	226,343	-10.67%	253,388	-32.38%	374,703	-2.74%	385,256	12.33%
Finance costs	(296,235)	108.91%	(141,799)	-10.42%	(158,295)	-20.73%	(199,685)	8.19%	(184,576)	-13.15%	(212,529)	7.30%
	(216,878)	612.53%	(30,438)	-144.73%	68,048	26.71%	53,703	-71.75%	190,127	10.07%	172,727	19.21%
Profit Before taxation	350,889	182.13%	124,372	-164.84%	(191,823)	-62.81%	(406,495)	-326.51%	65,192	-8.46%	60,290	33.90%
Taxation	(23,381)	-20.06%	(29,250)	-171.34%	41,057	-66.01%	120,776	-737.91%	(18,933)	3.96%	(18,211)	26.41%
Profit After taxation	327,508	244.36%	95,122	-163.69%	(150,766)	-47.23%	(285,719)	-887.99%	36,259	-13.83%	42,079	37.42%
Other comprehensive income	(15,749.0)	-919.83%	1,921	-116.47%	(11,665)	-385.84%	4,081	-304.25%	(1,998)	100.00%	-	-
Total comprehensive income	311,759	221.26%	97,043	-159.74%	(162,431)	-42.33%	(281,638)	-922.04%	34,261	-18.58%	42,079	37.42%

SALES



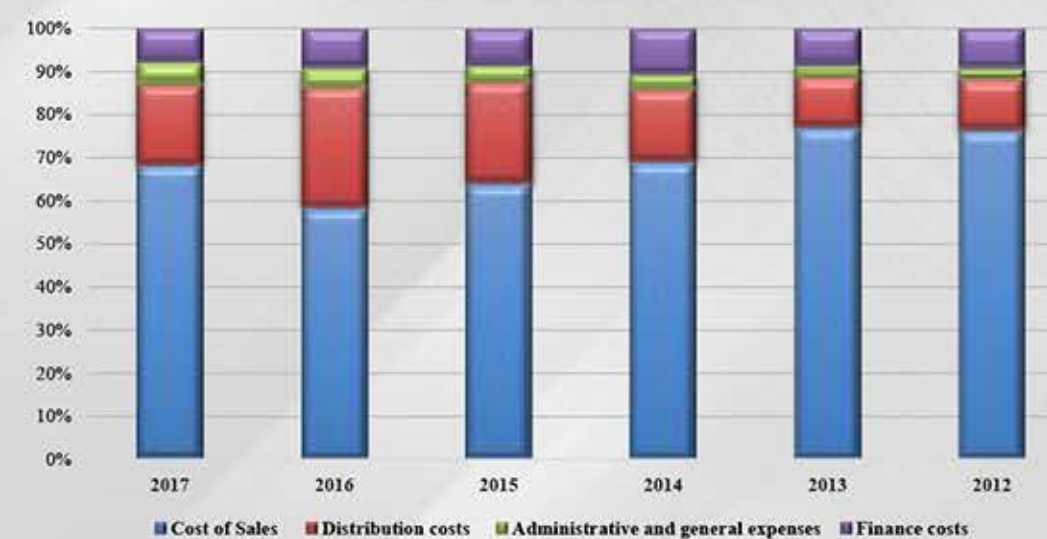
GROSS PROFIT



VERTICAL ANALYSIS - PROFIT & LOSS

	2017	2016	2015	2014	2013	2012
	(Rupees in '000)	%age (Rupees in '000)	%age (Rupees in '000)	%age (Rupees in '000)	%age (Rupees in '000)	%age (Rupees in '000)
Sales	4,772,736	100.00%	1,606,053	100.00%	1,689,125	100.00%
Sales tax	(1,087,113)	-22.78%	(206,447)	-12.85%	(201,191)	-11.91%
Net Sales	3,685,623	77.22%	1,399,606	87.15%	1,487,934	88.09%
Cost of sales	(2,588,339)	-54.23%	(910,317)	-56.68%	(1,189,361)	-70.41%
Gross Profit	1,097,284	22.99%	489,289	30.47%	298,573	17.68%
Marketing, selling and distribution costs	(712,590)	-14.93%	(435,825)	-27.14%	(441,705)	-26.19%
Administrative and general expenses	(192,475)	-4.03%	(68,046)	-4.24%	(68,940)	-4.08%
Other expenses	(122,716)	-2.57%	(12,854)	-0.80%	(62,912)	-3.72%
Other income	498,264	10.44%	182,246	11.35%	15,116	0.89%
Operating profit	(529,517)	-11.09%	(334,479)	-20.83%	(558,444)	-33.06%
Earned carrying charges	79,357	1.66%	111,361	6.93%	226,343	13.40%
Finance costs	(296,235)	-6.21%	(141,799)	-8.83%	(158,295)	-9.37%
	(216,878)	-4.54%	(30,438)	-1.90%	68,048	4.03%
Profit Before taxation	350,889	7.35%	124,372	7.74%	(191,823)	-11.36%
Taxation	(23,381)	-0.49%	(29,250)	-1.82%	41,057	2.43%
Profit After taxation	327,508	6.86%	95,122	5.92%	(150,766)	-8.93%
Other comprehensive income	(15,749.0)	-0.33%	1,921	0.12%	(11,665)	-0.33%
Total comprehensive income	311,759	6.53%	97,043	6.04%	(162,431)	-9.62%

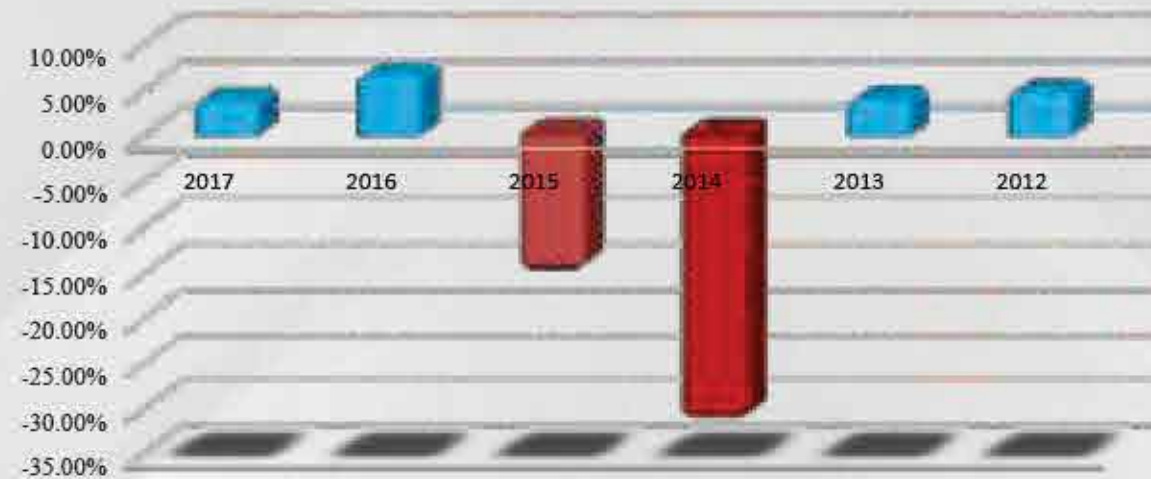
ANALYSIS OF EXPENSES



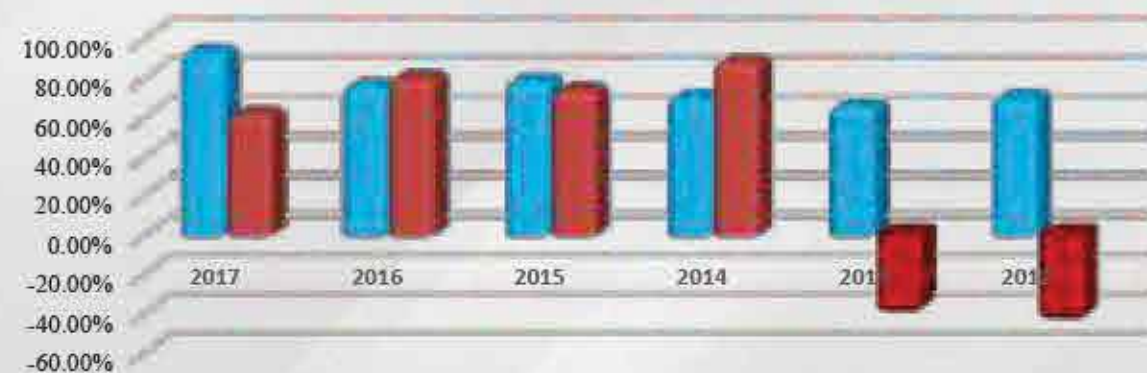
DUPONT ANALYSIS:

	2017	2016	2015	2014	2013	2012
Tax burden	93.34%	76.48%	78.60%	70.29%	65.70%	69.79%
Interest burden	61.80%	80.34%	73.81%	88.33%	40.90%	53.62%
EBIT margin	15.40%	11.06%	- 17.47%	- 32.53%	- 7.30%	-4.70%
Asset turnover	0.28	0.36	0.47	0.45	0.60	0.82
Leverage Ratio	161.56%	280.07%	309.04%	343.65%	339.20%	335.09%
Return on Equity (ROE)	4.00%	6.77%	- 14.83%	- 31.42%	3.97%	4.84%

Return on Equity (ROE)



Tax & Interest burden



■ Tax burden ■ Interest burden

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of your Company take pleasure in presenting the Annual Report together with your Company's Annual Audited Financial Statements for the year 2017.

Economic and Industrial Review

Domestic Economic Overview

During the outgoing year, Pakistan's economy continued to show positive signs of improvement on the back of, better law & order situation and an ease in the energy crisis despite currency devaluation in the recent months. However, the political situation remained fragile throughout the year.

Despite some headwinds on the external and political front, the economy maintained its momentum with GDP growth reaching a decade high level of 5.3% in FY'17. New energy and infrastructure projects, structural reforms and continued progress under the China Pakistan Economic Corridor (CPEC), all provided an impetus to economic growth.

During the year, the country's trade deficit deteriorated to around USD 18.0 billion, up 24.5% on a year on year basis. On the other hand, exports only picked up by 11.2% on year over year basis while imports were up by 19.1%. Thus, the current account deficit increased substantially. Home remittances growth also remained muted.

FX reserves, after having peaked at USD 24 billion in Oct'16, closed the year at a level of USD 20 billion. In Nov 2017, Pakistan received a strong response from international investors with the successful issuance of a 5-year Sukuk and 10-year Euro Bond aggregating to USD 2.5 billion. In view of the balance of payments position, the USD-PKR parity, after two years of a stable rate regime, shed around 5% in 2017 to settle at around PKR 110.4 / USD by year end.

For the sixth consecutive year, the average CPI inflation remained in single digits at 4.1% during 2017, a result of relatively weak commodity prices. In view of an expected buildup of inflationary pressures due to the rupee depreciation and recovery in global oil prices, the State Bank of Pakistan, in its monetary policy statement announced on January 26, 2018, increased the policy rate by 25 bps to 6.0%, after having maintained status quo since May 2016.

Throughout the year 2017, the country remained in the grip of heightened political uncertainty firstly due to Panama case hearings at the Supreme Court, and then due to the change in the premiership after Panama verdict. This resulted into an overall negative sentiment in the market, although Pakistan got included in Morgan Stanley Composite Index's Emerging Market classification after a gap of almost a decade.

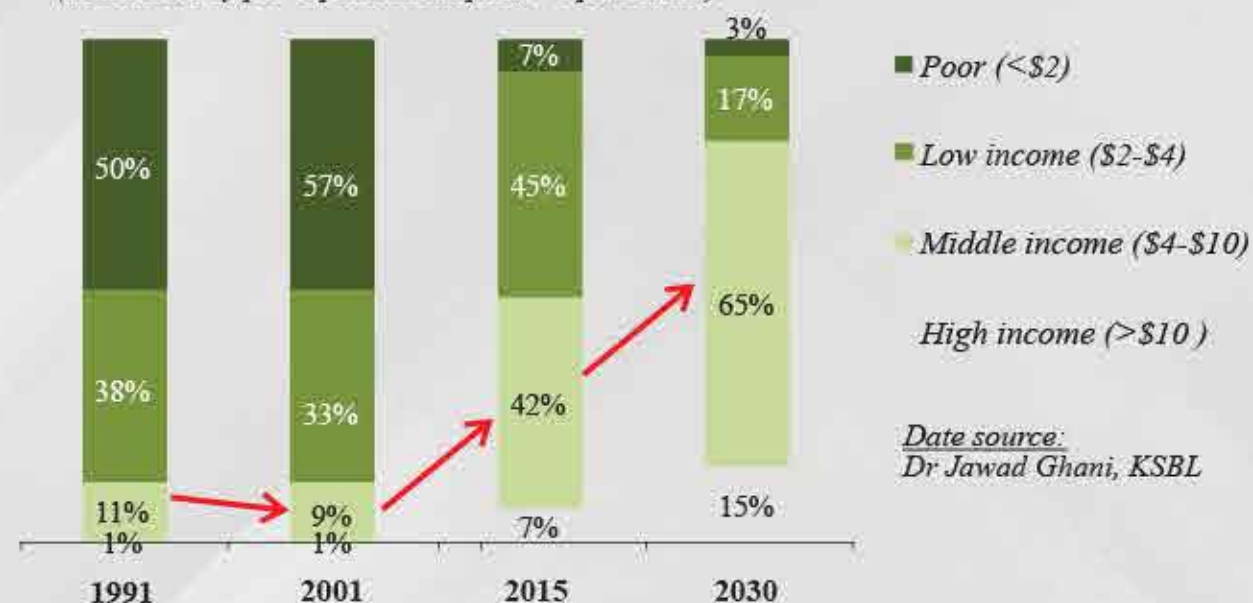
Industry Overview

With regard to the consumer durables industry, directly impacting Waves Singer Pakistan Ltd's business, a number of factors led to market expansion, such as: a better supply of electricity owing in part to CPEC's early-harvest projects, GDP's growth, rise in per capita incomes, tamed inflation etc. All of these factors led to an increase in the purchase of Consumer Durables by the households, especially refrigerators and air conditioners. Additionally, growing urbanization and growth in middle-class families are helped expand the market.

Experts maintain that Pakistan is on its path to become a large middle-income country in the next decade. Within next five years, per capita income is expected to cross \$2000 per annum, a breakout level beyond which the households are expected to start spending more on durables as well as other discretionary items. In urban areas, significant growth room exists in categories like refrigerators, ACs, LED panels, microwave ovens, deep freezers, washing machines and water heaters (Geczers)

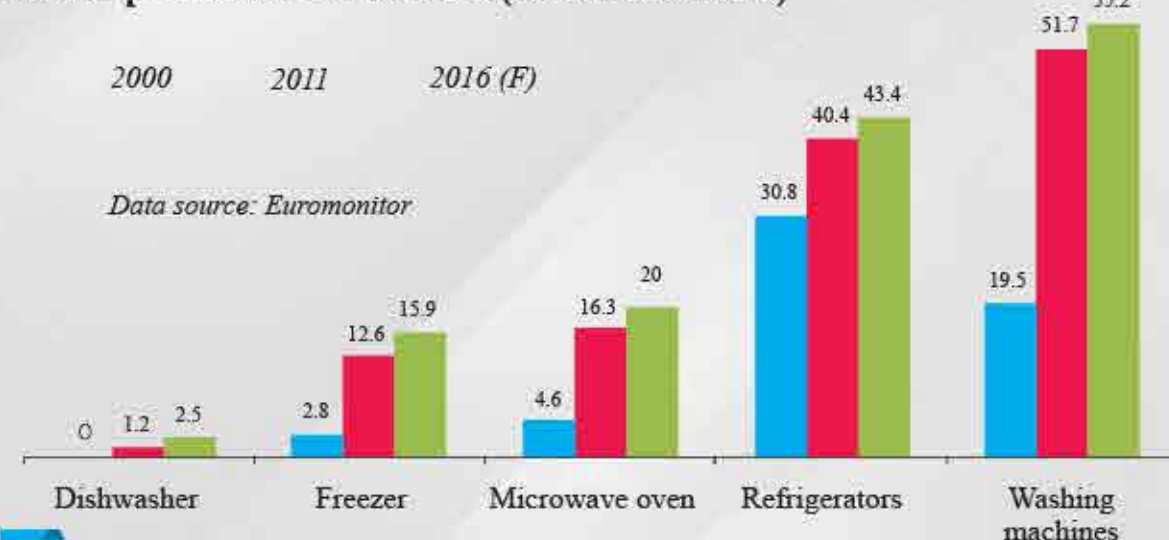
DIRECTORS' REPORT TO THE SHAREHOLDERS

Pakistan's path to a middle-income country (households by per capita consumption - \$/person/day)



With the emerging middle class, speedy urbanization and growth in disposable incomes, demand of Electrical Home Appliances is growing. For Food Preservation and cold-water Refrigerators and Deep Freezers have become a necessity rather than luxury. Similarly, due to high cost of electricity, the demand for energy-efficient or green Air Conditioners has also escalated. Market potential can also be witnessed by the entry of multinational players in the competition. The lowest household penetration rate of Consumer Durables in Pakistan as opposed to other regional countries, also offers a lucrative opportunity for the Company for higher future growth. All of these demographic factors are expected to continue to fuel appliances' growth in the coming years, and the Company expects to grow its market share in the coming years.

Ownership of household durable (% of households)



DIRECTORS' REPORT TO THE SHAREHOLDERS

Business Overview

Company's Principle Activities and Business

Waves Singer Pakistan Limited ("the Holding Company") (formerly Singer Pakistan Limited) is incorporated as a public company limited by shares and is quoted on the Pakistan Stock Exchange. The Company is principally engaged in retailing, trading and whole sale of domestic consumer appliances and other light engineering products, besides the manufacturing and assembling of the same.

During the year, Singer Pakistan Limited ("the Holding Company") entered in an amalgamation and demerger arrangement, details of which are given in note 3 to these consolidated financial statements. The amalgamation and demerger arrangement in addition to the acquisition of a strong brand name of WAVES in consumer durable industry with its signatures slogan "Naam hi Kafi hai" shall lead to an increase in assets base, bring economies of operating on large scale, enhance marketing and advertising opportunities, better resource management and increase in the company's risk absorption capacity. All these factors shall, in turn improve growth prospects and the ability of the merged entity to undertake large assignments.

With both of its brands, Singer and Waves operating at much less than their natural potential, the company is well positioned to achieve a decent growth rate. The retail network widely spread all across the country also has a potential of achieving modest growth.

In addition, during the year, the company sold its factory land and building details of which are given in note 5.3.1 and 42 to these consolidated financial statements.

Key Financial Indicators

During the outgoing FY 2017, your Company generated profit before tax of Rs. 350.889 million compared to Rs. 124.372 million for FY 2016. This year is characterized primarily by growth in topline from Rs. 1,606 million to Rs. 4,773 million, the major reason for which is the merger of Cool Industries Pvt. Ltd, the owner of Waves brand name along with its marketing company Linkwel Pvt. Ltd w.e.f from 1st July 2017. Inclusion of full years activity of these companies in the following year's results are expected to give a boost to operating results. Coupled with this, of course is a higher level of trust posed by the customers, concerted efforts of management and increased level of employees' commitment and dedication:

Key Financial Indicators for FY 2017 compared to FY 2016 are summarized below:

Summary of operating results (PKR 000)	2017	2016	YOY %
Gross revenue	4,772,736	1,606,053	197.2%
Gross profit	1,097,284	489,289	123.4%
Operating profit	567,767	154,810	266.8%
Finance cost	(296,235)	(141,799)	108.9%
Profit before tax	350,889	124,372	182.1%
Profit after tax	327,508	95,122	244.3%
Earnings per share - Rupees	3.50	2.09	67.1%

DIRECTORS' REPORT TO THE SHAREHOLDERS

Financial Performance Analysis

Gross profit achieved in 2017 amounted to Rs. 1,097 million as compared to Rs. 489 million for 2016, resulting in an increase of 124% as compared to previous year. The increase is attributable to cost efficiencies, improved productivity, product designs and as well as due to consolidation of merged entities. Distribution costs were recorded at Rs. 712 million, showing an increase of 64% from the previous year due to launch of aggressive advertisement campaign for the Company's wide range of products. Finance costs increased by 109% to Rs. 296 million in comparison to previous year. The Company recorded an EPS of Rs. 3.50 as compared to Rs. 2.09 for the previous year, despite increase in capital base due to merger.

Financial Position Analysis

Total equity improved by Rs. 7,755 million due to increase in the new shares valuing Rs. 964,500 issued pursuant to amalgamation and share premium reserve of Rs. 5,038 million on these new shares. Non-current assets increased by 282% to Rs. 7,702 million in 2017 as compared Rs. 2,015 million for the previous year.

Dividend

The Board appreciates the confidence and trust of its shareholders. Keeping in view the Company's recent merger, financial performance and future cash flow requirements, the Board is recommending a final cash dividend of 12.5% i.e. PKR 1.25 per share for the approval of shareholders.

Appropriations

Following is the summary of appropriations made during FY 2017:

- Net Profit After Taxation: Rs. 327.508 million
- Total comprehensive income for 2017: Rs. 311.759 million

For details of movement in other reserves please refer Statement of Changes in Equity in the financial statements.

Key Operating and Financial Data of last 6 years

As per the regulatory requirements, key financial and operating data for the last six years has been provided in the financial analysis section of this Annual Report.

Risks, Uncertainties and Mitigations

The Company is exposed, inter alia, to the following general risks which are mitigated through specific response plans:

Operational Risks

The operational risks are related to product development, manufacturing, distribution, environment, health and safety and supply chain management. The Company addresses these risks by allocating dedicated resources with requisite skills and expertise. The management determines risk response strategies for such risks which includes avoid, transfer, reduce or accept strategy.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Financial Risks

Financial risks have been described in detail at note 35 of the attached financial statements which include market risks, credit risks and liquidity risks.

Compliance Risks

The Company understands that non-compliance with laws and regulation may result in imposition of penalties, debarment, black listing, license cancellation etc. Hence, the Company has zero tolerance policy for non-compliance activities and behaviors. In addition, to mitigate such risks, a very comprehensive and effective compliance function is in place in the Company. Further, the Business Conduct Guidelines clearly defines the Company's expectations from all directors, executives and employees of the Company and from those with whom it conducts business. The Company encourages employees and business partners to report compliance violations that they may encounter, with confidence that there will be no adverse consequences for them.

Environment, Health & Safety (EHS)

The Company recorded another incident or accident free year with a culture for Zero Harm to the Company's assets, environment or the society. The Company ensures that the EHS commitments are understood and prevention drills/measures are adopted at all levels, from senior management to workers so as to reduce work related risks across all operations of the Company. The company actively trains all employees to ensure their safety at both the workplace and beyond. Besides, our manufacturing, distribution and retail operations have developed SOPs that seek to reduce the risk of accidents.

Corporate Social Responsibility

Waves Singer takes pride in aligning its business strategy to meet the Company's societal needs. Our CSR policy aims to enhance the quality of environment, communities and above all to promote the welfare of our people. We believe in giving something back to the society because we care. For us it's about more than just aligning our activities with our stakeholder's expectations whether it's our clients, suppliers, the community, our employees and society as a whole.

Waves Singer Pakistan has been consistently running the following four diverse CSR initiatives each fulfilling in achieving our goals towards our CSR vision:

Literacy Program

In efforts to aid literacy among the marginalized communities, Waves Singer Pakistan has initiated Literacy program through informal education system at the elementary level, targeting the underprivileged children of Thatta district, Sindh. The school has been out-sourced to a registered NGO, ECHO body and is being administered and maintain by the said NGO.

Anti - Narcotics Drive

In recognition to one of the alarming social ills of the consumption and access of drugs among the youth of Pakistan, Waves Singer Pakistan has been strategically running anti-narcotics drive - an awareness campaign targeting local schools, colleges, community centers, churches and vocational training institutes. The dedicated team at Waves Singer Pakistan has outreached to over 20 educational institutions targeting nearly 30,000 people during this campaign.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Sewing/Stitching Classes

Globally and locally, Singer sewing machines have been assisting in honing stitching and sewing talent to its customers since decades. Tailoring is a vital source of income for many households in Pakistan. Through regular stitching classes, Waves Singer Pakistan aims to provide earning prospects to low income women to overcome their financial dependence. As a result, thousands of females have not only benefitted but have also achieved successful placements in various apparel companies across Pakistan.

Investment in Human Capital

At Waves Singer Pakistan, we believe in attracting the best talent in the marketplace and giving them the skills and opportunities they need to become high-achievers.

Human Assets

The Company treats its people as its most important asset. We are always on the lookout to recruit, train and promote the best human resource talent available. Besides attractive remuneration packages, our corporate culture is designed to boost employee performance. Our succession planning framework proactively guides our recruitment and promotion activities.

Learning & Organizational Development

Our workforce regularly undergoes trainings in their respective functional areas. The Singer Retail Academy is instrumental in taking the employees through a comprehensive workforce training calendar. We also conduct workshops to make our employees aware of new developments in the field to remain abreast of the changing market landscape.

Company's Future Outlook/Forward Looking Statements

The merger between Waves and Singer has offered a great opportunity to synergize our Company's sourcing, manufacturing, distribution and retailing operations, thereby positioning us to consolidate our market position. The resulting efficiencies in these spheres coupled with more investment in manufacturing capacity, will bring the Company closer to the cutting edge of innovation, technology and consumer outreach. We are confident that our glass-door refrigerators and inverter air conditioners will continue to offer a robust growth during the next few years as well.

Due to ongoing growth in consumable income and rapid urbanization, an overall growth in the home appliances market shall also take place. As a result of this, we expect to introduce new models and improve our dealership network due to which our product penetration shall also grow, and the Company, with its unique brand equity, state of the art manufacturing facility, country-wide Sales and After Sales Services Network, shall stand to benefit from an enhanced market share.

As the future prospects of the Company are inextricably linked with the overall growth of the country, Waves Singer Pakistan shall continue to focus to exploit all available opportunities in the market. The Company promises all its stakeholders that the Company is fully committed to create value to not only grow its business in Pakistan but beyond as well.

Adherence to the Best Practices of Corporate Governance

The Company is determined to meet and wherever possible, exceed in all legal and ethical requirements and to conduct all business according to the highest professional and ethical standards and practices. The Board defines a path of continuous improvement constantly challenging existing processes. It also requires the Company to embrace change so that the Company is in the right place when new opportunities open up.



DIRECTORS' REPORT TO THE SHAREHOLDERS

Statement of Compliance

The Company strictly adheres to the principles of Corporate Governance mandated by the Securities and Exchange Commission of Pakistan (SECP) and has implemented all the prescribed stipulations. The same has been duly summarized in the enclosed Statement of Compliance with the best practices of the Code of Corporate Governance duly reviewed by the external auditors.

Directors' Statement

As required by the Code, we, the Directors of the Company, are pleased to state that:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of account have been maintained by the Company;
- Appropriate accounting policies have been consistently applied in preparation of financial statements;
- The accounting estimates are based on reasonable and prudent judgment;
- International Accounting Standards (IAS) and IFRS, as applicable in Pakistan, have been followed in preparation of financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts upon the Company's ability to continue as a going concern; and
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Meetings and Activities during the Financial Year

During the year, three meetings of the Board of Directors, two meetings of the Audit Committee and one meeting of the HR & R Committee were held before election of Directors in August 2017.

The member-wise record of attendance at these meetings was as follows:

Board of Directors

Name of the Member	Meetings Held	Meetings Attended
Mr. Umair Khan-Chairman	3	2
Mr. Haroon Ahmad Khan-Director and CEO	3	3
Mr. Moazzam A. Khan	3	1
Brig. (Retd.) Mukhtar Ahmed	3	3
Mr. Adnan Aftab	3	1
Mr. Zafar Uddin Mehmood	3	0
Mr. Rasheed Y. Chinoy	3	3



DIRECTORS' REPORT TO THE SHAREHOLDERS

Audit Committee

Name of the Member	Meetings Held	Meetings Attended
Brig. (Retd.) Mukhtar Ahmed- Chairman	2	2
Mr. Rasheed Y. Chinoy	2	2
Mr. Umair Khan	2	1

Human Resource and Remuneration Committee

Name of the Member	Meetings Held	Meetings Attended
Brig. (Retd.) Mukhtar Ahmed- Chairman	1	1
Mr. Haroon Ahmad Khan	1	1
Mr. Umair Khan	1	1

After election of the Directors held on 11 August 2017, four meetings of the Board of Directors, two meetings of the Audit Committee and one meeting of the HR&R Committee were held.

Board of Directors

Name of the Member	Meetings Held	Meetings Attended
Mr. Umair Khan-Chairman	4	4
Mr. Haroon A. Khan-Director and CEO	4	4
Mrs. Nighat Haroon Khan	4	1
Mr. Moazzam A. Khan	4	1
Brig. (Retd.) Mukhtar Ahmed	4	4
Mr. Mohammad Saqib Jilani	4	2
Mr. Yousuf Muhammad Farooq	4	4

DIRECTORS' REPORT TO THE SHAREHOLDERS

Audit Committee

Name of the Member	Meetings Held	Meetings Attended
Mr. Moazzam Ahmad Khan – Chairman	2	1
Mrs. Nighat Haroon Khan	2	2
Mr. Umair Khan	2	2

Human Resource and Remuneration Committee

Name of the Member	Meetings Held	Meetings Attended
Brig. (Retd.) Mukhtar Ahmed- Chairman	1	1
Mrs. Nighat Haroon Khan	1	1
Mr. Moazzam Ahmad Khan	1	1
Mr. Yusuf Muhammad Farooq	1	0

Evaluation of the Board's Performance and Directors' Training Program

As required under the Code, the directors have developed a mechanism for the annual performance evaluation of the Board. Every member of the Board ensures his participation in the meetings of the Board. Detailed discussions are held on strategic matters and clear directions are provided to the management, which are regularly monitored by the Board and its committees. The Board ensures that the Company adopts the best practices of corporate governance. The Board also reviews performance of business segments during each quarter with the aim to advance the opportunities of growth in all segments.

For details on the Director's Training Program, please refer to serial no. 8 of the Statement of Compliance.

Shareholders Information

Pattern of Shareholding

The Company is listed on Pakistan Stock Exchange Ltd. The detailed pattern and categories of its shareholding including shares held by directors and executives, if any, are annexed to the Annual Report.

Investor Relations & Website

Waves Singer Pakistan is committed to providing full information and disclosures to all of its shareholders. We follow the relevant statutory requirements of timely informing and facilitating both the current and potential investors about any price-sensitive or material information about the Company's business. This is done through the timely hoisting of all relevant information on the Company's web site (www.singer.com.pk/investorrelations) such as the Company's financial, operational performance, pattern of shareholding, material disclosures and any other information deemed essential for the investors. As per the statutory stipulations, the Urdu version of the Company's website and link to Jama-Punji have also been provided on the web, which is updated regularly.

DIRECTORS' REPORT TO THE SHAREHOLDERS

External Auditors

The present auditors, KPMG Taseer Hadi & Co., Chartered Accountants retire at the conclusion of the upcoming Annual General Meeting and being eligible, offer themselves for reappointment. As suggested by the Audit Committee, the Board recommends this reappointment for FY 2018 to the shareholders.

Post Balance Sheet Event or Significant Developments

Since 31st Dec 2017 to the date of this report, the Company witnessed following material changes or events which has an impact on the financial statements:

Declaration of final dividend which is subject to the approval of the Members of the Company at the forthcoming Annual General Meeting the effect of which will be reflected in the FY 2018 financial statements.

A fire broke out at the production facility of former Cool Industries (Private) Limited (CIPL / Waves) located in Lahore on 11 May 2018. The fire started at the dispatch area and caused damage to the finished goods under dispatch along-with some of the production facility, its related building area and work-in-process. Most of the appliances production area, raw materials and finished goods inventory (stored in off-site warehouse) remained safe. Sufficient finished goods inventory of refrigerators and deep freezers, the production of which was affected, were available in hand to ensure uninterrupted supplies to the market up to the resumption of their production. The production facilities of air-conditioners, microwave ovens and washing machines remained un-affected.

Building (Rs. 179 million), Plant & Machinery (Rs. 307 million) and Office equipment (Rs. 22 million) were partially damaged by fire are adequately insured and survey of the true extent of losses is being carried out at the date of signing of these consolidated financial statements of the Group.

No other significant / unusual development occurred after the year end.

Acknowledgement

We take this opportunity to thank our valued customers who have continued to place trust in our products and services and provided sustained support in ensuring the progress of the Company. The Company is also immensely proud of and thankful to its employees for their committed and passionate efforts, loyalty and dedication. We also greatly value the support and cooperation received from our suppliers, business partners, financial institutions, regulators and all other stakeholders who are helping and contributing towards the growth of our Company.

We would also like to extend our sincerest gratitude to our shareholders for the confidence and trust they have reposed in us and for their unwavering support.

Last but not the least, the board wishes to bring on record its appreciation for the services of the retiring directors especially Mr. Rasheed Y. Chinoy who has been on the Company's Board for almost 50 years. His services and especially Chinoy family's association with the Company will always be remembered.

For and on behalf of the Board:

Haroon Ahmad Khan
Chief Executive Officer

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") as mentioned in the Regulation No. 5.19.24 of the Rule Book of Pakistan Stock Exchange ("PSX") as prepared by the Board of Directors of Waves Singer Pakistan Limited (formerly Singer Pakistan Limited) ("the Company") for the year ended 31 December 2017 to comply with the requirements of Listing Regulations of Pakistan Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2017.

Further, we highlight the below instances of non-compliance with the requirements of the Code as reflected in paragraph references where these are stated in the Statement of Compliance:

- a) Paragraph 1, which mentions that number of executive directors exceeded one third of the elected directors including the Chief Executive as mentioned in the Code of Corporate Governance.
- b) Paragraph 15, which mentions that one of the executive director of the Company is a member and also the Chairman of the Audit Committee as against the requirement of the Code of Corporate Governance under which the Audit Committee shall comprise non-executive directors and at least one independent director.
- c) Paragraph 17, which mentions that majority of the members of the Human Resource and Remuneration Committee are executive directors as against the requirement of the Code of Corporate Governance under which the majority of the members shall be non-executive directors.
- d) Paragraphs 8 and 16, which mention that the meeting of the Board of directors and of the Audit Committee were not held in the first quarter of the year as against the requirement of the Code of Corporate Governance which requires that these meetings shall be held in each quarter.

KPMG Taseer Hadi & Co.
Chartered Accountants

STATEMENT OF COMPLIANCE

For the year ended 31 December 2017

Statement of Compliance with Best Practices of the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Rule Book Regulation No. 5.19 of listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance. The Company has applied the principles contained in the CCG in the following manner:

- The Company encourages representation of independent, non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent director	Mr. Umair Khan (Chairman)
Executive directors	Mr. Haroon Ahmad Khan (Director & Chief Executive Officer)
	Brig. (Retd.) Mukhtar Ahmed
	Mr. Moazzam Ahmad Khan *
Non-executive directors	Mrs. Nighat Haroon Khan
	Mr. Mohammad Saqib Jillani
	Mr. Yousuf Muhammad Farooq

The independent director as of 31 December 2017 met the criteria of independence under clause 5.19.1(b) of the CCG.

*Mr. Moazzam Ahmed Khan was appointed as non-executive director of the Company. However he was Chief Executive Officer of former Cool Industries (Private) Limited which was merged with and into the Company effective 01 July 2017 and as a result Mr. Moazzam Ahmed Khan is considered as an executive director.

At 31 December 2017, the number of executive directors exceeded one third of the elected directors including the Chief Executive (the limit imposed by the CCG). This is due to the reason explained above.

STATEMENT OF COMPLIANCE

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
- All the resident directors of the Company are registered as taxpayers and none of them have defaulted in the payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- No casual vacancy occurred on the Board during the year.
- The Company has prepared a Code of Conduct called 'Statement of Ethics and Business Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with supporting policies and procedures.
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of the employment of the Chief Executive Officer (CEO), other executive and non-executive directors have been taken by the Board.
- The meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter except that the Board's meeting in the first quarter was not arranged although more than 4 meetings of the Board of Directors took place during the year. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- In order to apprise the Directors of their duties and responsibilities and for their orientation purpose they were informed about the recent developments / changes in applicable laws and regulations affecting the industry and the Code of Corporate Governance. The Directors are conversant of the relevant laws applicable to the Company, its policies and provisions of memorandum and articles of association and are aware of their duties and responsibilities. The Code of Corporate Governance requires that by 30 June 2018, at least half of the directors on the Board shall acquire the certification of the directors training programme offered by institutions that meet the criteria specified by Securities and Exchange Commission of Pakistan. One director on the Board has obtained certification from the director's training program offered by local institutions that meet the criteria specified by the Securities and Exchange Commission of Pakistan. Arrangement shall be made to comply with the requirement regarding the remaining directors within the time frame specified above.
- There was no new appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit during the year. The changes in remuneration including terms and conditions of employment of Chief Financial Officer, Company Secretary and Head of Internal Audit were approved by the Board.
- The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
- The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
- The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
- The Company has complied with all the corporate and financial reporting requirements of the Code as of 31 December 2017.

STATEMENT OF COMPLIANCE

15. The Board has formed an Audit Committee. It comprises of three members, of whom one is an independent director, one is an executive director and one is a non-executive director. Chairman of the Committee is the executive director. As per the CCG, every listed company shall establish an Audit Committee at least of three members comprising of non-executive directors and at least one independent director. Furthermore, Chairman of the Committee shall preferably be an independent director.

However, the Company has one executive director as a member of the Chairman of the Audit Committee. This is also due to the reason explained in paragraph 1 above. The former Chief Executive Officer of former Cool Industries (Private) Limited was earlier a non-executive director on the Board of the Company. However, due to the merger, he is considered as an executive director as he was drawing remuneration from the said merged entity.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG except that the Audit Committee's meeting in the first quarter was not arranged although more than 4 meetings of the Board of Directors took place during the year. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board has formed a Human Resource and Remuneration Committee (HR & R). It comprises four members, of whom two are non-executive directors and the Chairman of the Committee is the executive director. The CCG requires that every listed company shall establish an HR & R Committee at least of three members comprising a majority of non-executive directors including preferably an independent director. However, in the Company's case majority of the directors on the Committee are non-executive. This is also due to the reason explained in paragraphs 1 and 15 above.

18. The Board has set up an effective internal audit function the members of which are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the (ICAP).

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

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

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

23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. Details of related party transactions have been presented before the Audit Committee and upon their recommendation to the Board for review and approval periodically. The definition of related party used is in accordance with the repealed Companies Ordinance, 1984 and applicable financial reporting framework as the regulations under Section 208 of the Companies Act, 2017 have not yet been issued.

25. We confirm that all other material principles enshrined in the CCG have been complied with.

PATTERN OF SHAREHOLDING

WAVES SINGER PAKISTAN LIMITED

Categories of Shareholding required under Code of Corporate Governance (CCG)
As on December 31, 2017

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise):			
1	POSEIDON SYNERGIES (PVT) LTD. (CDC)	8,509,024	18.7400
Mutual Funds (Name Wise Detail)			
1	CDC TRUSTEE JS ISLAMIC FUND (CDC)	658,500	1.4503
2	CDC TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT (CDC)	123,000	0.2709
3	CDC TRUSTEE JS LARGE CAP. FUND (CDC)	444,000	0.9779
4	CDC TRUSTEE JS PENSION SAVINGS FUND-EQUITY ACCOUNT (CDC)	150,000	0.3304
5	CDC TRUSTEE UNIT TRUST OF PAKISTAN (CDC)	369,500	0.8138
6	MC FSL TRUSTEE JS GROWTH FUND (CDC)	269,500	0.5935
7	MCBFSL TRUSTEE JS VALUE FUND (CDC)	172,000	0.3788
Directors, CEO and their Spouse and Minor Children (Name Wise):			
1	MR. UMAIR KHAN (CDC)	1,000	0.0022
2	MR. HAROON AHMAD KHAN (CDC)	7,002,209	15.4215
3	MRS. NIGHAT HAROON KHAN (CDC)	2,900,000	6.3869
4	MR. MOAZZAM AHMAD KHAN (CDC)	1,000	0.0022
5	MR. MUKHTAR AHMED (CDC)	1,000	0.0022
6	MR. MOHAMMAD SAQIB JILANI (CDC)	1,000	0.0022
7	MR. YOUSUF MUHAMMAD FAROOQ (CDC)	1,000	0.0022
Executives:		2,336	0.0051
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Institutions, Insurance Companies and Modarabas:		275,500	0.6068
Shareholders holding five percent or more voting interest in the listed company (Name Wise)			
1	MR. HAROON AHMAD KHAN (CDC)	7,002,209	15.4215
2	POSEIDON SYNERGIES (PVT) LTD. (CDC)	8,509,024	18.7400
3	MRS. NIGHAT HAROON KHAN (CDC)	2,900,000	6.3869

Haroon Ahmad Khan
Chief Executive Officer
Karachi: 07th June, 2018

PATTERN OF SHAREHOLDING

No. of Shareholders	-----Shareholdings' Slab-----		Total Shares Held
	From	To	
340	1	100	8,080
438	101	500	170,786
369	501	1,000	351,669
602	1,001	5,000	1,530,149
156	5,001	10,000	1,216,358
42	10,001	15,000	552,748
34	15,001	20,000	618,584
25	20,001	25,000	579,810
15	25,001	30,000	423,574
10	30,001	35,000	329,293
11	35,001	40,000	424,500
11	40,001	45,000	473,000
9	45,001	50,000	443,000
4	50,001	55,000	216,000
1	55,001	60,000	58,000
6	60,001	65,000	381,500
1	65,001	70,000	68,500
3	70,001	75,000	225,000
1	75,001	80,000	80,000
2	90,001	95,000	186,800
8	95,001	100,000	798,500
1	100,001	105,000	105,000
1	105,001	110,000	110,000
1	110,001	115,000	111,500
4	120,001	125,000	494,500
1	125,001	130,000	129,500
2	145,001	150,000	300,000
1	165,001	170,000	169,500
1	170,001	175,000	172,000
1	195,001	200,000	200,000
2	240,001	245,000	487,500
2	245,001	250,000	495,500
1	265,001	270,000	269,500
1	275,001	280,000	275,500
1	285,001	290,000	290,000

PATTERN OF SHAREHOLDING

1	300,001	305,000	301,001
1	325,001	330,000	326,500
2	345,001	350,000	697,100
1	365,001	370,000	369,500
1	395,001	400,000	400,000
1	415,001	420,000	415,894
1	425,001	430,000	430,000
1	430,001	435,000	432,000
1	440,001	445,000	444,000
3	495,001	500,000	1,500,000
1	530,001	535,000	532,000
1	655,001	660,000	658,500
1	715,001	720,000	719,500
1	885,001	890,000	888,500
1	995,001	1,000,000	1,000,000
1	1,145,001	1,150,000	1,150,000
1	1,170,001	1,175,000	1,171,500
1	1,195,001	1,200,000	1,200,000
1	1,610,001	1,615,000	1,614,752
1	2,895,001	2,900,000	2,900,000
1	6,995,001	7,000,000	7,000,000
1	8,505,001	8,510,000	8,509,024
2,133			45,405,622

SINGER PAKISTAN LIMITED
CATEGORIES OF SHAREHOLDERS

As on December 31, 2017

S. No.	NAME	HOLDING	% AGE
<u>DIRECTORS, CEO THEIR SPOUSE AND DEPENDANT CHILDREN</u>			
1	MR. UMAIR KHAN (CDC)	1,000	0.0022
2	MR. HAROON AHMAD KHAN MR. HAROON AHMAD KHAN (CDC)	2,209 7,000,000	0.0049 15.4166
3	MRS. NIGHAT HAROON KHAN (CDC)	2,900,000	6.3869
4	MR. MOAZZAM AHMAD KHAN (CDC)	1,000	0.0022
5	MR. MUKHTAR AHMED (CDC)	1,000	0.0022
6	MR. MOHAMMAD SAQIB JILANI (CDC)	1,000	0.0022
7	MR. YOUSUF MUHAMMAD FAROOQ (CDC)	1,000	0.0022
8	MISS ALEENA KHAN (CDC) D/O Mr. HAROON AHMAD KHAN	1,200,000	2.6428
9	MR. HAMZA AHMAD KHAN (CDC) S/O MR. HAROON AHMAD KHAN	1,150,000	2.5327
		12,257,209	26.9949
<u>ASSOCIATED COMPANIES</u>			
1	POSEIDON SYNERGIES (PVT) LTD. (CDC)	8,509,024	18.7400
		8,509,024	18.7400
<u>NTI & ICP</u>			
1	NATIONAL BANK OF PAKISTAN TRUSTEE DEPTT	40	0.0001

PATTERN OF SHAREHOLDING

2	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	8	0.0000
		48	0.0001
FINANCIAL INSTITUTION			
1	SAMBA BANK LIMITED (CDC)	275,500	0.6068
		275,500	0.6068
INVESTMENT COMPANIES			
1	CYAN LIMITED (CDC)	500,000	1.1012
		500,000	1.1012
MODARABAS & MUTUAL FUNDS			
1	CDC - TRUSTEE JS ISLAMIC FUND (CDC)	658,500	1.4503
2	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT (CDC)	123,000	0.2709
3	CDC - TRUSTEE JS LARGE CAP. FUND (CDC)	444,000	0.9779
4	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT (CDC)	150,000	0.3304
5	CDC - TRUSTEE UNIT TRUST OF PAKISTAN (CDC)	369,500	0.8138
6	MC FSL - TRUSTEE JS GROWTH FUND (CDC)	269,500	0.5935
7	MCBFSL - TRUSTEE JS VALUE FUND (CDC)	172,000	0.3788
		2,186,500	4.8155
JOINT STOCK COMPANIES			
1	CONTINENTAL FURNISHING COMPANY	319	0.0007
2	PAKISTAN AGENCIES LTD	319	0.0007
3	INDITRIAL ENGINEERS LTD.	319	0.0007
4	ABBASI & COMPANY (PRIVATE) LIMITED (CDC)	12,500	0.0275
5	ADEEL ZAFAR SECURITIES (PVT) LTD. (CDC)	17,000	0.0374
6	ARIF HABIB LIMITED - MF (CDC)	2,500	0.0055
7	AXIS GLOBAL LIMITED - MF (CDC)	500	0.0011
8	CLIKTRADE LIMITED (CDC)	34	0.0001
9	DIN CAPITAL LTD. - MF (CDC)	5,000	0.0110
10	DJM SECURITIES (PRIVATE) LIMITED (CDC)	105,000	0.2312
11	FANCY PETROLEUM SERVICES (PVT.) LIMITED (CDC)	41,500	0.0914
12	FIKREES (PRIVATE) LIMITED (CDC)	15,200	0.0335
13	GROWTH SECURITIES (PRIVATE) LIMITED - MF (CDC)	1,000	0.0022
14	INTERMARKET SECURITIES LIMITED (CDC)	500,000	1.1012
15	JS GLOBAL CAPITAL LIMITED - MF (CDC)	123,500	0.2720
16	MAPLE LEAF CAPITAL LIMITED (CDC)	1	0.0000
17	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (P) LTD - MF (CDC)	532,000	1.1717
18	MRA SECURITIES LIMITED (CDC)	100,000	0.2202
19	MRA SECURITIES LIMITED - MF (CDC)	28,500	0.0628
20	NCC - PRE SETTLEMENT DELIVERY ACCOUNT (CDC)	92,000	0.2026
21	NEXT CAPITAL LIMITED - MF (CDC)	350,000	0.7708
22	NH SECURITIES (PVT) LIMITED (CDC)	1,520	0.0033
23	PEARL SECURITIES LIMITED - MF (CDC)	16,500	0.0363
24	PREMIER CABLES (PVT) LIMITED (CDC)	15,000	0.0330
25	PREMIER CABLES (PVT) LIMITED (CDC)	10,000	0.0220

PATTERN OF SHAREHOLDING

26	PREMIER CABLES (PVT) LIMITED (CDC)	110,000	0.2423
27	R.T. SECURITIES (PVT) LIMITED (CDC)	36,000	0.0793
28	RELIANCE SECURITIES LIMITED - MF (CDC)	1,000	0.0022
29	RS PUBLISHERS (PRIVATE) LIMITED (CDC)	14,000	0.0308
30	SAKARWALA CAPITAL SECURITIES (PRIVATE) LIMITED - MF (CDC)	15,000	0.0330
31	SEVEN STAR SECURITIES (PVT.) LTD. (CDC)	2,000	0.0044
32	SHERMAN SECURITIES (PRIVATE) LIMITED (CDC)	65,000	0.1432
33	SOFCOM (PRIVATE) LIMITED (CDC)	11,500	0.0253
34	SPECTRUM SECURITIES (PRIVATE) LIMITED - MF (CDC)	242,500	0.5341
35	SPECTRUM SECURITIES (PVT.) LIMITED (CDC)	20,000	0.0440
36	TOPLINE SECURITIES LIMITED - MF (CDC)	430,000	0.9470
37	Y.S. SECURITIES LIMITED - MF (CDC)	1,500	0.0033
38	ZAFAR SECURITIES (PVT) LTD. (CDC)	250,000	0.5506
39	ZILLION CAPITAL SECURITIES (PVT) LTD. (CDC)	15,000	0.0330
40	ZILLION CAPITAL SECURITIES (PVT) LTD. (CDC)	1,000	0.0022
41	NADEEM INTERNATIONAL (PVT.) LTD. (CDC)	500	0.0011
42	ABA ALI HABIB SECURITIES (PVT) LIMITED - MF (CDC)	6,000	0.0132
43	ARABIAN SEA ENTERPRISES LIMITED (CDC)	28,500	0.0628
44	PREMIER CABLES (PVT) LIMITED (CDC)	5,000	0.0110
45	VPL LIMITED (CDC)	10,000	0.0220
46	MILLWALA SONS (PRIVATE) LIMITED (CDC)	5	0.0000
		3,234,717	7.1240
OTHER COMPANIES			
1	PUNJAB COOPERATIVE BOARD FOR LIQUIDATION FOR MERCANTILE	513	0.0011
2	TRUSTEE-EXALO DRILLING S.A. GRATUITY FUND (CDC)	7,000	0.0154
3	FIRST UDL MODARABA STAFF PROVIDENT FUND (CDC)	500	0.0011
4	TRUSTEE-TCS PRIVATE LIMITED EMPLOYEES PROVIDENT FUND (CDC)	22,000	0.0485
		30,013	0.0661
SHARES HELD BY THE GENERAL PUBLIC (FOREIGN)			
		0	0.0000
SHARES HELD BY THE GENERAL PUBLIC (LOCAL)			
		18,412,611	40.5514
		18,412,611	40.5514
TOTAL:		45,405,622	100.00

PATTERN OF SHAREHOLDING

SHARES TO BE ISSUED PURSUANT TO AMALGAMATION

To Shareholders of Cool Industries (Pvt.) Ltd

Javaid Akhtar Butt & Family	9,397,500
Muhammad Tarik Malik	9,397,500
Haroon Ahmad Khan	45,353,051
Nighat Haroon Khan	18,795,000
Moazzam Ahmad Khan & Family	2,079,085
Others	8,952,864
Total	93,975,000

To Shareholders of LinkWel (Pvt.) Ltd

Javaid Akhtar Butt	247,500
Muhammad Tarik Malik	247,500
Haroon Ahmad Khan	1,484,835
Moazzam Ahmad Khan	165
Nighat Haroon Khan	495,000
	2,475,000

STATUTORY NOTICES

WAVES SINGER PAKISTAN LIMITED

NOTICE OF MEETING

NOTICE

Notice is hereby given that the Fifty Seventh Annual General Meeting of WAVES SINGER PAKISTAN LIMITED (FORMERLY SINGER PAKISTAN LIMITED) will be held on 30th June 2018 at 11:00 a.m. at Plot No. 39, Sector # 19, Korangi Industrial Area, Karachi.

ORDINARY BUSINESS

1. To confirm the minutes of Last Extraordinary General Meeting held on 29 Dec 2017
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 31 December 2017 together with the Reports of Directors' and Auditors' thereon.
3. To approve the final cash dividend of 12.5% i.e. PKR 1.25 per share as recommended by the Board of Directors
4. To appoint Auditors of the Company for the financial year ending 31 December 2018 and to fix their remuneration.

ANY OTHER BUSINESS

1. To transact any other business with the permission of the Chair.

By order of the Board

Tauseef Ahmed Zakai
Company Secretary

Karachi, 07th June, 2018

STATUTORY NOTICES

Notes:

1. The individual Members who have not yet submitted Photostat copies of their valid Computerized National Identity Card (CNIC) to the Company are once again requested to send their CNIC (copy) at the earliest directly to the Company's Share Registrar at Corplink (Pvt) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore. The Corporate Entities are requested to provide their National Tax Number (NTN) and Folio Number along with copy of the CNIC. In case of non-receipt of the copy of a valid CNIC, the Company would be unable to comply with SRO 19(1)/2014 dated January 10, 2014 in continuation to SRO 831(1)/2012 dated July 05, 2012 and therefore will be constrained under SECP Notification S.R.O. 1145(I)/2017 dated November 06, 2017 under section 242 and 243 of the Companies Act, 2017 to withhold the dispatch of dividend warrants of such shareholders.

2. The Share Transfer Books of the Company will be closed from 23rd June, 2018 to 30th June, 2018 (both days inclusive). Transfers received at the Office of the Share Registrar of the Company at Corplink (Pvt) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore at the close of business on 22nd June, 2018 (Friday) will be treated in time for the purposes of entitlement to the transferees.

3. A member entitled to attend and vote at the Meeting may appoint another member as his/her Proxy to attend, speak and vote at the Meeting on his/her behalf. Instrument appointing Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting. The Registered Office of the Company is located at Plot No. 39, Sector 19, Korangi Industrial Area, Karachi.

4. The shareholders are requested to notify the Company if there are any changes in their addresses.

5. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting:

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

ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For Appointing Proxies:

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

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

STATUTORY NOTICES

6. The shareholders holding physical shares are also required to bring their original CNIC and/or copy of CNIC of shareholder(s) of whom he/she/they hold Proxy(ies) without CNIC such shareholder(s) shall not be allowed to attend and/or sign the Register of Shareholders/Members at the AGM.

7. Transmission of Annual Financial Statements through Email:

In pursuance of the directions given by SECP vide SRO 787 (1)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website <http://singer.com.pk/> and send the said form duly filled in and signed along with copy of his/her/its CNIC/Passport to the Company's Share Registrar.

Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional. In case you do not wish to avail this facility please ignore this clause of the notice. Annual Financial Statements will be sent at your registered address, as per normal practice.

Annual Accounts of the Company for the year ended December 31, 2017 can be downloaded from the Company's website <http://singer.com.pk/>

8. Revision of Withholding Tax on Income:

Please further note that under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act 2017 withholding tax on dividend income will be deducted for 'Filer' and 'Non-Filer' shareholders @ 15% and 20% respectively. According to clarification received from Federal Board of Revenue (FBR) Withholding Tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as Joint Holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard, all shareholders who hold shares with joint shareholders are requested to provide shareholding proportions of Principal shareholder and Joint Holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Folio/ CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

The required information must reach our Share Registrar by 22nd Jun, 2018; otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Holder(s).

Shareholders are therefore requested to please check and ensure Filer status from Active Taxpayers List (ATL) available at FBR website <http://www.fbr.gov.pk/> as well as ensure that their CNIC/Passport number has been recorded by the Participant/Investor Account Services or by Share Registrar (in case of physical shareholding). Corporate bodies (Non-Individual shareholders) should ensure that their names and National Tax Numbers (NTN) are available in ATL at FBR website and recorded by respective Participant/Investor Account Services or in case of physical shareholding by Company's Share Registrar.

STATUTORY NOTICES

9. Unclaimed Dividend/Shares

Pursuant to Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it became due and payable shall vest with the Federal Government after compliance of procedures prescribed under the Company Act, 2017. Section 244(I) of the ACT requires the Company to give a 90 days' notice to the members to file their claims with the Company. Further SECP vide Direction No. 16 of 2017 issued on July 07, 2017 directed all listed Companies issue such notice to the members and submit statement of unclaimed shares or dividend or any other instruments which remain unclaimed or unpaid for a period of three years from the date they are due and payable as of May 30, 2017.

10. Consent for Video Conference Facility

In accordance with Section 132(2) of the Companies Act, 2017, the Members can also avail Video Conference Facility. In this regard, please fill the following form and submit to registered address of the Company 10 days before holding of the Annual General Meeting.

I/We, _____ of _____, being a member of Waves Singer Pakistan Limited, holder of _____ ordinary share (s) as per Registered Folio/CDC Account No. _____ hereby opt for video conference facility at _____.

Signature of Member

If the Company receives consent from members holding an aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the Company will arrange Video Conference Facility in that city subject to availability of such facility in that city.

The Company will intimate Members regarding venue of Video Conference Facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access such facility.

11. Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website <http://singer.com.pk> and send it duly signed along with a copy of CNIC to the Registrar of the Company M/s. Corplink (Pvt) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore in case of physical shares. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services.

12. SECP through its SRO 470(1)/2016, dated May 31, 2016, has allowed companies to circulate the annual balance sheet, profit and loss account, Auditors' report and Directors' report etc ("annual audited accounts") to its members through CD/DVD/USB at their registered addresses. In view of the above, the Company has sent its Annual Report 2017 to its shareholders in the form of CD. Any member requiring printed copy of Annual Report 2017 may send a request using a Standard Request Form placed on Company website.

Inspection of Documents

The existing and proposed articles of the association of the Company along with memorandum of association of the Company, financial statements of the company and its subsidiary companies and all other relevant information shall be available for inspection from the date of the notice of the AGM to the conclusion of the AGM.

WAVES SINGER PAKISTAN LIMITED

FORM OF PROXY

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

I/ We _____

of _____

being a member of Waves Singer Pakistan Limited hereby appoint _____

of _____

or failing him _____

of _____

as my proxy in my absence to attend, speak and vote for me on my behalf at the Extra Ordinary/
Annual General Meeting of the Company to be held on _____ and at any
adjournment thereof.

As witness my / our hand this _____ day of _____ 2018.

Rs. 5/-
Revenue
Stamp

Witness No.1

Name: _____

Address: _____

CNIC No.: _____

Witness No. 2

Name : _____
Address : _____
CNIC No.: _____

Signature of Member(s)

(Name in Block letters)

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

Important:

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

WSPL Consolidated **FS 2017**

Auditors' Report to the Members

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of Waves Singer Pakistan Limited (formerly Singer Pakistan Limited) and its subsidiary companies ("the Group") as at 31 December 2017 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of Waves Singer Pakistan Limited (formerly Singer Pakistan Limited) and its subsidiary companies namely Electronics Marketing Company (Private) Limited and Waves Marketing (Private) Limited. These consolidated financial statements are responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Waves Singer Pakistan Limited (formerly Singer Pakistan Limited) and its subsidiary companies as at 31 December 2017 and the results of their operations for the year then ended.

Date: June 07, 2018

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Aryn Pirani

Waves Singer Pakistan Limited (formerly Singer Pakistan Limited)

Consolidated Balance Sheet

As at 31 December 2017

Note	2017	2016
	(Rupees in '000)	
ASSETS		
Non-Current Assets		
Property, plant and equipment	5 4,681,004	1,657,732
Intangible assets and goodwill	6 2,993,838	22,345
Investment property	7 -	317,200
Long term deposits	8 27,165	18,514
Total non-current assets	7,702,007	2,015,791
Current Assets		
Stores, spares and loose tools	22,918	5,112
Stock-in-trade	9 2,592,330	509,039
Trade debts	10	
- Retail	582,961	714,943
- Wholesale	1,573,830	348,374
Advances, deposits, prepayments and other receivables	11 106,895	32,876
Taxation - net	345,878	157,100
Cash and bank balances	12 291,647	150,097
Total current assets	5,516,489	1,917,541
TOTAL ASSETS	13,218,466	3,933,332
EQUITY AND LIABILITIES		
Share Capital and Reserves		
Authorised capital 145,000,000 (2016: 70,000,000) ordinary shares of Rs. 10 each	13 1,450,000	700,000
Issued, subscribed and paid-up capital	13 454,056	454,056
Shares to be issued pursuant to amalgamation	14 964,500	-
Share premium reserve	14 5,038,548	-
Capital reserve	5,000	5,000
Revenue reserve - unappropriated profit / (accumulated loss)	1,601,815	(150,507)
Shareholders Equity	8,063,919	308,549
Surplus on revaluation of property, plant and equipment - net of tax	15 118,100	1,095,855
Non-Current Liabilities		
Long term loans - secured	16 568,276	528,125
Liabilities against assets subject to finance lease	17 38,254	10,944
Employee retirement benefits - obligation	18 54,527	51,612
Deferred tax liability - net	19 246,152	216,560
Deferred income	20 12,679	2,340
Total non-current liabilities	919,888	809,581
Current Liabilities		
Trade and other payables	21 1,192,262	474,796
Mark-up accrued on short term and long term borrowings	73,766	40,005
Short term borrowings - secured and unsecured	22 2,748,916	1,177,396
Current portion of long term loans	16 81,182	18,750
Current portion of liabilities against assets subject to finance lease	17 17,400	6,529
Current portion of deferred income	20 3,033	1,871
Total current liabilities	4,116,559	1,719,347
Contingencies and commitments	23	
TOTAL EQUITY AND LIABILITIES	13,218,466	3,933,332

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Brig (Retd.) Mukhtar Ahmed
Director

Haroon A. Khan
Chief Executive

Nadeem M. Butt
Director Finance

Waves Singer Pakistan Limited (formerly Singer Pakistan Limited)
Consolidated Profit and Loss Account
For the year ended 31 December 2017

	Note	2017	2016
		(Rupees in '000)	
Sales - net of sales return		4,772,736	1,606,053
Sales tax and trade discount on invoices		(1,087,113)	(206,447)
Sales - net	24	<u>3,685,623</u>	<u>1,399,606</u>
Cost of sales	25	<u>(2,588,339)</u>	<u>(910,317)</u>
Gross Profit		1,097,284	489,289
Marketing, selling and distribution costs	26	(712,590)	(435,825)
Administrative expenses	27	(192,475)	(68,046)
Other expenses	28	(122,716)	(12,854)
Other income	29	498,264	182,246
		<u>(529,517)</u>	<u>(334,479)</u>
		567,767	154,810
Earned carrying charges	10.5	79,357	111,361
Finance costs	30	(296,235)	(141,799)
		<u>(216,878)</u>	<u>(30,438)</u>
Profit before taxation		350,889	124,372
Taxation	31	(23,381)	(29,250)
Profit for the year		<u>327,508</u>	<u>95,122</u>
		(Rupees)	
Earnings per share - basic and diluted (based on the consolidated financial statements of Waves Singer Pakistan Limited)	32	<u>3.50</u>	<u>2.09</u>

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Brig (Retd.) Mukhtar Ahmed
Director

Haroon A. Khan
Chief Executive

Nadeem M. Butt
Director Finance

Waves Singer Pakistan Limited (formerly Singer Pakistan Limited)
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2017

	Note	2017	2016
		(Rupees in '000)	
Net profit for the year		327,508	95,122
Other comprehensive income			
<i>Item that will not be reclassified to profit and loss:</i>			
Actuarial (loss) / gain on employee retirement benefits	18.7	(15,749)	2,749
Related tax effect		-	(828)
		<u>(15,749)</u>	<u>1,921</u>
Total comprehensive income for the year		<u>311,759</u>	<u>97,043</u>

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Brig (Retd.) Mukhtar Ahmed
Director

Haroon A. Khan
Chief Executive

Nadeem M. Butt
Director Finance

Waves Singer Pakistan Limited (formerly Singer Pakistan Limited)
Consolidated Cash Flow Statement
For the year ended 31 December 2017

Note	2,017 (Rupees in '000)	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	350,889	124,372
Adjustment for:		
- Depreciation on property, plant and equipment	5.1.2 136,814	68,434
- Amortisation of intangible asset	6.2 3,629	3,729
- Finance costs	30 296,235	141,799
- (Gain) / loss on sale of property, plant and equipment and investment property	29 (456,951)	1,703
- Unrealised gain on investment property at fair value	7 & 29 (30,800)	(109,400)
- Amortisation of deferred income	20 (2,452)	(1,871)
- Provision / (reversal) against stock-in-trade	9.3 1,790	(10,597)
- Provision / (reversal) against trade debts and other receivables	28 88,562	(68,802)
- Provision for employee retirement benefits	18.6 13,351	8,089
	401,067	157,456
Working capital changes		
(Increase) / decrease in current assets		
Stores, spares and loose tools	9,033	5,773
Stock-in-trade	(247,755)	(207,262)
Trade debts	(449,269)	188,065
Advances, deposits, prepayments and other receivables	91,353	(4,850)
	(596,638)	(18,274)
(Decrease) / increase in current liabilities		
Trade and other payables	(454,206)	63,063
	(649,777)	202,245
Income tax paid	(35,196)	(20,060)
Finance costs paid	(304,406)	(133,336)
Employee retirement benefits paid	(26,185)	(1,531)
Long term deposits	(7,224)	4,866
Net cash flows from operating activities	(1,022,788)	52,184
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(188,840)	(301,494)
Proceeds from disposal of property, plant and equipment and investment property	2,048,292	847
Investments matured during the year	-	36,000
Net cash flows from investing activities	1,859,452	(264,647)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease rentals paid	(10,657)	(9,761)
Repayment of short term finances - net	207,859	(14,900)
Long term loans - net	(396,875)	440,353
Net cash flows from financing activities	(199,673)	415,692
Net increase in cash and cash equivalents	636,991	203,229
Cash and cash equivalents at beginning of the year	(747,299)	(950,528)
Cash and cash equivalents acquired in a business combination	33.2 (466,552)	-
Cash and cash equivalents at end of the year	33.1 (576,860)	(747,299)

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Brig (Retd.) Mukhtar Ahmed
Director

Haroon A. Khan
Chief Executive

Nadeem M. Butt
Director Finance

Waves Singer Pakistan Limited (formerly Singer Pakistan Limited)
Consolidated Statement of Changes in Equity
For the year ended 31 December 2017

Note	Issued subscribed and paid-up capital	Shares to be issued pursuant to amalgamation	Share premium reserve	Capital reserve	Revenue Reserve Other revenue reserve	Unappropriated profit / (accumulated loss)	Total
(Rupees in '000)							
Balance as at 1 January 2016	454,056	-	-	5,000	117,837	(379,436)	197,457
Transfer of revenue reserve to accumulated losses	-	-	-	-	(117,837)	117,837	-
Total comprehensive income for the year ended 31 December 2016							
Profit for the year	-	-	-	-	-	95,122	95,122
Net actuarial gain recognised directly in 'Other Comprehensive Income' net of tax	-	-	-	-	-	1,921	1,921
						97,043	97,043
Transfer from surplus on revaluation of property, plant and equipment - for the year - net of tax	-	-	-	-	-	14,049	14,049
Balance as at 31 December 2016	454,056	-	-	5,000	-	(150,507)	308,549
Total comprehensive income for the year ended 31 December 2017							
Profit for the year	-	-	-	-	-	327,508	327,508
Net actuarial loss recognised directly in 'Other Comprehensive Income' - net of tax	-	-	-	-	-	(15,749)	(15,749)
						311,759	311,759
Shares to be issued pursuant to amalgamation	-	964,500	5,038,548	-	-	-	6,003,048
Transfer from surplus on revaluation of property, plant and equipment (on sale of land and building)	-	-	-	-	-	1,429,398	1,429,398
Transfer from surplus on revaluation of property, plant and equipment (incremental depreciation) - net of tax	-	-	-	-	-	11,165	11,165
Balance as at 31 December 2017	454,056	964,500	5,038,548	5,000	-	1,601,815	8,063,919

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.

Brig (Retd.) Mukhtar Ahmed
Director

Haroon A. Khan
Chief Executive

Nadeem M. Butt
Director Finance

Waves Singer Pakistan Limited (formerly Singer Pakistan Limited) Notes to the Consolidated Financial Statements For the year ended 31 December 2017

1.

STATUS AND NATURE OF BUSINESS

The "Group" comprises of the Holding Company and the Subsidiary Companies mentioned below:

1.1

Holding Company - Waves Singer Pakistan Limited (formerly Singer Pakistan Limited)

1.1.1

Waves Singer Pakistan Limited ("the Holding Company") (formerly Singer Pakistan Limited) is incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as a public company limited by shares and is quoted on the Pakistan Stock Exchange. The Company is principally engaged in retailing and trading of domestic consumer appliances and other light engineering products, besides the manufacturing and assembling of the same. The registered office of the Company is located at Plot No. 39, Sector 19, Korangi Industrial Area, Korangi, Karachi.

1.1.2

During the year, Singer Pakistan Limited ("the Holding Company") entered in an amalgamation and demerger arrangement, details of which are given in note 3 to these consolidated financial statements. In addition during the year, the company sold its factory land and building details of which are given in note 41 to these consolidated financial statements.

1.2

Subsidiary Company Electronics Marketing Company (Private) Limited (EMC)

Electronics Marketing Company (Private) Limited ("the Subsidiary Company") was incorporated on 09 September 2016 as a private limited Company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company is a wholly owned Subsidiary Company of Waves Singer Pakistan Limited (the Holding Company) (formerly Singer Pakistan Limited). The principal activity of the Subsidiary Company is to carry out distribution / wholesales / retail business of all kinds of electronic appliances, its components and accessories, etc.

1.3

Subsidiary Company Waves Marketing (Private) Limited

Waves Marketing (Private) Limited (herein after referred to as "The Company") which is wholly owned subsidiary of Waves Singer Pakistan Limited (the Holding Company) (formerly Singer Pakistan Limited) is a private limited company which was incorporated on 10 April 2017 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Subsidiary Company is located at 15/3 A Model town, Lahore. The Subsidiary Company is principally engaged to carry on all or any of the businesses of distributors, marketers, merchants wholesalers, retailers, traders, indentures stockiest, suppliers, agent for product of manufactures of other principles, local or foreign.

2.

BASIS OF PREPARATION

2.1

Statement of compliance

2.1.1

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the repealed Companies Ordinance, 1984 shall prevail.

2.1.2

Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017 which has its own set of disclosures. However, SECP vide their circular No. 23 / 2017 dated 4 October 2017 (read with a clarification issued by the Institute of Chartered Accountants of Pakistan on 6 October 2017), has directed that companies preparing financial statements for the periods ending on or before 31 December 2017, shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.2

Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for land and buildings which are stated at revalued amounts less subsequent depreciation and impairment losses.

2.3

Functional and presentation currency

These financial statements are presented in Pakistani rupee which is also the Group's functional and presentation currency and have been rounded off to the nearest thousand.

2.4

Use of estimates and judgments

The preparation of consolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The areas where judgements and estimates made by the management that may have a significant effect on the amount recognised in the consolidated financial statements are included in the following notes:

- Residual value, market values and useful lives of property, plant and equipment (note 4.1)
- Useful lives of intangible assets (note 4.2)
- Provision for employee retirement benefit plans (note 4.5)
- Stock in trade and stores and spares and loose tools at net realisable value / net of impairment losses (notes

4.6 and 4.7)

- Provision for impairment of trade debts (note 4.8)
- Provisions (note 4.12)
- Provision for warranty obligation (note 4.13)
- Taxation (note 4.15)
- Impairment of financial and non-financial assets (note 4.19)

2.5

Standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2018:-

Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas:

(a)

measurement of cash-settled share-based payments;

(b)

classification of share-based payments settled net of tax withholdings; and

(c)

accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Group's financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Group's financial statements.

- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value

through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Group's financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on Group's financial statements.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Group's financial statements.

- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Group is currently in the process of analysing the potential impact of changes required in revenue recognition policies on adoption of the standard. Based on the preliminary assessment carried out by the management the application of interpretation is not likely to have a material impact on Group's financial statements.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Group is currently in the process of analysing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard. Management has initiated the process of evaluating the impact on the Group's financial statements and having a model for that purpose.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Group's financial statements.

- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale. The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Group's financial statements. As disclosed in note 2.1.2, the new requirements of the Companies Act, 2017 shall be applicable to the financial statements issued on or after 31 December 2017. Accordingly certain additional requirements / disclosures in Fifth Schedule to the Companies Act, 2017 are applicable to the financial statements of Group. Significant disclosures / requirements, which are relevant to the Group includes but not limited to: name of associated companies or related parties or undertakings along with the basis of relationship describing common directorship and/or percentage of shareholding; summary of significant transactions and events that have affected the financial position and performance during the year, etc.

Furthermore under the Companies Act, 2017, Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This would require change in accounting policy relating to surplus on revaluation of land and building to bring it in line with the requirements of IAS 16 - Property, plant and equipment. Accordingly, as of 31 December 2017, this would result in increase in equity by Rs. 118.099 million (31 December 2016: Rs. 1,095.86 million).

3. AMALGAMATION OF COOL INDUSTRIES (PRIVATE) LIMITED AND LINK WEL (PRIVATE) LIMITED WITH AND INTO THE HOLDING COMPANY AND SEPERATION/ DEMER GER OF THE RETAIL BUSINESS FROM THE HOLDING COMPANY AND AMALGAMATION WITH AND INTO ELECTRONICS MARKETING COMPANY (PRIVATE) LIMITED (EMCPL) (A WHOLLY OWNED SUBSIDIARY COMPANY)

During the current year, Singer Pakistan Limited ("the Company") completed a Scheme of Arrangement as follows:

- amalgamation of Cool Industries (Private) Limited (CIPL) and Link Wel (Private) Limited (LWPL) with and into the Holding Company by transferring to, merging with and vesting in the Holding Company the whole of CIPL and LWPL (including all assets, liabilities and obligations of CIPL and LWPL) as of the effective date (i.e. start of business on 01 July 2017) against the allotment and issue of the Holding Company' shares to the shareholders of CIPL and LWPL. The later company was an associated company of CIPL with the same shareholders in both the companies. In addition CIPL was also a holding company of Waves Marketing (Private) Limited, a wholly owned subsidiary company.

- separation / demerger of the retail business from the Holding Company and amalgamate the same with and into EMCPL (an existing wholly owned subsidiary company) by transferring to, merging with and vesting in subsidiary company the whole of the retail business (including all assets, liabilities and obligations of the retails business) as of the effective date (i.e. start of business on 01 July 2017) against the allotment and issue of subsidiary company shares to the Holding Company.

Honourable Sindh High Court (the Court), through its Order dated 22 May 2018, has approved the Scheme of Arrangement as proposed and granted sanction order for the amalgamation of CIPL and LWPL with and into the Holding Company and demerger of retail business from the Holding Company and amalgamate the same into the subsidiary company. The Board of Directors of the Holding Company, in their meeting held on 27 November 2017, approved and resolved to present the Scheme of Arrangement before the shareholders of the Holding Company for their approval. Approval of the secured creditors was obtained on 29 December 2017, while the shareholders of the Holding Company approved the Scheme of Arrangement in their Extraordinary General Meeting (EOGM) held on 29 December 2017. In consideration, the Holding Company will issue 96,450,000 ordinary shares of the Holding Company in aggregate in favour of the shareholders of CIPL (93,975,000 shares) and LWPL (2,375,000) on the basis of swap ratio of 1 (one) ordinary share of the CIPL for every 1.79 ordinary shares of the Holding Company and 1 (one) ordinary share of the LWPL for every 0.33 ordinary shares of the Holding Company.

The Group expects several benefits after this merger including the synergies of operations, (merging entities being engaged in the similar nature of business), utilization and the benefits of the "Waves" brand (held by CIPL) along with

the Singer brand already held by surveying company, enhancement of the marketing and advertising opportunities, increased market penetration, a large equity and asset base of the merged entity and reduction in administration cost, etc.

For the purpose of demerger, 24,800,000 ordinary shares of Rs 10 each of EMCPL shall be allotted and issued by EMCPL to the Company. By virtue of the above arrangement, Singer Pakistan Limited is the surviving entity and will continue to operate (as Waves Singer Pakistan Limited) along with its wholly owned subsidiary company EMPCL, while CIPL and LWPL shall dissolved and ceases to operate without winding up. Waves Marketing (Private) Limited which was a wholly owned subsidiary of CIPL and shall continue as a wholly subsidiary company of Waves Singer Pakistan Limited.

CIPL, prior to its merger was incorporated in 1980 as a private limited company under the repealed Company Ordinance, 1984 (now Companies Act, 2017) and was principally engaged in the manufacture and sale of consumer appliances under the brand name "Waves". LWPL was engaged in the business of import and trade of air conditioners and home appliances. Waves Marketing (Private) Limited, also incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017), is principally engaged in the business of distribution and marketing of the above products.

Details of the assets and liabilities so acquired along with certain other disclosures are given in note 42 to these consolidated financial statements.

Demerger have been recognized in the separate financial statements of Waves Singer Pakistan Limited and EMCPL as on the group level had no impact.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

4.1

Property, plant and equipment Owned

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any, except for the freehold land and buildings which are stated at the revalued amounts less subsequent depreciation and impairment losses and capital work in progress which are stated at cost less impairment losses, if any. Cost includes expenditure directly attributable to the acquisition of an asset. Land and Buildings are revalued by independent professionally qualified valuer with sufficient regularity to ensure that the net carrying amount does not differ materially from the fair value (market value). In case of revalued assets, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount restated at the revalued amount of the asset. The surplus arising on revaluation on property, plant and equipment is credited to the 'Surplus on revaluation of property, plant and equipment' account shown below equity. The surplus on revaluation of property, plant and equipment can be applied by the Group in setting-off any deficit arising from the revaluation of property, plant and equipment of the same or any other fixed assets of the Group (under the repealed Companies Ordinance, 1984). Depreciation is charged to the profit and loss account applying the straight-line method whereby the depreciable amount of an asset is depreciated over its estimated useful life. Depreciation on additions is charged from the month in which the asset is available for use and up to the month of disposal. Amount equivalent to incremental depreciation charged for the year on revalued assets is transferred from surplus on revaluation of property, plant and equipment to retained earnings. The rates of depreciation are stated in note 5.1 to these consolidated financial statements. The assets' residual values and useful lives are reviewed, at each balance sheet and if expectations differ from previous estimates, the change is accounted for as a change in an accounting estimate. Normal repairs and maintenance are charged to profit and loss account as and when incurred. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. Gains and losses on disposal of assets are taken to the profit and loss account currently. When revalued assets are sold, the amount included in surplus on revaluation of property, plant and equipment is transferred to retained earnings. The revaluations are also carried out at regular intervals so as to ensure that the recorded values of the relevant assets does not materially differ from their market values.

Leased

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

Subsequent to initial recognition, the asset is stated at the amount determined at initial recognition less accumulated depreciation and impairment losses, if any.

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

Sale and lease back

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

Capital work in progress

It is stated at cost less impairment losses, if any. It includes expenditure incurred and advances made in respect of assets in the course of their construction and installation. These cost are transferred to relevant assets category as and when assets are available for intended use.

4.2

Intangible assets and goodwill

Goodwill

Goodwill arising on the acquisition of business is measured at cost less any accumulated impairment losses, if any. This is determined as the difference between the fair value of net assets acquired (including other identified intangible assets, if any) and the consideration given for the business / entity acquired.

Other Intangible asset

Intangible assets are stated at cost. Intangible assets are amortised on a straight-line basis over their estimated useful lives. The rates of amortization are stated in note 6.1.1 to these consolidated financial statements. Costs that are directly associated with identifiable software products and have probable economic benefit beyond one year are recognised as intangible assets. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Costs associated with maintaining computer software are recognised as an expense as and when incurred. Gain or loss from derecognition of intangible assets are recognised in profit and loss account.

4.3

Business combination

As per the requirement of International Financial Reporting Standards 3, business combinations are accounted for by applying the acquisition method (other than those of the businesses / entities under common control unless it is transitional in nature as was in the Group's case). The cost of acquisition is measured at the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any liability resulting from a contingent consideration arrangement, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognized directly in the profit and loss account.

4.4

Investment property

Property, comprising land or a building or part thereof, held to earn rentals or for capital appreciation or both are classified as investment property. These are not held for use in the production or supply of goods or services or for administrative purposes. The Group's business model i.e. the Group's intentions regarding the use of a property is the primary criterion for classification as an investment property. Investment property is initially measured at cost (including the transaction costs). However when an owner occupied property carried at fair value becomes an investment property because its use has changed, the transfer to the investment property is at fair value on the date of transfer and any balance of surplus on the revaluation of the related assets, on the date of such a transfer continues to be maintained in the surplus account on revaluation of property, plant and equipment. Upon disposal, any surplus previously recorded in the revaluation surplus account is directly transferred to retained earnings / accumulated losses and the transfer is not made through the profit and loss account. However any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the consolidated profit and loss account. The transfer to investment property is made when, and only when, there is a change in use, evidenced by the end of owner occupation. In case of a dual purpose properties, the same is classified as investment property, only if the portion could be sold or leased out separately under finance lease. Subsequent to initial recognition, the Group measures the investment property at fair value at each reporting date and any subsequent changes in fair value is recognised in the profit and loss account (i.e. in cases where the owner occupied property carried at fair value becomes an investment property, the fair value gain to be recognised in the profit and

loss account would be the difference between the fair value at the time of initial classification as investment property and fair value at the time of subsequent remeasurement). The revaluation of investment properties are carried out by independent professionally qualified valuers on the basis of active market price.

4.5

Employee retirement and other service benefit its Defined benefit plans

a)

The Group operates a funded defined benefit pension scheme for the eligible executives and managers and a funded gratuity scheme for all of its eligible employees other than field staff. Provisions / contributions are made in the consolidated financial statements to cover obligations on the basis of actuarial valuation carried out annually under the Projected Unit Credit Method.

b)

The Group also operates an unfunded gratuity scheme for its eligible field staff. Benefits under the scheme are payable to staff on the completion of prescribed qualifying period of service. Provisions are made in the consolidated financial statements to cover obligations on the basis of actuarial valuation carried out annually under the Projected Unit Credit Method.

Amount recognised in balance sheet represents the present value of defined benefit obligations as reduced by the fair value of the plan assets, if any. All actuarial gains and losses are recognised in 'Other Comprehensive Income' as they occur. Past service cost resulting from the changes to defined benefit plan is immediately recognised in the profit and loss account currently. Current service costs together with net interest cost are also charged to the profit and loss account. Calculation of gratuity and pension requires assumptions to be made of future outcomes which mainly includes increase in remuneration, expected long term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

Defined contribution plan

The Group operates a recognised provident fund scheme covering all eligible employees. The Group and employees make equal monthly contributions to the fund. Staff Compensated absences

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

4.6

Stores, spares and loose tools

These are valued at lower of cost determined on first-in-first-out basis and impairment losses if any. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the balance sheet date less any impairment losses. Provision for obsolete and slow moving stores, spares and loose tools is determined based on management's estimates. These are based on their future usability. Provision is made for any excess of carrying value over the estimated net realizable value and is recognised in the consolidated profit and loss account.

4.7

Stock-in-trade

Stock-in-trade is valued at the lower of cost determined on first-in-first-out basis and net realisable value except for stock in transit which is stated at lower of cost (comprising invoice value plus other charges incurred thereon) and net realizable value. Cost in relation to work in process and manufactured finished goods represents direct cost of materials, direct wages and appropriate allocation of manufacturing overheads. Cost of goods purchased for resale comprises of purchase price, import duties, taxes (other than those subsequently recoverable by the entity from tax authorities) and other directly attributable cost wherever applicable.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and selling expenses. The management continuously reviews its inventory for existence of any items which may have become obsolete. Provision is made for slow moving inventory based on management's estimation. These are based on historical experience and are continuously reviewed.

4.8

Trade debts

These are initially recognised at fair value plus directly attributable transaction costs and are subsequently measured at amortised cost. Provision for doubtful debts is established where there is objective evidence that the Group will not be able to collect amount due according to the original terms of the receivable is based on management's assessment of anticipated uncollectible amounts based on Group's past experience, historical bad debts statistics and ageing analysis. Debts are written off when considered irrecoverable.

4.9

Cash and cash equivalents

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

4.10

Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost.

4.11

Liability against assets subject to finance lease

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

4.12

Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

4.13

Warranty obligations

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

4.14

Revenue recognition

- Sales are stated net of sales tax, rebate and sales return and are recognised when persuasive evidence of a sale exists. The key area of judgment in recognising revenue is the timing of recognition, which reflects the point or period when the Group has transferred significant risks and rewards of ownership to third parties. Revenue from sale of goods is measured at fair value of the consideration received or receivable and is recognised as revenue on dispatch of goods to customers.

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

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

- Income on investments and profit and loss sharing bank accounts are recognised on accrual basis using the effective interest rate method.

- Rental income is recognised as other income on a straight-line basis over the term of lease.

4.15

Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognized directly in equity / surplus on revaluation of fixed assets or in other comprehensive income. Current Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any, and taxes paid under the Final Tax Regime and minimum tax payable. The charge for current tax includes adjustments to charge for prior years, if any. Deferred tax is recognised using balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or the settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation. A deferred tax asset (including the deferred tax asset on tax losses) is recognised to the extent that it is probable that the future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax arising on surplus on revaluation of fixed assets is recorded directly in the surplus account.

4.16

Borrowings

All interest bearing borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing borrowings are subsequently measured at

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

4.17

Financial instruments

The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provision of the instrument. Financial assets and liabilities are recognised initially at cost, which is the fair value of the consideration given or received respectively. These are subsequently measured at fair value or amortised cost, as the case may be depending on the particular accounting policy. Financial assets are derecognised when the contractual right to cash flows from the asset expire, or when substantially all the risks and reward of ownership of the financial asset are transferred. Financial liability is derecognised when its contractual obligations are discharged, cancelled or expired. Gain or loss on derecognition is recognised in consolidated profit and loss account.

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of the asset.

4.18

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated financial statements only when the Group has a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.19

Impairment Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that the financial asset is impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on the terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated cash flows discounted at the original effective interest rate. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through consolidated profit or loss. Individually significant financial assets are tested for impairment on an individual basis. All impairment losses are recognised in consolidated profit and loss account.

Non-financial assets

The carrying amounts of non-financial assets other than deferred tax assets and stock in trade, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is assessed through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss for goodwill, if any, is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.20

Foreign currency translations

Foreign currency transactions are translated into Pakistan' Rupees at exchange rates prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pakistan' Rupees at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are included in profit and loss account currently.

4.21

Dividends and appropriation of profit

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

4.22

Earnings per share

As required under International Accounting Standard 33 Earnings per Share, the Group presents the earnings per share (EPS) information based on the consolidated financial statements. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. The Group is not exposed to the dilutive effect on EPS.

4.23

Grant in aid (deferred income)

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

4.24

Operating lease assets and assets obtained under Ijarah arrangement

Rentals paid for the assets obtained under the operating lease, if any are recognized as an expense of the period to which these relate to. Leased assets which are obtained under Ijarah agreement are not recognized in the Group's balance sheet and are treated as operating lease based on Islamic Financial Accounting Standard (IFAS) 2 issued by the Institute of Chartered Accountant of Pakistan and notified by Securities and Exchange Commission of Pakistan vide S.R.O. 43(1) / 2007 dated 22 May 2007. Ijarah Payments under the agreement are recognised as an expense in the profit and loss account on a straight line basis over the lease period of Ijarah agreement.

4.25

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Group that makes the strategic decisions. Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as allocated on a reasonable basis. Unallocated item comprise mainly corporate assets, head office expenses and tax assets and liabilities.

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
Capital work-in-progress

Note	2017	2016
	(Rupees in '000)	
5.1	4,594,641	1,585,584
5.2	86,363	72,148
	4,681,004	1,657,732

5.1 Operating fixed assets

Note	31 December 2017													Total		
	Land		Buildings		Leasehold improvements	Plant and machinery		Furniture and equipment		Vehicles		Computers				
	Lease hold	Freehold	On lease-hold land	On free hold land		Owned	Leased	Owned	Leased	Owned	Leased	Owned	Leased			
	(Rupees in '000)															
At 1 January 2017																
Cost / revaluation	1,092,700	-	194,502	-	327,042	102,462	33,969	46,109	1,360	14,321	19,896	49,728	1,863	1,883,952		
Accumulated depreciation	(1,359)	-	(486)	-	(122,010)	(75,780)	(7,147)	(38,166)	(793)	(3,895)	(8,782)	(38,087)	(1,863)	(298,368)		
Net book value	1,091,341	-	194,016	-	205,032	26,682	26,822	7,943	567	10,426	11,114	11,641	-	1,585,584		
Transactions during the year ended 31 December 2017																
- Additions	-	-	1,209	-	110,574	157,481	-	6,033	-	21,303	7,940	5,484	-	310,024		
- Acquisition through business combination	42.7	-	2,364,500	-	438,500	1,022,500	-	40,000	-	83,000	-	-	-	3,928,500		
- Revaluation	5.1.1	133,854	1,000	8,736	7,078	-	-	-	-	-	-	-	-	150,688		
- Transfers (elimination)																
Cost*	(9,554)	-	(5,964)	(6,578)	-	-	-	-	-	-	-	-	-	(22,096)		
Depreciation**	9,554	-	5,964	6,578	-	-	-	-	-	-	-	-	-	22,096		
- Transfers																
Cost**	-	-	-	-	(39,282)	39,282	-	-	-	438	(438)	(2,054)	2,054	-		
Depreciation**	-	-	-	-	850	(850)	-	-	-	(7)	7	27	(27)	-		
- Disposals	5.3.1	(1,217,000)	-	(25,002)	-	-	-	(4,432)	-	(4,599)	-	-	-	(1,251,014)		
Cost	3,027	-	125	-	-	-	-	4,363	-	158	-	-	-	7,673		
Depreciation	(1,213,973)	-	(24,877)	-	-	-	-	(199)	-	(4,432)	-	-	-	(1,243,341)		
- Depreciation charge for the year	(11,222)	-	(5,603)	(6,578)	(37,446)	(47,353)	(4,409)	(6,273)	(136)	(8,121)	(1,510)	(7,752)	(411)	(136,814)		
Closing net book value	-	2,365,500	173,501	439,000	278,160	1,120,978	60,745	47,644	431	82,607	17,113	7,346	1,616	4,594,641		
As at 31 December 2017																
Cost / revaluation	-	2,365,500	173,501	439,000	437,816	1,243,161	73,251	87,720	1,360	94,472	27,398	53,158	3,917	5,000,054		
Accumulated depreciation	-	-	-	-	(199,456)	(122,183)	(12,506)	(40,076)	(929)	(11,865)	(10,285)	(45,812)	(2,301)	(405,413)		
Net book value	-	2,365,500	173,501	439,000	278,160	1,120,978	60,745	47,644	431	82,607	17,113	7,346	1,616	4,594,641		
Depreciation rate (% per annum)	1.52	Nil	3	3	10	8.33	8.33	10-20	10	20	20	20	20			
At 01 January 2016																
Cost / revaluation	985,000	-	239,502	-	118,377	95,099	33,969	45,460	1,360	11,203	19,896	33,831	1,863	1,566,760		
Accumulated depreciation	-	-	(729)	-	(93,192)	(72,617)	(4,833)	(34,636)	(657)	(5,861)	(7,434)	(35,432)	(1,863)	(237,695)		
Net book value	985,000	-	238,773	-	25,685	22,682	29,086	11,034	703	5,442	12,462	18,399	-	1,329,065		
Transactions during the year ended 31 December 2016																
- Additions	-	-	4,883	-	208,165	6,763	-	700	-	8,289	-	882	-	229,682		
- Revaluation	5.1.1	362,597	-	(37,576)	-	-	-	-	-	-	-	-	-	325,021		
- Transfer to investment property	7	(207,806)	-	(3,000)	-	-	-	-	-	-	-	-	-	(207,806)		
- Transfers (elimination)																
Cost*	(12,697)	-	(7,307)	-	-	-	-	-	-	-	-	-	-	(19,404)		
Depreciation**	12,697	-	7,307	-	-	-	-	-	-	-	-	-	-	19,404		
- Disposals																
Cost	-	-	-	-	-	(37)	-	(5,271)	-	(4,993)	-	-	-	(10,307)		
Depreciation	-	-	-	-	-	51	-	2,721	-	4,987	-	-	-	7,757		
- Depreciation charge for the year	(13,456)	-	(7,073)	-	(28,818)	(1,163)	(2,264)	(3,781)	(136)	(755)	(1,348)	(7,640)	-	(66,434)		
Closing net book value	1,091,341	-	194,016	-	205,032	26,682	26,822	7,943	567	10,426	11,114	11,641	-	1,585,584		
As at 31 December 2016																
Cost / revaluation	1,092,700	-	194,502	-	327,042	102,462	33,969	46,109	1,360	14,321	19,896	49,728	1,863	1,883,952		
Accumulated depreciation	(1,359)	-	(486)	-	(122,010)	(75,780)	(7,147)	(38,166)	(793)	(3,895)	(8,782)	(38,087)	(1,863)	(298,368)		
Net book value	1,091,341	-	194,016	-	205,032	26,682	26,822	7,943	567	10,426	11,114	11,641	-	1,585,584		
Depreciation rate (% per annum)	1.49	Nil	3	Nil	10	8.33	8.33	10-20	10	20	20	20	20			

* Represents the elimination of accumulated depreciation against the carrying value, due to a revaluation carried out as of 30 June 2017 (in respect of the land and building disposed off during the year as mentioned in note 5.3.1 under the same basis and values as mentioned in note 5.1.1) and 31 December 2017 (the latter in case of the land and building acquired under the Business Combination mentioned in note 5.1.1).

** Represents adjustment for sale and lease back arrangements and transferred to owned assets on the maturity of lease.

5.1.1 Existing free hold land and the building on the free hold land of the Group (acquired under the business combination) were revalued on 31 December 2017 by an independent valuer M/s Asif Associates (Private) Limited on market value basis after making independent market inquiries from local property dealers and estate agents to ascertain the market price for properties of the same nature in the immediate neighbourhood and adjoining areas. The resulting surplus of Rs. 1 million on land and Rs. 7.078 million on building have been incorporated in these consolidated financial statements.

Had there been no revaluation of the land and buildings thereon, the net book value as of 31 December 2017 would have been as follows:

	Cost	Accumulated depreciation	Net carrying value
	(Rupees in '000)		
Land	2,364,500	-	2,364,500
Buildings	459,423	(13,912)	445,511
	2,823,923	(13,912)	2,810,011

Furthermore, leasehold land and buildings on leasehold land of the Company (of Singer Pakistan Limited) which were disposed off during the year on 21 November 2017 were also revalued on 30 June 2017 by an independent valuer M/s Asif Associates (Private) Limited on market value basis after making independent inquiries from local property dealers and estate agents to ascertain the market price for properties of the same nature in the immediate neighbourhood and adjoining areas. Revaluations of the above assets were last carried out in 2016 (land and buildings), 2015 (land and buildings), 2014 (land and buildings), 2013 (land only) and 2010 (land only). The resulting surplus of Rs. 133.854 million on leasehold land and Rs. 2.33 million on buildings for the year have been credited to the revaluation surplus account.

5.1.2 Depreciation for the year has been allocated as follows:

Note	2017	2016
	(Rupees in '000)	
Cost of sales	25.1	70,283
Marketing, selling and distribution costs	26	50,681
Administrative expenses	27	15,850
		136,814
		68,434

5.2 Capital work-in-progress (CWIP)

Balance as at 1 January		72,148	334
Additions during the year		72,762	72,214
Acquisition through business combination	3 & 42	86,561	-
Written off during the year		-	(334)
Transfers to operating fixed assets		(145,108)	(66)
Balance as at 31 December		86,363	72,148

Breakup of capital work in progress is as follows:

- Plant and machinery	85,364	72,148
- Advance for the purchase of a vehicle	999	-
	86,363	72,148

5.3 Disposal of operating fixed assets

Note	Cost / revaluation	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Sold to	Address
	(Rupees in '000)							
Land and building on leasehold								
5.3.1								
Vehicles								
LXO-4229	400	-	400	210	(190)	Open bid	Mr. Asif Ali	Lahore
LRV-9944	350	-	350	395	45	Open bid	Mr. Khalid Saleem	Sargodha
LWQ-0449	400	-	400	490	90	Open bid	Mr. M Bilal Munir	Lahore
LEB-06-1558	400	-	400	470	70	Open bid	Mr. Shan Ali	Lahore
LEF-07-4454	350	-	350	435	85	Open bid	Mr. Ali Haider	Lahore
LEB-10-8534	400	-	400	614	214	Open bid	Mr. M Ajmal Baig	Lahore
AFT-321	350	-	350	300	(50)	Open bid	Mr. M Nazeer	Lahore
GAK-9550	200	(17)	183	190	7	Open bid	Mr. Yaqoob	Jhang
LRH-5384	250	(21)	229	275	46	Open bid	Mr. Atif Khan	Lahore
LEC-08-6139	350	(29)	321	345	24	Open bid	Mr. Nadeem Latif	Lahore
BRA-09-1221	350	(29)	321	320	(1)	Open bid	Mr. M Javed	Lahore
LEB-09-7113	350	(29)	321	460	139	Open bid	Mr. Khalid Saleem	Sargodha
LXM-456	400	(33)	367	455	88	Open bid	Mr. M Ismail	Multan
	4,550	(158)	4,392	4,959	567			
Written down value not exceeding Rs. 50,000 each:								
31 December 2017	4,462	(4,363)	99	161	62	Negotiation		
	9,012	(4,521)	4,491	5,120	629			

5.3.1 During the year, the Holding Company sold its entire factory land and buildings to another company (International Brands Limited) on the basis of an approval of the Board of Directors in their meeting held on 30 August 2017 and the approval of the shareholders in their Extraordinary General meeting (EOGM) held on 04 October 2017. These land and buildings including the investment property held by the Group were disposed off for Rs. 2,077.778 million against their respective carrying values of Rs. 1,213.973 million, Rs. 24.877 million and Rs. 348 million. Gain on such a sale amounting to Rs. 456.322 million (representing the difference between the carrying value and the sale proceeds after deducting selling expenses of Rs. 34.606) have been recognized in the Profit and Loss account while surplus on revaluation of these assets amounting to Rs. 1,213.853 million, Rs. 10.547 million and Rs. 204.998 million respectively have been taken directly to the Equity through the Statement of Changes in Equity.

6. INTANGIBLE ASSETS AND GOODWILL	Note	2017 (Rupees in '000)	2016	
Software		18,716	22,345	
Goodwill - provisional and other intangibles to be identified	6.1.2	2,975,122	-	
		<u>2,993,838</u>	<u>22,345</u>	
6.1 Reconciliation of carrying amounts		Software	Provisional goodwill (and other intangible: (Rupees in '000))	Total
Cost				
Balance at 31 December 2015		49,761	-	49,761
Balance at 31 December 2016		49,761	-	49,761
Acquisition through business combination		-	2,975,122	2,975,122
Balance at 31 December 2017		49,761	2,975,122	3,024,883
Accumulated amortisation and impairment losses				
Balance at 01 January 2016		(23,687)	-	(23,687)
Amortisation		(3,729)	-	(3,729)
Balance at 31 December 2016		(27,416)	-	(27,416)
Amortisation		(3,629)	-	(3,629)
Balance at 31 December 2017		(31,045)	-	(31,045)
Carrying amounts				
At 31 December 2016		22,345	-	22,345
At 31 December 2017		18,716	2,975,122	2,993,838

6.1.1 Software is being amortized at 10% - 20% (2016: 10% - 20%) per annum on a straight line basis.

6.1.2 Provisional Goodwill and other intangibles

This represents excess of the amount paid over the fair value of the net assets of Cool Industries (Private) limited and Link Wel (Private) Limited on its acquisition as of the start of business on 01 July 2017 (see note 3). International Financial Reporting Standard 3, (IFRS 3) "Business Combinations", requires that all identified assets and liabilities acquired in a business combination should be carried at fair values in the acquirer's balance sheet and any intangible assets acquired in the business combination are required to be separately recognised and carried at fair values. IFRS 3 allows the acquirer a maximum period of one year from the date of acquisition to finalise the determination of the fair values of the assets and liabilities and to determine the value of any intangible assets separately identified. The fair valuation exercise of the recorded tangible assets and liabilities have completed, however goodwill is provisional as the determination of separately identifiable intangible assets will be completed within the period specified under IFRS 3 (i.e. not later than one year from acquisition date). Accordingly, provisional amount for goodwill has been recorded which may change as a result of the exercise for the identification of additional intangible assets as required under IFRS 3 (which is in progress).

	2017
Discount rate	15.50%
Terminal value growth rate	3.00%
Budgeted growth rate (average of next five years)	

This discount rate represents estimate of rate implicit in relevant market for the same currency in which the cash flows arise. Five years of free equity cash flows were included in the discounted cash flow model, and

Budgeted growth was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced in the recent years and the estimated sales volume and price growth for the next five years.

Following the impairment testing, management concludes that recoverable amount of investment exceeds its carrying value. However, in the future years, any adverse movement in the key assumptions may lead to reduction in recoverable amount.

6.2 Amortisation for the period has been allocated as follows:	Note	2017 (Rupees in '000)	2016
Marketing, selling and distribution costs	26	3,266	3,356
Administrative expenses	27	363	373
		<u>3,629</u>	<u>3,729</u>

7. INVESTMENT PROPERTY

Property, comprising land or a building or part thereof, held to earn rentals or for capital appreciation or both are classified as investment property. These are not held for use in the production or supply of goods or services or for administrative purposes.

As more fully explained in note 5.3.1 to these consolidated financial statements, during the year, the Company sold its entire factory land and building on 21 November 2017, the date of disposal, including the portion of above land and building amounting to Rs. 348 million held as investment property for rental purposes {this includes revaluation gain of Rs 30.8 million (2016: Rs. 109.4 million) for current period}. Furthermore, rental income of Rs. 3.15 million (2016: Rs. 2.1 million) on the above portion of property earlier rented out has been recognized in the Profit and Loss account as "Other income".

8. LONG TERM DEPOSITS	Note	2017 (Rupees in '000)	2016
Deposits			
- shops and warehouses		16,166	13,896
- leases		9,572	4,618
- other long term deposits		1,427	-
		<u>27,165</u>	<u>18,514</u>
9. STOCK-IN-TRADE			
Raw materials			
- in stores (in hand)		494,510	71,620
- in third party premises	9.1	7,677	4,735
- in bonded warehouse	9.2	477,664	-
- in transit		229,841	87,102
		<u>1,209,692</u>	<u>163,457</u>
Work in process		161,946	36,023
Finished goods			
- own manufactured		1,058,505	285,313
- purchased for resale		192,055	52,324
		<u>1,250,560</u>	<u>337,637</u>
Provision for slow moving and damaged stock	9.3	(29,868)	(28,078)
		<u>2,592,330</u>	<u>509,039</u>

- 9.2 Stock amounting to Rs. 426.42 million was cleared subsequent to the year end.
- 9.3 The Group has made provision of Rs. 1.79 million (2016: reversed provision of Rs. 10.597 million) for slow moving and damaged items during the year.

10. TRADE DEBTS

10.1 Retail Network - unsecured

Considered good	Note	2017 (Rupees in '000)	2016
Hire purchase			
- Retail	10.3	522,630	600,965
- Institutional (employees of the corporate entities)		133,647	143,438
		<u>656,277</u>	<u>744,403</u>
Unearned carrying charges	10.5	(73,316)	(29,460)
	10.6	<u>582,961</u>	<u>714,943</u>
Considered doubtful		<u>240,544</u>	<u>159,376</u>
		<u>823,505</u>	<u>874,319</u>
Provision for doubtful debts and other receivables	10.4	(240,544)	(159,376)
		<u>582,961</u>	<u>714,943</u>

10.2 Wholesale - unsecured

Dealers

Considered good		1,573,830	348,374
Considered doubtful		23,433	18,204
		<u>1,597,263</u>	<u>366,578</u>
Provision for doubtful debts	10.4	(23,433)	(18,204)
	10.7	<u>1,573,830</u>	<u>348,374</u>

- 10.3 Balance of Rs. 6.81 million (31 December 2016: Rs. 92.382 million) due from the employees net of the securities held by the Company earlier shown as a separate line item, have been included in the balance.
- 10.4 This includes provision of Rs. 5.229 million during the year against the wholesale debts and Rs. 81.168 million against the retail debts (2016: reversal of provision of Rs. 68.80 million against the wholesale and retail debts). No reversals or write offs were made during the year. Provision is held based on management estimate and the age of the balance.
- 10.5 Represents unearned carrying charges on the outstanding balance of sales under the hire purchase arrangements. Earned carrying charges for the year amounted to Rs. 79.357 million (2016: Rs. 111.361).
- 10.6 The remaining instalment period of above trade debts are generally for a period ranging from six months to twelve months carrying interest rates ranging between 6% to 32%.
- 10.7 Sales to the dealers do not carry any interest.

11. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances - considered good
 - Employees and executives
 - Suppliers
 - Against letter of credit

Note	2017 (Rupees in '000)	2016
11.1	7,700	828
	32,609	2,870
	5,565	-
	<u>45,874</u>	<u>3,698</u>

Deposits
 - shops and leases
 - Customs
 - Utilities
 - Others

6,476	8,412
23,197	5,714
18,749	2,667
900	-
<u>49,322</u>	<u>16,793</u>

Prepayments

7,378	4,372
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Other receivables

- Claims
 - Provision for doubtful other receivables

11.2	15,893	17,420
11.3	(11,572)	(9,407)
	4,321	8,013

11.4	<u>106,895</u>	<u>32,876</u>
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- 11.1 At 31 December 2017, the advances due from executives amounted to Rs. 0.291 million (31 December 2016: Rs. 0.528 million). The maximum aggregate amount of advances due from executives at the end of any month during the year was Rs. 0.291 million (2016: Rs. 1.36 million).
- 11.2 Claims represents claims from insurance companies, suppliers and product claims amounting to Rs. 15.89 million (2016: Rs. 16.16 million) against which provision of Rs. 11.57 million (2016: Rs. 9.41 million) is held.
- 11.3 This represents provision of Rs. 2.17 million (2016: Nil) during the year against insurance claims while Rs. Nil (2016: Rs. 0.073 million) has been written off during the year.
- 11.4 All the above balances are interest free and unsecured.

12. CASH AND BANK BALANCES

Balances with banks
 - in current accounts
 - in profit and loss sharing account

Note	2017 (Rupees in '000)	2016
	198,080	67,629
12.1	407	-
	<u>198,487</u>	<u>67,629</u>

Cash in hand

12.2	93,160	82,468
	<u>291,647</u>	<u>150,097</u>

- 12.1 This carries interest at the rate of 3 % (2016: Nil) per annum.
- 12.2 This includes cash in transit of Rs. 84.694 million (2016 Rs. 80.216 million) representing the balance held with the outlets and were deposited in the bank accounts subsequent to the year end.

13. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL & RESERVES AND AUTHORISED CAPITAL

2017		2016		2017		2016	
(Number of shares)				(Rupees in '000)			
Fully paid-up ordinary shares of Rs. 10 each							
11,461,568	11,461,568	Issued for cash	114,616	114,616			
703,733	703,733	Issued for consideration other than cash	7,037	7,037			
33,240,321	33,240,321	Issued as paid bonus shares	332,403	332,403			
45,405,622	45,405,622		454,056	454,056			

13.1 The single largest investor group comprises of (a) Poseidon Synergies (Private) Limited owned by the Chief Executive and his wife (8,509,024 shares at 18.74% of the total share capital), (b) Mr. Haroon Ahmad Khan (7,002,209 shares at 15.42% of the total share capital) and (c) Mrs. Nighat Haroon Khan (2,900,000 shares at 6.39% of the total share capital) and dependent children of Mr. Haroon Ahmad Khan (2,350,000 @ 5.7% of the total share capital) cumulatively at 45.72%.

13.2 In the previous year, revenue reserves was transferred to accumulated losses as per the approval of Board of Directors of the Holding Company in their meeting held on 29 April 2016.

13.3 As per the Scheme of Arrangement, upon the sanction of this Scheme, the authorized share capital of Singer Pakistan Limited shall be merged and combined with the authorized share capital of each of Cool Industries (Private) Limited and Link Wel (Private) Limited. Resultantly, as a consequence of the above, the authorized share capital of Singer Pakistan Limited shall thus stand enhanced to Rs. 1,450 million, divided into 145,000,000 shares of Rs. 10 each, and accordingly the Memorandum and Articles of Association of SPL shall stand amended.

14. SHARES TO BE ISSUED PURSUANT TO AMALGAMATION AND SHARE PREMIUM

Pursuant to the Scheme of Arrangement as explained in note 3 to these consolidated financial statements, the Singer Pakistan Limited will issue 96,450,000 ordinary shares of Rs. 10 each to the shareholders of Cool Industries (Private) Limited and Link Wel (Private) Limited. These shares are required to be issued by the Holding Company within thirty days of the effective date of the Scheme of Arrangement. The excess of market value over the face value of the shares at the Effective Date amounting to Rs. 5,039 billion has been recognised as share premium.

15. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax	Note	2017	2016
		(Rupees in '000)	(Rupees in '000)
Surplus on revaluation of leasehold land and buildings - as on 01 January		1,462,460	1,156,684
Surplus on revaluation of land recognised during the year	5.1.1	134,854	362,597
Surplus on revaluation of buildings recognised during the year	5.1.1	15,834	(37,576)
Surplus on sale of leasehold land transferred to retained earnings	15.1	(1,416,606)	-
Surplus on sale of buildings on leasehold land transferred to retained earnings	15.1	(12,792)	-
Incremental depreciation transferred to equity	*	(15,760)	(19,245)
		167,990	1,462,460
Deferred tax liability - as on 1 January		(366,605)	(337,216)
Deferred tax on revaluation recognised during the year		(44,846)	(94,351)
Tax effect on sale of leasehold land transferred to retained earnings on sale		353,891	-
Tax effect on sale of buildings on leasehold land transferred to retained earnings		3,075	-
Deferred tax reversal on investment property		-	59,766
Tax effect on transfer of incremental depreciation to retained earnings	*	4,595	5,196
Deferred tax liability		(49,890)	(366,605)
Balance as at 31 December: land: Rs. 1 million (2016: 975.81 million) and building: Rs. 117.1 million (2016: Rs. 120.045 million)		118,100	1,095,855

* Net effect amounting to Rs. 11.17 million (2016: Rs. 14.05 million) has been transferred to equity.

15.1 As more fully explained in note 5.3.1, during the year, the Group sold its entire factory land and building of Singer Pakistan Limited and accordingly surplus on revaluation of the land and building have been transferred to equity. This includes balance of Rs. 202.753 million and Rs. 2.245 million representing surplus on the revaluation of the portion of land and building respectively earlier classified as investment property.

16. LONG TERM LOANS - secured

This represented long term loans from financial institutions under mark-up arrangements, details of which are as follow:

	Security	Frequency of instalments	Repayment period	Amount of instalment (principal) (Rupees in '000)	Mark-up rate	31 December 2017	31 December 2016
						(Rupees in '000)	(Rupees in '000)
Term loan 1	-	-	-	-	-	-	500,000
Term loan 2	-	-	-	-	-	-	46,875
Term loan 3	16.1	Semi-annual	Between 2018-2022	Refer note 16.2	3 Months KIBOR Plus 3%	649,458	-
						649,458	546,875
Current portion of long term loan							
Term loan 2	-	-	-	-	-	-	(18,750)
Term loan 3	16.1	Semi-annual	Between 2018-2022	Refer note 16.3	3 Months KIBOR Plus 3%	(81,182)	-
						(81,182)	(18,750)
						568,276	528,125

16.1 Joint pari passu charge over the fixed assets of the Group amounting to Rs. 4,044,872 million.

16.2 At the year end, the applicable mark-up rate was 9.15% per annum.

16.3 Term loan 3 from a Bank is repayable in semi annual principal amounts of Rs. 81,182 million commencing from 17 September 2018 to 17 March 2022.

16.4 Term loans 1 and 2 have been paid off during the year. Sanctioned facility for term loan 3 was Rs. 650 million.

17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

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

2017			2016		
Minimum lease payments	Finance charge	Present value of minimum lease payments	Minimum lease payments	Finance charge	Present value of minimum lease payments
(Rupees in '000)					
Not later than one year	20,974	3,574	17,400	7,855	1,326
Later than one year and not later than five years	41,154	2,900	38,254	11,562	618
	62,128	6,474	55,654	19,417	1,944

The above represents finance leases entered into with certain financial institution for plant and machinery and vehicles. Monthly payments of leases carry mark-up rates at KIBOR plus 1% to 5% per annum (2016: KIBOR plus 1.75% to 5% per annum). KIBOR is one, three and six months average ask side. At the year-end the applicable rates ranged between 7.14% to 11% (2016: 7.12% to 11.15%) per annum.

During the current year, the Group entered into lease arrangements of assets amounting to Rs. 54 million. These obligations are payable in monthly instalments of Rs. 0.038 million to Rs. 0.738 million and carry mark-up rate at 6 month KIBOR plus 3% per annum.

18. EMPLOYEE RETIREMENT BENEFITS

Employee retirement benefits - obligation

	Note	2017	2016
		(Rupees in '000)	(Rupees in '000)
- Pension fund	18.2	5,713	18,486
- Gratuity fund - permanent employees	18.2	31,723	19,780
- Gratuity - field staff	18.2	17,091	13,346
		54,527	51,612

18.1 Pension scheme is available to all permanent whole-time employees in the executive and manager grades including the whole-time working directors but excluding persons working as temporary, trainees or apprentice employees. Minimum years of service for qualifying to pension is 15 years. Employees are entitled to Pension on retirement at 57 years of age. Gratuity to the permanent employees is payable on normal retirement at the age of 57 years, natural death, etc. and is payable only on the minimum completion of 5 years of service with the Group. Gratuity is payable to field staff after at least 5 years of service with the Group.

The details of employee retirement benefit based on actuarial valuations carried out by an independent actuary as at 31 December 2017 under the Projected Unit Credit method are given below.

The principal assumptions used in the actuarial valuation are as follows:

	Pension Fund		Gratuity			
	2017	2016	Permanent employees (funde)		Field staff (unfunded)	
	(%)	(%)	2017	2016	2017	2016
	(%)	(%)	(%)	(%)	(%)	(%)
1) Discount rate per annum	8.25	8.00	8.25	8.00	8.25	8.00
2) Expected per annum rate of increase in future salaries / commission	6.25	6.00	6.25	6.00	5.25	5.00
3) Expected rate of increase in pension	Nil	Nil				
4) Mortality rates	SLIC (2001-05)	SLIC (2001-05)	SLIC (2001-05)-1	SLIC (2001-05)-1	SLIC (2001-05)-1	SLIC (2001-05)-1

18.2. Amounts recognised in balance sheet

	Note	Pension Fund		Gratuity			
		2017	2016	Permanent employees (funde)		Field staff (unfunded)	
		2017	2016	2017	2016	2017	2016
		(Rupees in '000)					
Present value of defined benefit obligation	18.4	90,115	80,268	45,865	34,166	17,091	13,346
Fair value of plan assets	18.5	(84,402)	(61,782)	(14,142)	(14,386)	-	(14,142)
Liability on the balance sheet date	18.3	5,713	18,486	31,723	19,780	17,091	13,346

18.3. Movement in net defined benefit liability recognised in balance sheet date

	2017	2016	2017	2016	2017	2016
Opening balance	18,486	10,788	19,780	22,345	13,346	14,670
Cost recognised in profit or loss for the year	18.6	3,940	2,827	4,481	5,055	4,930
Contribution / payments during the year		(25,000)	-	-	(1,185)	(1,531)
Total amount of remeasurements recognised in other comprehensive income (OCI) - actuarial loss / (gain)	18.7	8,287	4,871	7,462	(7,620)	-
Closing balance		5,713	18,486	31,723	19,780	17,091

18.4 Movement in present value of defined benefit obligations

Note	Pension Fund		Gratuity				Total	
	2017	2016	Permanent employees (funded)		Field staff (unfunded)		2017	2016
			2017	2016	2017	2016		
			(Rupees in '000)					
Liability for defined benefit obligation at 1 January	80,268	75,101	34,166	47,564	13,346	14,670	47,512	62,234
Benefits paid	(7,045)	(6,183)	(1,172)	(12,188)	(1,185)	(1,531)	(2,357)	(13,719)
Current service cost	2,484	1,877	2,958	3,128	4,930	207	7,888	3,335
Interest cost	6,377	6,704	2,720	4,304	-	-	2,720	4,304
Re-measurements - actuarial loss / (gain) on obligation								
- Change in financial assumptions	(1,602)	4,257	67	(201)	-	-	67	(201)
- Change in experience adjustments	9,633	(1,488)	7,126	(8,441)	-	-	7,126	(8,441)
Liability for defined benefit obligation at 31 December	90,115	80,268	45,865	34,166	17,091	13,346	62,956	47,512
Analysis of present value of defined benefit obligation								
Vested/ non-vested								
- Vested Benefits	-	-	43,876	32,851	-	-	43,876	32,851
- Non Vested Benefits	-	-	1,989	1,315	-	-	1,989	1,315
	-	-	45,865	34,166	-	-	45,865	34,166
Benefit obligation by participant status/ cadre								
- Active / Management	31,838	21,573	42,742	31,502	-	-	42,742	31,502
- Retirees / Union	58,277	58,695	3,123	2,664	-	-	3,123	2,664
	90,115	80,268	45,865	34,166	-	-	45,865	34,166
Type of benefits earned to date								
- Accumulated benefit obligation	79,887	72,610	31,395	23,290	-	-	31,395	23,290
- Amounts attributed to future salary increase	10,228	7,658	14,470	10,876	-	-	14,470	10,876
	90,115	80,268	45,865	34,166	-	-	45,865	34,166

18.5 Movements in the fair value of plan assets

Fair value of plan assets - at 1 January	61,782	64,313	14,386	25,219	-	-	14,386	25,219
Contribution during the year	25,000	-	-	-	-	-	-	-
Benefits paid	(7,045)	(6,183)	(1,172)	(12,188)	-	-	(1,172)	(12,188)
Expected return on plan assets	4,921	5,754	1,197	2,377	-	-	1,197	2,377
Re-measurements on assets - actuarial loss								
- Change in experience adjustments	(256)	(2,102)	(269)	(1,022)	-	-	(269)	(1,022)
Fair value of plan assets - at 31 December	84,402	61,782	14,142	14,386	-	-	14,142	14,386

18.6 Expense recognised in profit or loss account

Current service cost	2,484	1,877	2,958	3,128	4,930	207	7,888	3,335
Net Interest cost	1,456	950	1,523	1,927	-	-	1,523	1,927
	3,940	2,827	4,481	5,055	4,930	207	9,411	5,262
The expense is recognised in the following line items in the profit and loss account:								
Cost of sales	1,790	1,119	2,036	2,000	-	-	2,036	2,000
Marketing, selling and distribution costs	1,515	1,177	1,723	2,105	4,930	207	6,653	2,312
Administrative expenses	635	531	722	950	-	-	722	950
	3,940	2,827	4,481	5,055	4,930	207	9,411	5,262

18.7 Actuarial loss / (gain) recognised in other comprehensive income (OCI) during the year

Actuarial loss / (gain) on obligation	8,031	2,769	7,193	(8,642)	-	-	7,193	(8,642)
Actuarial loss on plan assets	256	2,102	269	1,022	-	-	269	1,022
Total actuarial loss / (gain) recognised in OCI	8,287	4,871	7,462	(7,620)	-	-	7,462	(7,620)

Net actuarial loss on pension fund and funded gratuity amounts to Rs. 15.75 million (2016: gain of Rs. 2.749 million) which has been taken to Other Comprehensive Income.

18.8 Return on plan assets

Actual return on plan assets	4,665	3,652	928	1,355	-	-	928	1,355
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18.9 Composition of plan assets

Note	Pension Fund		Gratuity				Total	
	2017	2016	Permanent employees (funded)		Field staff (unfunded)		2017	2016
			2017	2016	2017	2016		
	(Rupees in '000)							
Cash and cash equivalents	26,251	1,581	1,605	892	-	-	-	-
Debt instruments - Government Bonds / Securities								
i) Pakistan Investment Bonds	5,428	10,554	12,537	6,044	-	-	-	-
ii) Special Savings Certificates	33,133	30,722	-	-	-	-	-	-
iii) Treasury Bills	19,590	18,925	-	14,262	-	-	-	-
iv) Current Liabilities	-	-	-	(6,812)	-	-	-	-
Total fair value of plan assets	84,402	61,782	14,142	14,386	-	-	-	-

18.10 Historical information

	Pension Fund				
	31 December				
	2017	2016	2015	2014	2013
	(Rupees in '000)				
Present value of the defined benefit obligation	90,115	80,268	75,101	71,256	61,869
Fair value of plan assets	(84,402)	(61,782)	(64,313)	(68,582)	(65,417)
Deficit / (surplus) in the plan	5,713	18,486	10,788	2,674	(3,548)
Financial assumptions arising on plan liabilities	(1,602)	4,257	7,284	12,243	3,368
Experience adjustments arising on plan liabilities	9,633	(1,488)	(5,870)	(5,785)	(2,990)
Experience adjustments arising on plan assets	256	2,102	5,192	(3,962)	(204)
Gratuity - funded					
Present value of the defined benefit obligation	45,865	34,166	47,564	52,466	49,535
Fair value of plan assets	(14,142)	(14,386)	(25,219)	(44,596)	(37,997)
Deficit in the plan	31,723	19,780	22,345	7,870	11,538
Financial assumptions arising on plan liabilities	67	(201)	(126)	2,551	775
Experience adjustments arising on plan liabilities	7,126	(8,441)	(2,887)	(366)	2,026
Experience adjustments arising on plan assets	269	1,022	13,336	(10,656)	(4)
Gratuity - unfunded					
Present value of the defined benefit obligation	17,091	13,346	14,670	9,387	7,842

18.11 Sensitivity analysis on significant actuarial assumptions

	31 December 2017	
	Pension (Rupees in '000)	Gratuity (Rupees in '000)
Actuarial liability		
Discount rate +0.5%	86,091	44,535
Discount rate -0.5%	94,496	47,267
Long term salary increases +0.5%	91,183	47,398
Long term salary increases -0.5%	89,091	44,400

The weighted average of plan duration for pension is 9.3 years (2016: 8.73 years) while for funded gratuity is 5.95 years (2016: 6.39 years).

18.12 Maturity profile of the defined benefit obligation - undiscounted payments

	Time in years					
	1	2	3	4	5	6-10
	(Rupees in '000)					
Distribution of timing of benefit payments						
- Pension	3,633	7,397	7,877	8,329	8,678	46,480
- Gratuity-fund	2,723	9,142	4,388	9,672	6,677	34,335
	6,356	16,539	12,265	18,001	15,355	80,815

18.13 Expected charge to profit and loss account for post employment funded gratuity and pension plans for the year ending 31 December 2018 are Rs. 6,242 million and Rs. 4,039 million respectively.

	Pension	Gratuity permanent staff	Gratuity field staff
	80	211	401

18.14 Number of employees covered in the scheme

19. DEFERRED TAX LIABILITY - net

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

Note	Balance as at 1 January 2016	Recognized in profit and loss account	Recognized in surplus on revaluation of property, plant and equipment	Balance as at 31 December 2016	Acquisition under the Scheme of Arrangement - net	Recognized in profit and loss account	Recognized in surplus on revaluation of property, plant and equipment	Recognized in equity / OCI	Balance as at 31 December 2017
	(Rupees in '000)								
Taxable temporary differences on:									
- accelerated tax depreciation	30,346	46,044	-	76,390	393,185	11,109	-	-	480,684
- surplus on revaluation of property, plant and equipment	15	337,216	(5,196)	34,585	366,605	(4,505)	44,846	(356,966)	49,890
	367,562	40,848	34,585	442,995	393,185	6,514	44,846	(356,966)	530,574
Deductible temporary differences on:									
- provision for defined benefit plans	(4,277)	498	-	(3,779)	-	(1,348)	-	-	(5,127)
- provision against slow moving and obsolete stock	(11,275)	3,323	-	(7,952)	-	(756)	-	-	(8,708)
- provision for doubtful debts and other receivables	(74,595)	24,306	-	(50,289)	-	(27,293)	-	-	(77,882)
- provision for warranty obligations	(1,755)	50	-	(1,705)	-	(559)	-	-	(2,264)
- tax losses (note 19.1)	(102,513)	(60,197)	-	(162,710)	-	(28,031)	-	-	(190,741)
	(194,415)	(32,020)	-	(226,435)	-	(57,987)	-	-	(284,422)
Deferred tax liability - net	173,147	8,828	34,585	216,560	393,185	(51,473)	44,846	(356,966)	246,152

19.1 This includes deferred tax of Rs. 31,575 million (31 December 2016: Rs. 16,05 million) recorded on unabsorbed tax depreciation and amortisation.

19.2 Deferred tax asset (net) has been recognised at 30%, being the rate enacted at the balance sheet date (the reporting date).

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

20. DEFERRED INCOME	Note	2017	2016
(Rupees in '000)			
Details of the movement in the balance			
Balance as at 1 January			
Gross balance of deferred income	20.1	18,627	18,627
Accumulated amortisation		(14,416)	(12,545)
Unamortized balance of deferred income as on 01 January	20.1	4,211	6,082
Transactions during the year			
Grant for the asset recognized on business combination	20.2	13,953	-
Amortisation for the year			
- on sale and lease back arrangement	20.1	(1,871)	(1,871)
- on grant	20.2	(581)	-
		(2,452)	(1,871)
Unamortized balance of deferred income		15,712	4,211
Current portion of deferred income			
- on sale and lease back arrangement	20.1	(1,871)	(1,871)
- on grant	20.2	(1,162)	-
		(3,033)	(1,871)
Balance as at 31 December		12,679	2,340
Reconciliation:			
Balance as at 31 December			
Gross balance of deferred income		32,580	18,627
Accumulated amortisation		(16,868)	(14,416)
Unamortized balance of deferred income		15,712	4,211
Details of the closing balance			
Unamortized balance of the excess of sale proceeds over the carrying value of assets	20.1	2,340	4,211
Unamortized balance of grant	20.2	13,372	-
		15,712	4,211

20.1 In a previous year, the Group had entered in a sale and lease back arrangement of specific items of plant and machinery resulting in a deferred income (representing excess of sales proceed over the carrying amount of respective assets) of Rs. 2.34 million (net of to date amortisation), out of which Rs. 1.871 million (2016: Rs. 1.871 million) has been classified in current liabilities, being the current portion of deferred income.

The deferred income will be amortized and recognised in the profit and loss account over the lease term. During the period Rs. 1.871 million (2016: Rs. 1.871 million) was amortized and recognised in the consolidated profit and loss account.

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

21. TRADE AND OTHER PAYABLES	Note	2017	2016
(Rupees in '000)			
Trade creditors	21.1	756,518	285,867
Accrued liabilities		199,586	51,220
Advance from dealers		51,429	1,167
Security deposits from dealers		44,846	-
Retention from employees	21.2	70,649	55,461
Provisions in respect of warranty obligations		7,767	11,578
Sales tax and excise duty - net		8,510	54,055
Workers' profits participation fund	21.3	12,248	6,682
Workers' welfare fund		6,071	2,490
Advance from employees against vehicle		2,098	-
Unclaimed dividend		1,325	1,325
Income tax deducted at source	21.4	15,709	1,652
Payable to the provident fund		14,397	965
Others		1,109	2,334
		1,192,262	474,796
21.1 This includes liabilities accrued amounted to Rs. 229.84 million (2016: 87.10) for goods in transit.			
21.2 This represents security deposits of employees held by the Company and carries interest at 5% per annum.			
21.3 Workers' profits participation fund			
Opening balance		6,682	-
Add: Allocation for the year	28	9,947	6,682
Interest on WPPF accrued during the year		437	-
Acquisition through business combination		2,301	-
		19,367	6,682
Less: Payment made during the year		(7,119)	-
Balance as of balance sheet date		12,248	6,682
21.4 Paid subsequent to the year end.			
22. SHORT TERM BORROWINGS			
From banking companies - secu			
Running finance under mark-up arrangements	22.1	868,507	897,396
Finance against trust receipt	22.2	837,277	-
Short term finances under Murabaha arrangement	22.3	306,101	280,000
		2,011,885	1,177,396
From non banking companies			
Short term finances from a financial institution - secured	22.4	725,000	-
Loan from a Private Group - unsecured	22.5	12,031	-
		737,031	-
		2,748,916	1,177,396
22.1 This represents short term running finance facilities available from various banks aggregating to Rs. 1,362 million (2016: Rs. 1,007 million), carrying mark-up rates ranging from 7.65% to 9.15% (2016: 7.4% to 8.6%) per annum. These facilities are valid up to 31 July 2018, and are generally renewable. In addition the Group has letter of credit usance finance facility of Rs. 815 million secured against the lien over import bills. At 31 December 2017, Rs. 384.17 million (31 December 2016: Rs. 150.972 million) had been used by the Group. These borrowings are secured in the manner explained in note 22.6.			

22.2 This represents Payment Against Trust Receipt (FATR) available from commercial banks aggregating to Rs. 1,487 million which is a sublimit of running finance as mentioned in note 22.1 and carries mark-up rate ranging between 8.65% to 9.15%. These borrowings are repayable between 02 February 2018 to 13 June 2018. These borrowings are secured in the manner as mentioned in note 22.6.

22.3 This represents Murabaha borrowings available from banks aggregating to Rs. 352.4 million (2016: Rs. 280 million) carrying mark-up rates ranging from 7.29% to 10.16% per annum (2016: 7.31% to 8.44%). These borrowings are repayable between 13 January 2018 to 29 May 2018.

Details of the above balance is as follows:

	2017	2016
	(Rupees in '000)	
Gross balance	313,252	284,821
Less: Mark-up for the future period	(7,151)	(4,821)
Net balance	<u>306,101</u>	<u>280,000</u>

22.4 This represents short term finance facility from a Development Financial Institution up to a limit of Rs.725 million (2016: Rs. Nil). This carries interest at 6 months KIBOR plus 350 basis points per annum, with floor of 9.65% and cap of 9.75%. At the year end, the applicable mark-up rate was 9.67% per annum.

22.5 During the year, the Group received Rs. 80 million from a Private Group. The principal amount of Rs. 68 million was paid off by the Group during the year as per the agreed repayment schedule. The borrowing carries fixed profit at 26.15% per annum payable on quarterly basis for each principal repayment. This is an unsecured borrowing.

Subsequent to the year end, the entire amount including the interest amount was paid by the Group.

22.6 Above borrowings (except for the borrowing mentioned in note 22.3) are secured by way of equitable mortgage charge on owned shops, freehold land and building on freehold land of the Group and first pari passu charge on machinery and equipments located at the factory, joint hypothecation equitable and pari passu charge over fixed assets, stocks, stores and spares and present and future trade debts of the Group of Rs. 11,172 million and the import bills.

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

23.1.1 The Holding Company has filed a Constitutional petition before the Honourable Sindh High Court at Karachi, challenging the vires of Rule 58T of the Sales Tax Special Procedure Rules relating to 2 percent extra sales tax on certain home appliances. This is based on the view that the said vires are not applicable on the Holding Company. The case is pending before the Honourable High Court. An interim order has been received in favour of the Holding Company. The Holding Company is confident that no liability is expected to occur. Amount involved is Rs. 84.798 million as of 31 December 2017 against which no provision has been made as the Holding Company based on the legal advisor's advice is confident of a favourable decision.

During 2014, the Holding Company received a show cause notice from the Federal Board of Revenue (FBR) in respect of short payment of 2% extra sales tax under the Sales Tax Procedures Rules, 2007 as amended by SRO. 896(I)/2013 dated 4 October 2013 and deduction of input tax more than the limit defined under section 8 read with chapter IV of Sales Tax Rules, 2006. The tax authority in the said notice raised a demand of Rs. 19.91 million and Rs. 11.15 million respectively for the period from 1 January 2014 to 30 September 2014. The Holding Company after consultation with its tax advisors has replied and submitted

explanation with the tax authorities along with revised workings for the apportionment of input tax which in the case of the Holding Company for the above period was Rs. 0.520 million (regarding the 2% extra sales tax matter, please refer the above paragraph). Since then no further action has been initiated by the tax authorities.

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

23.1.2 Refer note 31 also for income tax related contingencies.

23.2 Commitments

23.2.1 Commitments under letters of credit as at 31 December 2017 for the import of stock in trade amounted to Rs. 516.752 million (31 December 2016: Rs. 171.82 million).

23.2.2 Commitments in respect of Ijarah rentals payable in future period as at 31 December 2017 amounted to Rs. 2.378 million (31 December 2016: Rs. 3.649 million) for vehicles and plant & machinery.

24. NET REVENUE	Note	2017	2016
		(Rupees in '000)	
Sales			
- local		4,790,762	1,606,053
- export		2,419	-
		<u>4,793,181</u>	<u>1,606,053</u>
Sales tax		(480,559)	(188,236)
Trade discount (or incentives)		(606,554)	(18,211)
Sales return		(20,445)	-
		<u>(1,107,558)</u>	<u>(206,447)</u>
		<u>3,685,623</u>	<u>1,399,606</u>
25. COST OF SALES			
Opening stock - finished goods			
- own manufactured		285,313	176,014
- purchased for resale		52,324	60,723
		<u>337,637</u>	<u>236,737</u>
Purchases		486,553	223,185
Acquisition through business combination		540,379	-
Cost of goods manufactured	25.1	2,474,827	788,032
		<u>3,839,396</u>	<u>1,247,954</u>

Closing stock - finished goods			
- own manufactured		(1,058,505)	(285,313)
- purchased for resale		(192,055)	(52,324)
		(1,250,560)	(337,637)
Less: Export Rebate		(497)	-
		<u>2,588,339</u>	<u>910,317</u>
25.1 Cost of goods manufactured	<i>Note</i>	2017	2016
		(Rupees in '000)	
Opening stock of raw materials		163,457	76,560
Purchases		1,908,201	755,987
Acquisition through business combination		1,176,384	-
		<u>3,248,042</u>	<u>832,547</u>
Closing stock of raw materials		(1,209,692)	(163,457)
Raw material consumed		<u>2,038,350</u>	<u>669,090</u>
Salaries, wages and other benefits	25.1.1	229,161	84,781
Packing material consumed		58,258	-
Stores and spares consumed		14,282	12,950
Depreciation on property, plant and equipment	5.1.2	70,283	23,971
Fuel and power		40,327	14,530
Insurance		9,733	8,839
Repairs and maintenance		10,104	1,089
Printing and stationery		4,769	270
Charge / (reversal) of provision against slow moving and damaged stock	9.3	1,790	(10,597)
Travelling and conveyance		1,793	1,798
Rent, rates and taxes		679	567
Communication		657	210
		<u>441,836</u>	<u>138,408</u>
Work-in-process			
Opening stock		36,023	16,557
Acquisition through business combination		120,564	-
Closing stock		(161,946)	(36,023)
		(5,359)	(19,466)
		<u>2,474,827</u>	<u>788,032</u>
Cost of goods manufactured		<u>2,474,827</u>	<u>788,032</u>

25.1.1 These include provision of Rs. 3.83 million (2016: Rs. 4.099 million) in respect of employee retirement benefits.

26. MARKETING, SELLING AND DISTRIBUTION COSTS

Salaries and benefits	26.1	189,828	89,181
Salaries and benefits-sales staff	26.1	145,806	124,136
Rent, rates and taxes		113,935	74,652
Publicity and sales promotion		86,526	46,224
Depreciation on property, plant and equipment	5.1.2	50,681	41,681
Warranty obligations		19,975	4,505
Freight charges		39,720	-
Utilities		19,269	16,804
Printing and stationery		9,832	6,843
Travelling and conveyance		18,562	12,905
Amortisation of intangible assets	6.2	3,266	3,356
Communication		8,906	10,397
Repair and maintenance		2,002	-
Training and sundries		2,821	5,141
Insurance expense		1,461	-
		<u>712,590</u>	<u>435,825</u>

26.1 These include provision of Rs. 8.17 million (2016: Rs. 6.25 million) in respect of employee retirement benefits.

27. ADMINISTRATIVE EXPENSES

	<i>Note</i>	2017	2016
		(Rupees in '000)	
Salaries and benefits	27.1	118,101	40,243
Legal and professional charges		25,856	12,456
Depreciation on property, plant and equipment	5.1.2	15,850	2,782
Communication		6,681	4,176
Travelling and conveyance		5,211	2,301
Repair and maintenance		6,199	-
Utilities		4,553	3,281
Printing and stationery		2,987	1,645
Rent, rates and taxes		1,880	789
Insurance expense		2,843	-
Entertainment expense		1,227	-
Fees and subscription		668	-
Amortisation of intangible assets	6.2	363	373
Charity and donations	27.2	56	-
		<u>192,475</u>	<u>68,046</u>

27.1 These include provision of Rs. 1.36 million (2016: Rs. 2.726 million) in respect of employee retirement benefits.

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

28. OTHER EXPENSES

Provision for doubtful debts and others assets - net	10.4 & 11.3	88,562	-
Workers' profits participation fund	21.3	9,947	6,682
Exchange loss - net		13,632	722
Workers' welfare fund		3,581	2,490
Auditors' remuneration	28.1	3,956	1,510
Research and development expenditure		1,591	-
Ijarah rentals		1,447	1,450
		<u>122,716</u>	<u>12,854</u>

28.1 Auditors' remuneration

Audit fee	2,090	900
Audit fee for the six months period ended 30 June 2017	500	250
Audit fee for the financial statements of subsidiary companies	206	-
Fee for the review of interim financial information	135	113
Fee for the review of code of corporate governance and other certifications/ reports under agreed upon procedures	440	79
Out of pocket expenses	585	168
	<u>3,956</u>	<u>1,510</u>

29. OTHER INCOME**Income from financial assets**

Interest on investments	-	476
Profit on a profit and loss sharing bank balance	9	-
	<u>9</u>	<u>476</u>

Income from non-financial instruments

Gain / (loss) on disposal of property, plant and equipment and investment property - net	5.3	456,951	(1,703)
Unrealized gain on fair value measurement of investment property	7	30,800	109,400
Rental income	7	3,150	2,100
Service income and others		3,818	-
Scrap sales		1,084	-
Amortisation of deferred income	20	2,452	1,871
Reversal of provision against bad and doubtful trade debts	10.4	-	68,802
Liabilities written back as no longer payable		-	1,300
		<u>498,255</u>	<u>181,770</u>
		<u>498,264</u>	<u>182,246</u>

30. FINANCE COSTS

Note	2017	2016
	(Rupees in '000)	
Mark-up on long term loans	43,498	36,852
Mark-up on short term borrowings	155,118	22,618
Mark-up on short term running finances under mark-up arrangements from banks	70,357	71,356
Finance lease charges	4,469	1,752
Interest on employee retention money	3,410	4,260
Interest on workers' profits participation fund	437	-
Mark up accrued on balance payable to the provident fund	351	-
Bank charges	18,595	4,961
	<u>296,235</u>	<u>141,799</u>

31. TAXATION

Details of the tax charge for the period is as follows:

Current year	31.1	54,541	2,383
Prior year		20,313	18,043
Deferred	19	(51,473)	8,824
		<u>23,381</u>	<u>29,250</u>

- 31.1** Represents the tax charge under the final tax regime for Holding Company and current tax charge under normal tax regime of subsidiary companies.
- 31.2** During the current year, the Holding Company had incurred taxable losses. However, provision for the minimum tax amounting to Rs. 38.878 million under the Income Tax Ordinance, 2001, has not been made in these consolidated financial statements for the year ended 31 December 2017 since the Holding Company expects to adjust the same against its future tax liability under normal tax regime within the time limit as specified for adjustments of minimum tax in the Income Tax Ordinance, 2001. Similarly for the year ended 31 December 2014 and 31 December 2015, provision for minimum tax amounting to Rs. 16.86 million and Rs. 15.099 million respectively and for the year ended 31 December 2016, provision for Alternate Corporate Tax (ACT) (being higher than the minimum tax) amounting to Rs. 23.065 million has also not been made in these consolidated financial statements on the same basis.
- 31.3** Income tax assessments of the Holding Company have been finalised up to and including the tax year 2007. The Holding Company had applied for Income tax refund for the tax years from 2006 to 2011. Income tax refund orders were earlier determined for the tax years 2009, 2010 and 2011. Income tax refund was released for the tax year 2009. However, the ACIR amended the deemed assessed orders under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax years from 2009 to 2012 and raised additional income tax demand of Rs. 19.98 million. However, the Holding Company had filed an application for the rectification of orders after which the net tax additional demand was reduced to Rs. 2.02 million (after the adjustment of the refund of related years) under section 221 of the Income Tax Ordinance, 2001. Appeals have been filed to CIR(A) against these orders.
- Holding Company has received appellate orders for the tax years from 2009 to 2012, dated 29 June 2015, where the CIR (appeals) has set aside certain issues for reassessment, deleted certain items and maintained certain disallowances. The financial impact of the items set aside for reassessment and continued disallowances amount to Rs. 43.718 million. Appeal has been filed with Appellate Tribunal Inland revenue against these issues. The Holding Company based on the merits of matters is of the view that ultimate decisions are expected in its favour. However adequate provision is held against the above balance.
- 31.4** The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, which was amended through Finance Act, 2017 and applicable for tax year 2017 and onwards. The amendment has imposed tax at seven and a half percent of the accounting profit before tax on every public company other than a scheduled bank or a modaraba, that derives profit for a tax year but does not distribute at least 40 percent of its after tax profit within six months of the end of the tax year through cash or bonus.

The Holding Company intends to distribute sufficient dividend for the accounting year ending 31 December 2017 to comply with the above stated requirement. Accordingly, no provision for taxation has been recognised in these consolidated financial statements. Refer note 41.3 also for the dividend distribution.

Above referred section 5A of the Income Tax Ordinance, 2001 was revised through Finance Act 2017 whereby from the tax year 2017 (Holding Company's accounting year ended 31 December 2016), tax is required to be paid at 7.5% of the profit for the year, if no dividend at least at 40% of the after tax profit is derived. Under the earlier section tax was not mandatorily leviable in case the Company's reserves were not in excess of the paid up capital (which was the case with the Holding Company as it had accumulated losses). Provision for the above referred tax amounting to Rs. 9.347 million has not been paid as the Holding Company's management is of the view that the amendment was made after the closure of Holding Company's financial year ended 31 December 2016 and for certain other legal reasons. The Holding Company has filed a Constitutional petition before the Honourable Sindh High Court at Karachi challenging the vires of Section 5A of the Income Tax Ordinance, 2001 and a stay order has been granted against any coercive action against the Holding Company under the newly inserted Section 5A. The Group's management based on discussion with a tax consultant is of the view that in view of the reason given above, they have a high probability of a decision in its favor and as such no provision has been made in these unconsolidated financial statements.

Former - Cool Industries (Private) Limited (CIPL) status

Deputy Commissioner Inland Revenue (DCIR) passed an order dated 30 April 2014 and raised the demand of Rs. 0.833 million under section 161(1) and 205(3) of the Income Tax Ordinance, 2001 for non deduction of advance income tax for the period from 01 November 2013 to 30 April 2014 under section 236(G) and 236(H) of the aforesaid ordinance for the tax year 2014. CIPL filed an appeal against the above order. The Commissioner Inland Revenue Appellate (CIRA) vide order dated 20 May 2015 has remanded the proceedings back to DCIR. CIR filed an appeal against the order of CIRA in Income Tax Appellate Tribunal (ITAT), which is pending for adjudication. However adequate provision is held against the above balance.

The Additional Commissioner Inland Revenue (ACIR) amended the deemed assessed return vide order dated 30 April 2015 under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2010. ACIR disallowed certain expenses amounting to Rs. 29.148 million and raised the additional income tax demand of Rs. 7.854 million. CIPL filed an appeal for the rectification of order before CIRA who vide its order dated 30 December 2015 deleted certain items amounting to Rs. 19.939 million. ACIR has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of CIRA which is pending for adjudication. However adequate provision is held against the above balance.

Deputy Commissioner Inland Revenue (DCIR) has imposed penalty under section 182(1)(1A) of the Income Tax Ordinance, 2001 amounting Rs. 0.13 million for the period March 2015 and Rs. 1.483 million for the periods from July 2015 to December 2015 and February 2016 for late filling of monthly statements under section 165 of the Income Tax Ordinance, 2001. CIPL preferred appeals before CIR (A) against the orders of DCIR. CIRA directed the DCIR to impose minimum penalty amounting to Rs. 0.01 million for each month. However, department preferred appeals before ATIR against the orders of CIRA which is pending for hearing. However adequate provision is held against the above balance.

Former - Link Wel (Private) Limited (LWPL)

LWPL has filed an appeal in Income Tax Appellate Tribunal (ITAT) against the order of Commissioner Inland Revenue (CIR) Appellate (A) dated 25 May 2016 and recovery proceedings under section 161/205 of the Income Tax Ordinance, 2001 for non-deduction of tax amounting Rs. 6.448 million and Rs. 3.759 million for tax years 2009 and 2010 respectively. However, adequate provision is held in the unconsolidated financial statements in respect of the above balance.

Additional Commissioner Inland Revenue (ACIR) amended the deemed assessed return vide its order dated 19 June 2017 under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2011. ACIR disallowed certain expenses amounting to Rs. 9.58 million and raised the additional income tax demand of Rs. 1.02 million. LWPL filed an appeal against the above order which is pending for adjudication. However, adequate provision is held in the unconsolidated financial statements in respect of the above balance.

Assistant Commissioner Inland Revenue has imposed penalty vide order dated 27 April 2014 under section 182(1) of the Income Tax Ordinance, 2001 amounting Rs. 0.91 million for the tax year 2013 for the late filling of income tax return under section 114 of the Income Tax Ordinance, 2001. LWPL filed an appeal before CIRA against the above order. CIRA decided the matter against LWPL vide order dated 25 March 2014. LWPL filed an appeal before Income Tax Appellate Tribunal (ITAT) against the order of CIRA. However, adequate provision is held in the unconsolidated financial statements in respect of the above balance.

Deputy Commissioner Inland Revenue (DCIR) issued an amended assessment order under section 161/205 and certain additions were made due to non-deduction of withholding tax amounting Rs 122.54 million for tax year 2015. The Company preferred an appeal to CIR against the order and Commissioner Inland Revenue (CIR) (Appeals) granted stay of tax demand. Commissioner Inland Revenue (CIR) passed an order in which demand against purchases and discounts have been deleted whereas rest of the amount Rs. 33.852 million has been confirmed. LWPL preferred an appeal to Appellate Tribunal Inland Revenue against the order which is pending for adjudication. However, adequate provision is held in the unconsolidated financial statements in respect of the above balance.

31.5 Relationship between income tax expense and accounting profit	2017	2016
	(Rupees in '000)	
Profit before tax	<u>350,889</u>	<u>124,372</u>
Tax at the applicable tax rate of 30% (31 December 2016: 31%)	<u>105,267</u>	38,555
Tax effect of permanent differences:		
- In respect of differential under normal tax and final tax regime	1,236	301
- Other permanent differences	<u>(100,812)</u>	<u>(33,852)</u>
Prior year tax charge	<u>20,313</u>	18,043
Others	<u>(2,623)</u>	6,203
	<u>23,381</u>	<u>29,250</u>

32. EARNINGS PER SHARE - basic and diluted

Earnings per share - basic and diluted based on consolidated financial statements of Waves Singer Pakistan Limited (formerly Singer Pakistan Limited)

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

There is no dilutive effect on the basic earnings per share of the Group:

Group's earnings per share has been calculated as follows:	Note	2017	2016
		(Rupees in '000)	
Profit for the year		<u>327,508</u>	<u>95,122</u>
		(Number of shares in '000)	
Weighted average number of ordinary shares	32.1	<u>93,631</u>	<u>45,406</u>
Earnings per share - basic and diluted		<u>3.50</u>	<u>2.09</u>

32.1 These include effect of ordinary shares to be issued pursuant to the Scheme of Arrangement (see notes 3 and 42.1).

33. CASH AND CASH EQUIVALENTS**33.1 Cash and cash equivalents as at 31 December**

	2017	2016
	(Rupees in '000)	
Cash and bank balances	291,647	150,097
Short term running finances under mark-up arrangements from Banks - secured	(868,507)	(897,396)
	<u>(576,860)</u>	<u>(747,299)</u>

33.2 Cash and cash equivalents acquired through business combination

	30 June 2017
	(Rupees in '000)
Cash and bank balances	177,303
Short term running finances under mark-up arrangements from Banks - secured	(643,855)
	<u>(466,552)</u>

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

	2017								
	Liabilities			Equity					Total
	Short term running finance (including accrued mark up)	Other loans and borrowings (including accrued mark up)	Finance lease liabilities	Share capital	Issued, subscribed or paid-up capital	Shares to be issued pursuant to amalgamation	Capital reserve	Revenue reserve/ Unappropriated profits / (accumulated loss)	
Balance as at 1 January 2017	919,640	844,636	17,473	454,056	-	-	5,000	(150,507)	2,090,298
Changes from financing cash flows									
Proceeds from loans and borrowings	-	207,859	-	-	-	-	-	-	207,859
Acquisition through business combination	643,856	1,892,008	-	-	964,500	5,038,548	-	-	8,538,912
Repayment of loans and borrowings	-	(396,875)	-	-	-	-	-	-	(396,875)
Payment of finance lease liabilities	-	-	(15,827)	-	-	-	-	-	(15,827)
Total changes from financing cash flows	643,856	1,702,992	(15,827)	-	964,500	5,038,548	-	-	8,334,069
Other changes - liability related									
Change in running finance	(694,989)	-	-	-	-	-	-	-	(694,989)
New finance leases	-	-	54,008	-	-	-	-	-	54,008
Interest expense	-	198,616	4,469	-	-	-	-	-	203,085
Interest paid	-	(150,892)	(4,469)	-	-	-	-	-	(155,361)
Total liability - related other changes	(694,989)	47,724	54,008	-	-	-	-	-	(593,257)
Total equity - related other changes	-	-	-	-	-	-	-	1,752,322	1,752,322
Balance as at 31 December 2017	868,507	2,595,351	55,654	454,056	964,500	5,038,548	5,000	1,801,815	11,583,432

34. PROVIDENT FUND RELATED DISCLOSURE**34.1 Waves Singer Pakistan Limited (formerly Singer Pakistan Limited)**

34.1.1 The Group operates approved contributory provident fund for all the employees eligible under the scheme. Details of the net assets and investments out of this fund based on the unaudited financial statements are as follows:

	Note	31 December 2017	31 December 2016
		(Unaudited) (Rupees in '000)	
Size of the fund - net assets (investments at fair value) (a)		49,833	47,145
Cost of the investment made		48,494	40,485
Fair value of the investment made (b)	34.1.2	49,564	46,033
		(Percentage)	
Percentage of the investment made (of the size of funds) (b/a)		99.5%	97.6%

Above details are of Singer Pakistan Limited.

34.1.2 Break up of fair value of investments is:-

	31 December 2017		31 December 2016	
	(Rupees in '000)	%	(Rupees in '000)	%
Bank balances	3,246	7%	507	1%
Pakistan Investment Bonds	35,425	71%	41,552	90%
Treasury Bills	10,893	22%	3,974	9%
	<u>49,564</u>	<u>100%</u>	<u>46,033</u>	<u>100%</u>

The management, based on the un-audited financial statements of the fund, is of the view that the investments out of provident funds have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated there under.

34.2 Former Cool Industries (Private) Limited

34.2.1 Above Company operated approved contributory provident fund for all the employees eligible under the scheme. Details of the net assets and investments out of this fund based on the unaudited financial statements are as follows:

	Note	31 December 2017	30 June 2017
		(Unaudited)	(Audited)
		(Rupees in '000)	
Size of the fund - net assets (investments at fair value) (a)		176,746	179,209
Cost of the investment made		73,990	73,990
Fair value of the investment made (b)	34.2.3	115,630	102,826

(Percentage)

Percentage of the investment made (of the size of funds) (b/a) 65.4% 57.4%

34.2.2 This includes loan receivable from members amounted to Rs. 68.935 million (2016: Rs. 64.28 million).

34.2.3 Break up of the fair value of investments are as follows:

	31 December 2017		30 June 2017	
	(Rupees in '000)	%	(Rupees in '000)	%
Bank balances	3,490	3%	8,317	8%
Term Deposit Receipt - with a bank	29,800	25%	29,000	28%
Mutual Funds	56,296	49%	56,509	55%
Defense Saving Certificates	26,044	23%	9,000	9%
	<u>115,630</u>	<u>100%</u>	<u>102,826</u>	<u>100%</u>

The management, based on the un-audited financial statements of the fund, is of the view that the investments out of provident funds have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated there under.

35. FINANCIAL INSTRUMENTS

The Board of Directors of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

35.1 Credit risk**35.1.1 Exposure to credit risk**

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation.

The Group's customers mainly comprise of individuals and the dealers. The Group's exposure to credit risk is dependent on the individual characteristics of each customer. However management also considers the demographics of the Group's customer base.

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's evaluation includes consideration of financial position of customers and obtains references, wherever required. Customers who fail to meet the Group's credit evaluation criterion are entertained on cash basis only.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, geographic location, aging profile, and existence of previous financial difficulties.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk before any credit enhancements at the reporting date was:

	Carrying amount	
	31 December 2017	31 December 2016
	(Rupees in '000)	
Security deposits	53,290	29,594
Trade debts	2,156,791	1,063,317
Other receivables	4,321	8,013
Balances with banks	198,487	67,629
	2,412,889	1,168,553

35.1.2 Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Group's performance for developments affecting a particular industry. The Group's credit risk is distributed over several individual customers buying for domestic household needs and several dealers. Sales to Electronics Marketing (Private) Limited and Waves Marketing (Private) Limited (subsidiaries) represents 24.61% and 20.86% of the Group's total sales.

	Net receivable (net of provision)	
	31 December 2017	31 December 2016
	(Rupees in '000)	
Trade debts - individuals		
- dealers	582,961	579,675
- corporate entities	1,440,183	348,374
	133,647	135,269
Security deposits - individuals		
- leasing companies	24,632	21,737
- utilities	9,909	5,189
	18,749	2,667
Subsidiary company	-	-

Insurance company (claims)	15,893	8,173
Banks	198,487	67,629
	2,424,461	1,168,713

35.1.3 Bank balances and deposits with bank and financial institutions

The bank balances (including security deposits) are held with banks and financial institutions counterparties, which are rated as follows:

	Rating Agency	Short term	Long term	2017 (Rupees in '000)
Habib Bank Limited	JCR-VIS	A-1+	AA	120,322
Dubai Islamic Bank Limited	R-VIS	A-1	A+	33,959
Sindh Leasing Company Limited	JCR-VIS	A+	A-1	5,401
Orix Leasing (Pakistan) Limited	PACRA	A1+	AA+	3,707
National Bank Of Pakistan	PACRA	A1+	AAA	9,589
Bank Of Punjab	PACRA	A1+	A	721
First Habib Modaraba	PACRA	A1+	AA+	444
Al Baraka Bank (Pakistan) Limited	PACRA	A1	A	149
Soneri Bank Limited	PACRA	A1+	AA-	748
United Bank Limited	JCR-VIS	A-1+	AAA	9,423
MCB Bank Limited	PACRA	A1+	AA	4,047
Bank Alfalah Limited	PACRA	A1+	AA	3,256
Bank Islami Pakistan Limited	PACRA	A1	A+	22
Askari Bank Limited	PACRA	A1+	AA	2,677
Allied Bank Limited	PACRA	A1+	AA	2,498
Faysal Bank Limited	JCR-VIS	A-1+	AA	2,672
Habib Metropolitan Bank	PACRA	A1+	AA+	235
Standard Chartered Bank	PACRA	A-1+	AAA	8,526
				208,396

35.1.4 Trade debts

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer / dealers. The Group has established a credit policy under which each new customer / dealer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade debts.

At 31 December 2017, the ageing of trade debts was as follows:

	2017		2016	
	Gross	Impairment loss	Gross	Impairment loss
	(Rupees in '000)		(Rupees in '000)	
Not yet due	532,522	-	669,915	-
Past due 1 - 60 days	797,735	-	49,612	-
Past due 61 days - 1 year	740,512	-	255,357	-
Past due 1 - 2 years	86,022	-	88,433	-
More than two year	263,977	263,977	177,580	177,580
Total	2,420,768	263,977	1,240,897	177,580

At 31 December 2017, provision relates to numerous individual customers, dealers and corporate entities and as mentioned in note 10.4 has been determined by the management in accordance with the approved policy based on the ageing of the customer balances and historical bad debt statistics. Based on the past experience, consideration of financial position, past track records and subsequent recoveries, the management believes that the unprovided amounts are recoverable. None of the other financial assets of the Group are past due.

None of the financial assets of the Group are secured or impaired except as those mentioned in these consolidated financial statements. Details of the assets held as security are mentioned in notes 16.1 and 22.6.

35.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's liquidity management involves forecasting future cash flow requirements, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The Group maintains committed lines of credit as disclosed in note 22 to ensure flexibility in funding. In addition, the Group has unavailed facilities of running finances to meet the deficit, if required to meet the short term liquidity commitment.

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

	31 December 2017				
	Carrying amount	Contractual cash flows	One year or less	One to two years	Two to five years
	(Rupees in '000)				
Financial liabilities					
Long term loans - secured (including mark-up)	661,903	(795,088)	(150,978)	(206,330)	(437,780)
Liabilities against assets subject to finance lease (including mark-up)	55,654	(62,128)	(20,974)	(19,285)	(21,869)
Trade and other payables	1,088,430	(1,088,430)	(1,088,430)	-	-
Short term running finances under mark-up arrangements from banks - secured (including mark-up)	876,789	(876,789)	(876,789)	-	-
Short term borrowings - secured and unsecured (including mark-up)	1,933,448	(1,968,520)	(1,968,520)	-	-
	4,616,224	(4,790,955)	(4,105,691)	(225,615)	(459,649)
	31 December 2016				
	Carrying amount	Contractual cash flows	One year or less	One to two years	Two to five years
	(Rupees in '000)				
Financial liabilities					
Long term loans - secured (including mark-up)	559,815	(711,510)	(79,340)	(130,937)	(501,233)
Liabilities against assets subject to finance lease (including mark-up)	17,473	(19,417)	(7,855)	(6,334)	(5,228)
Trade and other payables	397,172	(397,172)	(397,172)	-	-
Short term running finances under mark-up arrangements from banks - secured (including mark-up)	919,640	(919,640)	(919,640)	-	-
Short term borrowings - secured and unsecured (including mark-up)	284,821	(291,091)	(291,091)	-	-
	2,178,921	(2,338,830)	(1,695,098)	(137,271)	(506,461)

35.3 Market risk

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

35.3.1 Currency risk

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

	2017	2016	2017	2016
	(Rupees in '000)			
Trade and other payables - trade creditors	(USD in '000) 780	582	86,128	60,994
Trade and other payables - trade creditors	(Euro in '000) 23	-	3,042	-

Following significant exchange rates have been applied:

	Average rate		Reporting date Spot rate	
	2017	2016	2017	2016
USD to PKR	105.430	104.70	110.42	104.70
EUR to PKR	124.677	-	132.25	-

Sensitivity analysis

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

	2017	2016
	(Rupees in '000)	
Effect on profit and loss account	8,917	6,099

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

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

35.3.2 Interest rate risk

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

	Note	2017	2016
		(Rupees in '000)	
		Carrying amount	
Financial assets			
<i>Fixed rate instruments</i>			
Trade debts	10	582,961	714,943
Financial liabilities			
<i>Fixed rate instruments</i>			
Finance against trust receipt (FATR)	22.2	837,277	-
Short term borrowings	22.5	12,031	-
Retention from employees	22	70,649	55,461
		919,957	55,461

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rate at the reporting date would not affect profit and loss account.

Variable rate instruments

		2017	2016
Long term loans - secured	16	649,458	546,875
Liabilities against assets subject to finance lease	17	55,654	17,473
Short term running finances under mark-up arrangements from banks - secured	22.1	868,507	897,396
Short term borrowings	22.3 & 22.4	1,031,101	280,000
		2,604,720	1,741,744

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by Rs. 4.729 million (31 December 2016: Rs. 8.2 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

35.3.3 Mismatch of interest rate sensitive financial assets and financial liabilities

Financial assets

Security deposits
Trade debts
Other receivables
Cash and bank balances

Financial liabilities

Long term loans - secured
Liabilities against assets subject to finance lease
Trade and other payables
Short term running finances under mark-up arrangements from banks - secured
Short term borrowings - secured and unsecured
Mark-up accrued on short term and long term borrowings

2017		
Carrying amount	Exposed to yield interest risk	Non-interest bearing / fixed rate financial instruments
One year or less (Rupees in '000)		
53,290	-	53,290
2,156,791	-	2,156,791
4,321	-	4,321
291,647	-	291,647
2,506,049	-	2,506,049
(649,458)	(649,458)	-
(55,654)	(55,654)	-
(1,088,430)	(70,649)	(1,017,781)
(868,507)	(868,507)	-
(1,880,409)	(1,880,409)	-
(73,766)	-	(73,766)
(4,616,224)	(3,524,677)	(1,091,547)
(2,110,175)	(3,524,677)	1,414,502

Financial assets

Security deposits
Trade debts
Other receivables
Cash and bank balance

Financial liabilities

Long term loans - secured
Liabilities against assets subject to finance lease
Trade and other payables
Short term running finances under mark-up arrangements from banks - secured
Short term borrowings - secured and unsecured
Mark-up accrued on short term and long term borrowings

2016		
Carrying amount	Exposed to yield / interest risk	Non-interest bearing financial instruments
One year or less (Rupees in '000)		
29,594	-	29,594
1,063,317	600,965	462,352
8,013	-	8,013
150,097	-	150,097
1,251,021	600,965	650,056
(546,875)	(18,750)	-
(17,473)	(6,529)	-
(397,172)	(55,461)	(341,711)
(897,396)	(897,396)	-
(280,000)	(280,000)	-
(40,005)	-	(40,005)
(2,178,921)	(1,258,136)	(381,716)
(927,900)	(657,171)	268,340

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

	2017	2016
	Percentage	
Financial assets		
Trade debts	6 - 32%	7% - 32%
Financial liabilities		
Long term loans - secured	9.15%	7.87% - 9.12%
Liabilities against assets subject to finance lease	7.14% to 11%	7.12% - 11.15%
Short term running finances under mark-up arrangements from banks - secured	7.65% to 9.15%	7.4% - 8.6%
Short term borrowings - secured and unsecured		
- Murabaha financing	7.29% to 10.16%	7.31% to 8.44%
- Private Group	26.15%	-
- Finance against trust receipts	8.65%	-
- Short term finances from a financial institution - secured	9.67%	-
Retention from employees	5%	5%

35.3.4 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). At reporting date the Group did not have financial instruments exposed to other price risk.

35.4 Fair value of financial instruments

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

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

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

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

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

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

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 December 2017	Note	Carrying Amount			Fair value
		Loans and receivables	Other financial assets	Total	Total
(Rupees in '000)					
On-balance sheet financial and non-financial instruments					
Financial assets not measured at fair value	35.4.1				
Security deposits		53,290	-	53,290	-
Trade debts		2,156,791	-	2,156,791	-
Other receivables		4,321	-	4,321	-
Cash and Bank balances		198,487	93,160	291,647	-
		2,412,889	93,160	2,506,049	-
Financial liabilities not measured at fair value	35.4.1				
Long term loans - secured		-	(649,458)	(649,458)	-
Liabilities against assets subject to finance lease		-	(55,654)	(55,654)	-
Trade and other payables		-	(1,088,430)	(1,088,430)	-
Short term running finances under mark-up arrangements from banks - secured		-	(868,507)	(868,507)	-
Short term borrowings		-	(1,880,409)	(1,880,409)	-
Mark-up accrued on short term running finances under mark-up arrangements from banks and other short term borrowings		-	(73,766)	(73,766)	-
		-	(4,616,224)	(4,616,224)	-

31 December 2016

Note

	Note	Carrying Amount			Fair value
		Loans and receivables	Other financial assets	Total	Total
(Rupees in '000)					
On-balance sheet financial and non-financial instruments					
Financial assets not measured at fair value					
Security deposits	35.4.1	29,594	-	29,594	-
Trade debts		1,063,317	-	1,063,317	-
Other receivables		8,013	-	8,013	-
Cash and bank balances		67,629	82,468	150,097	-
		1,168,553	82,468	1,251,021	-
(Rupees in '000)					
	Note	Carrying Amount			Fair value
		Loans and receivables	Financial liabilities	Total	Total
(Rupees in '000)					
Financial liabilities not measured at fair value					
Long term loans - secured	35.4.1	-	(546,875)	(546,875)	-
Liabilities against assets subject to finance lease		-	(17,473)	(17,473)	-
Trade and other payables		-	(1,088,430)	(1,088,430)	-
Short term running finances under mark-up arrangements from banks - secured		-	(897,396)	(897,396)	-
Short term borrowing		-	(280,000)	(280,000)	-
Mark-up accrued on short term running finances under mark-up arrangements from banks, other short term borrowings and long term loans		-	(40,005)	(40,005)	-
		-	(2,870,179)	(2,870,179)	-

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

Non financial assets measured at fair value	Date of valuation	Valuation approach and inputs used	Inter-relationship between significant unobservable input and fair value measurement
Revalued Property, plant and equipment			
- Land and buildings	31 December 2017	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

36. CAPITAL RISK MANAGEMENT

The management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management closely monitors the return on capital along with the level of distributions to ordinary shareholders. There were no major changes in the Group's approach to capital management during the year. The Group is not exposed to externally exposed capital requirements.

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the consolidated financial statements in respect of remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Group are as follows:

	Chief Executive		Directors		Executives				Total	
	2017	2016	2017	2016	Other key management		Others		2017	2016
	(Rupees in '000)									
Managerial remuneration	13,505	3,316	8,606	3,307	18,249	16,595	44,478	16,295	84,838	39,513
Contribution to provident fund	1,879	282	619	247	1,235	1,029	2,477	1,177	6,210	2,735
Fuel reimbursable expenditure	101	515	205	314	286	866	123	1,686	715	3,381
Housing	2,815	1,020	1,156	1,329	6,595	6,895	6,364	6,648	16,930	15,892
Leave fare assistance and others	-	1,046	116	-	1,009	1,009	945	752	2,070	2,807
	18,300	6,179	10,702	5,197	27,373	26,394	54,387	26,558	110,763	64,328
Number of persons	1	2	3	2	10	18	37	32	51	54

37.1 * During the previous year, ex-Chief Executive of the Group retired on 16 December 2016. Mr. Haroon Ahmed Khan was appointed as new Chief Executive of the Group by Board of Directors in the 341st Board of Directors' meeting held on 16 December 2016. As such the remuneration in 2016 was for two Chief Executives appointed at different times.

37.2 ** This represents the remuneration of three executive directors, one of whom worked as a director up to 11 August 2017.

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

37.4 In addition, aggregate amount charged in the consolidated financial statements for payments on account of the meeting fee to five (2016: four) non-executive directors was Rs. 0.68 million (2016: Rs. 0.52 million).

38. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated and subsidiary companies, companies with common directorships, major shareholders, directors, key management personnel of the Group and employee retirement benefit funds. The aggregate value of transactions and outstanding balances as at 31 December with these related parties other than those which have been disclosed elsewhere in these consolidated financial statements are as follows:

Transactions	Note	2017	2016
(Rupees in '000)			
Purchase of inventory from a subsidiary company	38.1	70,372	-
Services obtained		-	2,686
Employee retirement benefits (charge for the period including in Other Comprehensive Income)			
- Gratuity Schemes	38.2	16,873	(2,358)
- Pension Scheme	38.2	12,227	7,698
- Provident Fund	38.2	16,004	4,983
Receipts of loans from employee retirement benefits			
- Gratuity Fund		1,000	-
- Provident Fund		14,000	-
Repayment of loan to provident fund and employee retirement benefits			
- Gratuity Fund		(1,000)	-
- Provident Fund		(14,000)	-
- Payment of interest to the above funds		(448)	-
Loans received from a director and a key management person - gross (interest free)		96,000	28,000
Repayment of loan to a director and a key management person (interest free)		(96,000)	(28,000)
Remuneration of key management personnel	38.3	56,376	37,770
Balance payable / receivable			
		31 December 2017	31 December 2016
		(Rupees in '000)	
Employee retirement benefits obligation - Gratuity Scheme	18	48,814	33,126
Employee retirement benefits obligation - Pension Scheme	18	5,713	18,486
Employee retirement benefits obligation - Provident Fund	18	14,397	965

- 38.1** Represents purchase of inventory from Waves Marketing (Private) Limited at agreed prices.
- 38.2** Contributions to the employee retirement benefits and accrual of liability and expense are made in accordance with the terms of employee retirement benefit schemes and actuarial advice (note 18), as applicable. Contributions to the provident fund are made in accordance with the service rules.
- 38.3** Remuneration of the key management personnel are in accordance with their terms of employment.
- 38.4** Other transaction are at agreed rate.

39. PLANT CAPACITY AND ACTUAL PRODUCTION

	Capacity (Units)	Actual production	
		2017 (Units)	2016 (Units)
Refrigerators	115,000	68,639	29,416
Deep Freezer	90,000	32,870	-
Microwave ovens	60,000	1,711	494
Air conditioners	60,000	9,012	1,300
Gas appliances (water heater and cooking range excluding microwave ovens)	25,000	6,723	10,812
Televisions	22,500	-	3,002
Water dispenser	6,000	1,300	-

Capacity reflects units expected to be produced on the basis of normal production hours (one shift of 8 hours). The under utilization of capacity is mainly attributed to market conditions and competition. Televisions and microwave ovens are currently being purchased for resale by the Group. In addition, the actual productions being less than that of the capacity is also due to the fact that production of the entities merged with the Group is for six months only.

40. OPERATING SEGMENTS

As per IFRS 8, "Operating Segments", Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive Officer of the Group has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

The Group has determined the operating segments based on the reports reviewed by the Chief Executive Officer, which are used to make strategic decisions.

The Chief Executive Officer is responsible for the Group's entire product portfolio and considers the business to have two operating segments. The Group's asset allocation decisions are based on an integrated investment strategy. The Group's performance is evaluated on the basis of two operating segments.

The internal reporting provided to the Chief Executive Officer for the Group's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

Segment profit / (loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

The Group's operating segments consists of business related to Singer Brand and Waves Brand.

	Singer	Waves	Total
	(Rupees in '000)		
Revenue	1,731,095	3,041,641	4,772,736
Segment profit / loss before tax	348,875	2,014	350,889
Interest income	79,357	-	79,357
Interest expense	159,565	136,670	296,235
Gain on disposal of property plant and equipment and investment property	456,384	567	456,951
Unrealized gain on fair value measurement of investment property	30,800	-	30,800
Depreciation and amortization	81,048	59,395	140,443
Segment assets	2,954,508	10,263,958	13,218,466
Segment liabilities	1,291,507	3,744,940	5,036,447

The consolidated financial statements for the year ended 31 December 2016 were prepared on the basis of single reportable segment as it was not reported to the Chief Decision Makers in disaggregated form.

40.1 Revenue from refrigerators and deep freezers represent 29% and 33% (31 December 2016: refrigerator conditioners represented 63% and 4.67% respectively) of the total revenue of the Group.

40.2 Sales represents local sales of Rs. 3,683.204 million (2016: Rs. 1,399.609 million) and export sales of Rs. 2.419 million (2016: Nil).

40.3 All non-current assets of the Group at 31 December 2017 are located in Pakistan.

40.4 The Group does not have any customer having sales of 10% or more during the year ended 31 December 2017 (31 December 2016: 10%).

41. PLAN VIRTUE THE DISPOSAL OF LAND AND BUILDINGS AND POST BALANCE SHEET EVENTS

41.1 As more fully explained in note 5.3.1 to these consolidated financial statements, during the year the Group sold its entire factory land and building (of the early Singer Pakistan Limited). However, simultaneously the Group also entered in a lease / rental agreement with the purchaser for the use of the existing production premises for one year valid up to 21 November 2018 renewable for future period also. Nonetheless, in case of need be, the Group may also relocate the manufacturing facilities (of early Singer Pakistan Limited) to an alternate location.

41.2 Fire

Subsequent to 31 December 2017, a fire broke out on at the production facility of former Cool Industries (Private) Limited (CIPL / Waves) located in Lahore on 11 May 2018. The fire started at the dispatch area and caused damage to the finished goods under dispatch along-with some of the production facility, its related building area and work-in-process. Most of the appliances production area, raw materials and finished goods inventory (stored in off-site warehouse) remained safe. The production of refrigerators and deep freezers is expected to resume soon, whereas sufficient finished goods inventory of these products is available in hand for uninterrupted supplies to the market. The production facilities of air-conditioners, microwave ovens and washing machines remained un-affected and are continuing un-interruptedly.

Building (Rs. 179 million), Plant & Machinery (Rs. 307 million) and Office equipment (Rs. 22 million) damaged by fire are adequately insured and survey of the true extent of losses is being carried out at the date of signing of the these consolidated financial statements of the Group.

41.3 Dividend

The Board of Directors in their meeting held on 7 June 2018 have for the year ended 31 December 2017, proposed final cash dividend of Rs. 1.25 per share (2016: Rs. Nil) amounting to Rs. 177.320 million (2016: Rs. Nil) for approval by the members of the Group in the Annual General Meeting to be held on 30 June 2018. The financial statements for the year ended 31 December 2017 do not include the effect of the proposed cash dividend, which will be recognised in the financial statements for the year ending 31 December 2018.

42. BUSINESS COMBINATION AND OTHER RELATED DISCUSSIONS (NOTE 3)

42.1 The fair values and carrying amounts of assets and liabilities acquired are as follows:

	Fair value as at 30 June 2017 (Rupees in '000)
Assets	
Property plant and equipment	
- Operating fixed assets	3,928,500
- Capital work in progress	86,561
Long term deposits	1,427
Stores, spares and loose tools	26,839
Stock-in-trade	1,837,327
Trade debts	730,602
Advances, deposits, prepayments and other receivables	167,537
Taxation - net	228,436
Cash and bank balances	177,303
	<u>7,184,532</u>
Liabilities	
Long term financing	499,458
Deferred tax	393,185
Grant in aid	13,953
Trade and other payables	1,171,671
Accrued mark-up	41,933
Short term borrowings	2,036,406
	<u>4,156,606</u>
	<u>3,027,926</u>
Consideration transferred (96,450,000 shares issued @ Rs. 62.24)*	6,003,048
Goodwill (provisional) including other intangibles to be identified	<u><u>2,975,122</u></u>

The goodwill is attributable mainly to synergies expected to be achieved from the merger into the Group's existing business.

*The fair value of the shares issued to the shareholders of the CIPL and LWPL is based on the published quoted price of the shares of the Holding Company at 30 June 2017.

42.2 Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Asset acquire	Valuation techni
Property, plant and equipment	Market comparison and cost technique: The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	The relief from-royalty method which considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents being owned.
Stock in trade	The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on efforts required to complete and sell the inventories.
Other assets / liabilities	Other assets / liabilities are either short term in nature or are being frequently repriced at the relevant market interest rates.

42.3 For the period from 01 July 2017 to 31 December 2017, former Cool Industries (Private) Limited and former Link Wel (Private) Limited contributed revenue of Rs. 1,691.942 million and loss of Rs. 112.410 million.

43. GENERAL

43.1 The total number of employees as at year-ended were 2,585 (2016: 794) and average number of employees were 2,672 (2016: 811).

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

43.3 These consolidated financial statements were authorised for issue by the Board of Directors in their meeting held on June 07, 2018.

43.3 Securities and exchange Commission of Pakistan vide its letter dated 30 April 2018 on the Holding Company's application directed the Holding Company to convene its Annual General Meeting (AGM) for the year ended 31 December 2017 by 30 June 2018. The Group had applied for the extension in AGM due to the pending approval of the matter discussed in note 3.

Brig (Retd.) Mukhtar Ahmed

Director

Haroon A. Khan

Chief Executive

Nadeem M. Butt

Director Finance

WSPL Standalone FS 2017

Auditors' Report to the Members

Auditors' Report to the Members

We have audited the annexed unconsolidated balance sheet of **Waves Singer Pakistan Limited** (formerly Singer Pakistan Limited) ("the Company") as at 31 December 2017 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the Company as required by the repealed Companies Ordinance, 1984;
- b) in our opinion:
 - i) the unconsolidated balance sheet and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the repealed Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Date: June 07, 2018

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Amyn Pirani

Waves Singer Pakistan Limited (formerly Singer Pakistan Limited)
Unconsolidated Balance Sheet
As at 31 December 2017

	Note	2017 (Rupees in '000)	2016
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	4,229,343	1,657,732
Intangible assets and goodwill	6	2,993,838	22,345
Investment property	7	173,501	317,200
Investment in subsidiary companies	8	251,000	2,000
Long term deposits	9	10,999	18,514
Total non-current assets		7,658,681	2,017,791
Current Assets			
Stores, spares and loose tools		22,918	5,112
Stock-in-trade	10	2,559,539	509,039
Trade debts	11	-	714,943
- Retail			
- Wholesale		1,270,931	348,374
Advances, deposits, prepayments and other receivables	12	758,430	33,036
Taxation - net		395,497	157,100
Cash and bank balances	13	243,173	148,092
Total current assets		5,250,488	1,915,696
TOTAL ASSETS		12,909,169	3,933,487
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised capital 145,000,000 (2016: 70,000,000) ordinary shares of Rs. 10 each	14	1,450,000	700,000
Issued, subscribed and paid-up capital	14	454,056	454,056
Shares to be issued pursuant to amalgamation	15	964,500	-
Share premium reserve	15	5,038,548	-
Capital reserve		5,000	5,000
Revenue reserve - unappropriated profit / (accumulated loss)		1,463,020	(150,252)
Shareholders Equity		7,925,124	308,804
Surplus on revaluation of property, plant and equipment - net of tax	16	159,500	1,095,855
Non-Current Liabilities			
Long term loans - secured	17	568,276	528,125
Liabilities against assets subject to finance lease	18	38,254	10,944
Employee retirement benefits - obligation	19	37,436	51,612
Deferred tax liability - net	20	138,697	216,560
Deferred income	21	12,679	2,340
Total non-current liabilities		795,342	809,581
Current Liabilities			
Trade and other payables	22	1,104,906	474,696
Mark-up accrued on short term and long term borrowings		73,766	40,005
Short term borrowings - secured and unsecured	23	2,748,916	1,177,396
Current portion of long term loans	17	81,182	18,750
Current portion of liabilities against assets subject to finance lease	18	17,400	6,529
Current portion of deferred income	21	3,033	1,871
Total current liabilities		4,029,203	1,719,247
Contingencies and commitments	24		
TOTAL EQUITY AND LIABILITIES		12,909,169	3,933,487

The annexed notes 1 to 44 form an integral part of these unconsolidated financial statements.

Brig (Retd.) Mukhtar Ahmed
Director

Haroon A. Khan
Chief Executive

Nadeem M. Butt
Director Finance

Waves Singer Pakistan Limited (formerly Singer Pakistan Limited)
Unconsolidated Profit and Loss Account
For the year ended 31 December 2017

	Note	2017 (Rupees in '000)	2016
Sales - net of sales return		4,224,648	1,606,053
Sales tax and trade discount on invoices		(1,218,131)	(206,447)
Sales - net	25	3,006,517	1,399,606
Cost of sales	26	(2,621,131)	(910,317)
Gross profit		385,386	489,289
Marketing, selling and distribution costs	27	(297,462)	(435,825)
Administrative expenses	28	(124,762)	(68,046)
Other expenses	29	(48,959)	(12,604)
Other income	30	505,360	182,246
		34,177	(334,229)
		419,563	155,060
Earned carrying charges	11.6	51,989	111,361
Finance costs	31	(296,096)	(141,794)
		(244,107)	(30,433)
Profit before taxation		175,456	124,627
Taxation	32	13,002	(29,250)
Profit for the year		188,458	95,377

(Rupees)

Earnings per share - basic and diluted (based on the consolidated financial statements of Waves Singer Pakistan Limited)	33.1	3.50	2.09
Earnings per share - basic and diluted (based on the separate (unconsolidated) financial statements of Waves Singer Pakistan Limited)	33.2	2.01	2.10

The annexed notes 1 to 44 form an integral part of these unconsolidated financial statements.

Brig (Retd.) Mukhtar Ahmed
Director

Haroon A. Khan
Chief Executive

Nadeem M. Butt
Director Finance

Waves Singer Pakistan Limited (formerly Singer Pakistan Limited)
Unconsolidated Statement of Comprehensive Income
For the year ended 31 December 2017

	Note	2017 (Rupees in '000)	2016
Net profit for the year		188,458	95,377
Other comprehensive income			
<i>Item that will not be reclassified to profit and loss:</i>			
Actuarial (loss) / gain on employee retirement benefits	19.7	(15,749)	2,749
Related tax effect		-	(828)
		(15,749)	1,921
Total comprehensive income for the year		172,709	97,298

The annexed notes 1 to 44 form an integral part of these unconsolidated financial statements.

Brig (Retd.) Mukhtar Ahmed
Director

Haroon A. Khan
Chief Executive

Nadeem M. Butt
Director Finance

Waves Singer Pakistan Limited (formerly Singer Pakistan Limited)
Unconsolidated Cash Flow Statement
For the year ended 31 December 2017

	Note	2,017 (Rupees in '000)	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		175,456	124,627
Adjustment for:			
- Depreciation on property, plant and equipment	5.1.2	115,859	68,434
- Amortisation of intangible asset	6.2	3,629	3,729
- Finance costs	31	296,096	141,794
- (Gain) / loss on sale of property, plant and equipment and investment property	30	(456,951)	1,703
- Unrealised gain on investment property at fair value	7 & 30	(34,676)	(109,400)
- Amortisation of deferred income	21	(2,452)	(1,871)
- Provision / (reversal) against stock-in-trade	10.4	1,790	(10,597)
- Provision / (reversal) against trade debts and other receivables	29	15,011	(68,802)
- Provision for employee retirement benefits	19.6	12,649	8,089
		126,411	157,706
Working capital changes (Increase) / decrease in current assets			
Stores, spares and loose tools		9,033	5,773
Stock-in-trade		(214,963)	(207,262)
Trade debts		(214,332)	188,065
Advances, deposits, prepayments and other receivables		63,615	(5,010)
		(356,647)	(18,434)
(Decrease) / increase in current liabilities			
Trade and other payables		(471,464)	62,963
		(701,700)	202,235
Income tax paid		(34,542)	(20,060)
Finance costs paid		(305,266)	(133,331)
Employee retirement benefits paid	19.3	(25,846)	(1,531)
Long term deposits		(4,218)	4,866
Net cash flows from operating activities		(1,071,572)	52,179
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(186,525)	(301,494)
Proceeds from disposal of property, plant and equipment and investment property		2,048,292	847
Investments in a subsidiary during the year		-	(2,000)
Investments matured during the year		-	36,000
Net cash flows from investing activities		1,861,767	(266,647)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid		(10,657)	(9,761)
Repayment of short term finances - net		207,859	(14,900)
Long term loans - net		(396,875)	440,353
Net cash flows from financing activities		(199,673)	415,692
Net increase in cash and cash equivalents		590,522	201,224
Cash and cash equivalents at beginning of the year		(749,304)	(950,528)
Cash and cash equivalents acquired in a business combination	34.2	(466,552)	-
Cash and cash equivalents at end of the year	34.1	(625,334)	(749,304)

The annexed notes 1 to 44 form an integral part of these unconsolidated financial statements.

Brig (Retd.) Mukhtar Ahmed
Director

Haroon A. Khan
Chief Executive

Nadeem M. Butt
Director Finance

Waves Singer Pakistan Limited (formerly Singer Pakistan Limited)
Unconsolidated Statement of Changes in Equity
For the year ended 31 December 2017

Note	Issued subscribed and paid-up capital	Shares to be issued pursuant to amalgamation	Share premium reserve	Capital reserve	Revenue Reserve		Total
					Other revenue reserve	Unappropriated profit / (accumulated loss)	
(Rupees in '000)							
Balance as at 1 January 2016	454,056	-	-	5,000	117,837	(379,436)	197,457
Transfer of revenue reserve to accumulated losses	14.2	-	-	-	(117,837)	117,837	-
Total comprehensive income for the year ended 31 December 2016							
Profit for the year	-	-	-	-	-	95,377	95,377
Net actuarial gain recognised directly in 'Other Comprehensive Income' net of tax	19.7	-	-	-	-	1,921	1,921
						97,298	97,298
Transfer from surplus on revaluation of property, plant and equipment - for the year - net of tax	16	-	-	-	-	14,049	14,049
Balance as at 31 December 2016	454,056	-	-	5,000	-	(150,252)	308,804
Total comprehensive income for the year ended 31 December 2017							
Profit for the year	-	-	-	-	-	188,458	188,458
Net actuarial loss recognised directly in 'Other Comprehensive Income' - net of tax	19.7	-	-	-	-	(15,749)	(15,749)
						172,709	172,709
Shares to be issued pursuant to amalgamation	15	964,500	5,038,548	-	-	-	6,003,048
Transfer from surplus on revaluation of property, plant and equipment (on sale of land and building)	16	-	-	-	-	1,429,398	1,429,398
Transfer from surplus on revaluation of property, plant and equipment (incremental depreciation) - net of tax	16	-	-	-	-	11,165	11,165
Balance as at 31 December 2017	454,056	964,500	5,038,548	5,000	-	1,463,020	7,925,124

The annexed notes 1 to 44 form an integral part of these unconsolidated financial statements.

Brig (Retd.) Mukhtar Ahmed
Director

Haroon A. Khan
Chief Executive

Nadeem M. Butt
Director Finance

Waves Singer Pakistan Limited (formerly Singer Pakistan Limited)
Notes to the Unconsolidated Financial Statements
For the year ended 31 December 2017

1. STATUS AND NATURE OF BUSINESS

- 1.1** Waves Singer Pakistan Limited ("the Company") (formerly Singer Pakistan Limited) is incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as a public company limited by shares and is quoted on the Pakistan Stock Exchange. The Company is principally engaged in retailing and trading of domestic consumer appliances and other light engineering products, besides the manufacturing and assembling of the same. The registered office of the Company is located at Plot No. 39, Sector 19, Korangi Industrial Area, Korangi, Karachi.
- 1.2** During the year, Singer Pakistan Limited ("the Company") entered in an amalgamation and demerger arrangement, details of which are given in note 3 to these unconsolidated financial statements. In addition during the year, the company sold its factory land and building details of which are given in note 42 to these unconsolidated financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1** These unconsolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the repealed Companies Ordinance, 1984 shall prevail.

- 2.1.2** Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017 which has its own set of disclosures. However, SECP vide their circular No. 23 / 2017 dated 4 October 2017 (read with a clarification issued by the Institute of Chartered Accountants of Pakistan on 6 October 2017), has directed that companies preparing financial statements for the periods ending on or before 31 December 2017, shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except for land and buildings (including the investment property) which are stated at revalued amounts less subsequent depreciation and impairment losses.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of unconsolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The areas where judgements and estimates made by the management that may have a significant effect on the amount recognised in the unconsolidated financial statements are included in the following notes:

- Residual value, market values and useful lives of property, plant and equipment (note 4.1)
- Useful lives of intangible assets (note 4.2)
- Investment property (note 4.4)
- Provision for employee retirement benefit plans (note 4.5)
- Stock in trade and stores and spares and loose tools at net realisable value / net of impairment losses (notes 4.6 and 4.7)
- Provision for impairment of trade debts (note 4.8)
- Valuation of investment in subsidiary company (note 4.9)
- Provisions (note 4.13)
- Provision for warranty obligation (note 4.14)
- Taxation (note 4.16)
- Impairment of financial and non-financial assets (note 4.20)

2.5 Standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas:
 - (a) measurement of cash-settled share-based payments;
 - (b) classification of share-based payments settled net of tax withholdings; and
 - (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.
- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on Company's financial statements.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analysing the potential impact of changes required in revenue recognition policies on adoption of the standard. Based on the preliminary assessment carried out by the management the application of interpretation is not likely to have a material impact on Company's financial statements.
- IFRS 9 'Financial Instruments' and amendment - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analysing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard. Management has initiated the process of evaluating the impact on the Company's financial statements and having a model for that purpose.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.
- Annual Improvements to IFRS Standards 2015-2017 Cycle - the improvements address amendments to following approved accounting standards:
 - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
 - IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not

likely to have an impact on Company's financial statements.

As disclosed in note 2.1.2, the new requirements of the Companies Act, 2017 shall be applicable to the financial statements issued on or after 31 December 2017. Accordingly certain additional requirements / disclosures in Fifth Schedule to the Companies Act, 2017 are applicable to the financial statements of Company. Significant

disclosures / requirements, which are relevant to the Company includes but not limited to: name of associated companies or related parties or undertakings along with the basis of relationship describing common directorship and/or percentage of shareholding; summary of significant transactions and events that have affected the financial position and performance during the year, etc.

Furthermore under the Companies Act, 2017, Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This would require change in accounting policy relating to surplus on revaluation of land and building to bring it in line with the requirements of IAS 16 - Property, plant and equipment. Accordingly, as of 31 December 2017, this would result in increase in equity by Rs. 159,499 million (31 December 2016: Rs. 1,095.86 million).

3. AMALGAMATION OF COOL INDUSTRIES (PRIVATE) LIMITED AND LINK WEL (PRIVATE) LIMITED WITH AND INTO THE COMPANY AND SEPERATION/ DEMERGER OF THE RETAIL BUSINESS FROM THE COMPANY AND AMALGAMATION WITH AND INTO ELECTRONICS MARKETING COMPANY (PRIVATE) LIMITED (EMCPL) (A WHOLLY OWNED SUBSIDIARY COMPANY)

During the current year, Singer Pakistan Limited ("the Company") completed a Scheme of Arrangement as follows:

- amalgamation of Cool Industries (Private) Limited (CIPL) and Link Wel (Private) Limited (LWPL) with and into the Company by transferring to, merging with and vesting in the Company the whole of CIPL and LWPL (including all assets, liabilities and obligations of CIPL and LWPL) as of the effective date (i.e. start of business on 01 July 2017) against the allotment and issue of the Company' shares to the shareholders of CIPL and LWPL. The later company was an associated company of CIPL with the same shareholders in both the companies. In addition CIPL was also a holding company of Waves Marketing (Private) Limited, a wholly owned subsidiary company.
- separation / demerger of the retail business from the Company and amalgamate the same with and into EMCPL (an existing wholly owned subsidiary company) by transferring to, merging with and vesting in subsidiary company the whole of the retail business (including all assets, liabilities and obligations of the retail business) as of the effective date (i.e. start of business on 01 July 2017) against the allotment and issue of subsidiary company shares to the Company.

Honourable Sindh High Court (the Court), through its Order dated 22 May 2018, has approved the Scheme of Arrangement as proposed and granted sanction order for the amalgamation of CIPL and LWPL with and into the Company and demerger of retail business from the Company and amalgamate the same into the subsidiary company. The Board of Directors of the Company, in their meeting held on 27 November 2017, approved and resolved to present the Scheme of Arrangement with and into the Company before the shareholders of the Company for their approval. Approval of the secured creditors was obtained on 29 December 2017, while the shareholders of the Company approved the Scheme of Arrangement in their Extraordinary General Meeting (EOGM) held on 29 December 2017. In consideration, the Company will issue 96,450,000 ordinary shares of the Company in aggregate in favour of the shareholders of CIPL (93,975,000 shares) and LWPL (2,375,000) on the basis of swap ratio of 1 (one) ordinary share of the CIPL for every 1.79 ordinary shares of the Company and 1 (one) ordinary share of the LWPL for every 0.33 ordinary shares of the Company.

The Company expects several benefits after this merger including the synergies of operations, (merging entities being engaged in the similar nature of business), utilization and the benefits of the "Waves" brand (held by CIPL) along with the Singer brand already held by surviving company, enhancement of the marketing and advertising opportunities, increased market penetration, a large equity and asset base of the merged entity and reduction in administration cost, etc.

For the purpose of demerger, 24,800,000 ordinary shares of Rs. 10 each of EMCPL shall be allotted and issued by EMCPL to the Company.

By virtue of the above arrangement, Singer Pakistan Limited is the surviving entity and will continue to operate (as Waves Singer Pakistan Limited) along with its wholly owned subsidiary company EMPCL, while CIPL and LWPL shall dissolved and ceases to operate without winding up. Waves Marketing (Private) Limited which was a wholly owned subsidiary of CIPL and shall continue as a wholly subsidiary company of Waves Singer Pakistan Limited.

CIPL, prior to its merger was incorporated in 1980 as a private limited company under the repealed Company Ordinance, 1984 (now Companies Act, 2017) and was principally engaged in the manufacture and sale of consumer appliances under the brand name " Waves". LWPL was engaged in the business of import and trade of air conditioners and home appliances. Waves Marketing (Private) Limited, also incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017), is principally engaged in the business of distribution and marketing of the above products.

Details of the assets and liabilities so acquired / demerged along with certain other disclosures are given in note 43 to these unconsolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment

Owned

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any, except for the freehold land and buildings which are stated at the revalued amounts less subsequent depreciation and impairment losses and capital work in progress which are stated at cost less impairment losses, if any. Cost includes expenditure directly attributable to the acquisition of an asset.

Land and Buildings are revalued by independent professionally qualified valuer with sufficient regularity to ensure that the net carrying amount does not differ materially from the fair value (market value). In case of revalued assets, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount restated at the revalued amount of the asset. The surplus arising on revaluation on property, plant and equipment is credited to the 'Surplus on revaluation of property, plant and equipment' account shown below equity. The surplus on revaluation of property, plant and equipment can be applied by the Company in setting-off any deficit arising from the revaluation of property, plant and equipment of the same or any other fixed assets of the Company (under the repealed Companies Ordinance, 1984).

Depreciation is charged to the profit and loss account applying the straight-line method whereby the depreciable amount of an asset is depreciated over its estimated useful life. Depreciation on additions is charged from the month in which the asset is available for use and up to the month of disposal. Amount equivalent to incremental depreciation charged for the year on revalued assets is transferred from surplus on revaluation of property, plant and equipment to retained earnings. The rates of depreciation are stated in note 5.1 to these unconsolidated financial statements.

The assets' residual values and useful lives are reviewed, at each balance sheet and if expectations differ from previous estimates, the change is accounted for as a change in an accounting estimate. Normal repairs and maintenance are charged to profit and loss account as and when incurred.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. Gains and losses on disposal of assets are taken to the profit and loss account currently. When revalued assets are sold, the amount included in surplus on revaluation of property, plant and equipment is transferred to retained earnings. The revaluations are also carried out at regular intervals so as to ensure that the recorded values of the relevant assets does not materially differ from their market values.

Leased

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

the inception of the lease. Subsequent to initial recognition, the asset is stated at the amount determined at initial recognition less accumulated depreciation and impairment losses, if any.

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

Sale and lease back

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

Capital work in progress

It is stated at cost less impairment losses, if any. It includes expenditure incurred and advances made in respect of assets in the course of their construction and installation. These cost are transferred to relevant assets category as and when assets are available for intended use.

4.2 Intangible assets and goodwill

Goodwill

Goodwill arising on the acquisition of business is measured at cost less any accumulated impairment losses, if any. This is determined as the difference between the fair value of net assets acquired (including other intangible assets, if any) and the consideration given for the business / entity acquired.

Other Intangible asset

Intangible assets are stated at cost. Intangible assets are amortised on a straight-line basis over their estimated useful lives. The rates of amortization are stated in note 6.1 to these unconsolidated financial statements.

Costs that are directly associated with identifiable software products and have probable economic benefit beyond one year are recognised as intangible assets. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Costs associated with maintaining computer software are recognised as an expense as and when incurred.

Gain or loss from derecognition of intangible assets are recognised in profit and loss account.

4.3 Business combination

As per the requirement of International Financial Reporting Standards 3, business combinations are accounted for by applying the acquisition method (other than those of the businesses / entities under common control unless it is transitory in nature as was the case in Company's case). The cost of acquisition is measured at the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any liability resulting from a contingent consideration arrangement, if any.

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

4.4 Investment property

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

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

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

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

4.5 Employee retirement and other service benefits

Defined benefit plans

The Company operates a funded defined benefit pension scheme for the eligible executives and managers and a funded gratuity scheme for all of its eligible employees other than field staff. Provisions / contributions are made in the unconsolidated financial statements to cover obligations on the basis of actuarial valuation carried out annually under the Projected Unit Credit Method.

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

Calculation of gratuity and pension requires assumptions to be made of future outcomes which mainly includes increase in remuneration, expected long term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

Defined contribution plan

The Company operates a recognised provident fund scheme covering all eligible employees. The Company and employees make equal monthly contributions to the fund.

Staff Compensated absences

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

4.6 Stores, spares and loose tools

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

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

4.7 Stock-in-trade

Stock-in-trade is valued at the lower of cost determined on first-in-first-out basis and net realisable value except for stock in transit which is stated at lower of cost (comprising invoice value plus other charges incurred thereon) and net realisable value. Cost in relation to work in process and manufactured finished goods represents direct cost of materials, direct wages and appropriate allocation of manufacturing overheads. Cost of goods purchased for resale comprises of purchase price, import duties, taxes (other than those subsequently recoverable by the entity from tax authorities) and other directly attributable cost wherever applicable.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and selling expenses.

The management continuously reviews its inventory for existence of any items which may have become obsolete. Provision is made for slow moving inventory based on management's estimation. These are based on historical experience and are continuously reviewed.

4.8 Trade debts

These are initially recognised at fair value plus directly attributable transaction costs and are subsequently measured at amortised cost.

Provision for doubtful debts is established where there is objective evidence that the Company will not be able to collect amount due according to the original terms of the receivable is based on management's assessment of anticipated uncollectible amounts based on Company's past experience, historical bad debts statistics and ageing analysis. Debts are written off when considered irrecoverable.

4.9 Investment in Subsidiary

Investment in subsidiary is initially recognised and carried at cost/ fair value of the investment acquired under a business combination. The carrying amount of investment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exist the investment's recoverable amount is estimated which is the higher of the value in use and its fair value less cost to sell. An impairment loss is recognised if the carrying amount exceeds its recoverable amount. Impairment loss is recognised in profit and loss account. An impairment loss is reversed if there has been a change in estimate used to determine the recoverable amount but limited to the extent of initial cost of investment. Reversal of impairment loss is recognised in the unconsolidated profit and loss account.

4.10 Cash and cash equivalents

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

4.11 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost.

4.12 Liability against assets subject to finance lease

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

4.13 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

4.14 Warranty obligations

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

4.15 Revenue recognition

- Sales are stated net of sales tax, rebate and sales return and are recognised when persuasive evidence of a sale exists. The key area of judgment in recognising revenue is the timing of recognition, which reflects the point or period when the Company has transferred significant risks and rewards of ownership to third parties. Revenue from sale of goods is measured at fair value of the consideration received or receivable and is recognised as revenue on dispatch of goods to customers.
- Revenue from services rendered is recognised in profit and loss account when the related services are performed.
- Carrying charges representing the difference between the cash sale price and hire purchase price are recognised in the profit and loss account using the effective interest rate method over the period of the sale under the hire purchase arrangement.
- Income on investments and profit and loss sharing bank accounts are recognised on accrual basis using the effective interest rate method.
- Rental income from investment property is recognised as other income on a straight-line basis over the term of lease.

4.16 Taxation

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

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any, and taxes paid under the Final Tax Regime and minimum tax payable. The charge for current tax includes adjustments to charge for prior years, if any.

Deferred

Deferred tax is recognised using balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or the settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation. A deferred tax asset (including the deferred tax asset on tax losses) is recognised to the extent that it is probable that the future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax arising on surplus on revaluation of fixed assets is recorded directly in the surplus account.

4.17 Borrowings

All interest bearing borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing borrowings are subsequently measured at amortized cost using the effective interest rate method.

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

4.18 Financial instruments

The Company recognises a financial asset or a financial liability when it becomes a party to the contractual provision of the instrument. Financial assets and liabilities are recognised initially at cost, which is the fair value of the consideration given or received respectively. These are subsequently measured at fair value or amortised cost, as the case may be depending on the particular accounting policy.

Financial assets are derecognised when the contractual right to cash flows from the asset expire, or when substantially all the risks and reward of ownership of the financial asset are transferred. Financial liability is derecognised when its contractual obligations are discharged, cancelled or expired. Gain or loss on derecognition is recognised in unconsolidated profit and loss account.

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of the asset.

4.19 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the unconsolidated financial statements only when the Company has a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.20 Impairment*Financial assets*

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that the financial asset is impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on the terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated cash flows discounted at the original effective interest rate. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through unconsolidated profit or loss.

Individually significant financial assets are tested for impairment on an individual basis. All impairment losses are recognised in unconsolidated profit and loss account.

Non-financial assets

The carrying amounts of non-financial assets other than deferred tax assets and stock in trade, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is assessed through discounting of the estimated future cash flows using a discount rate that reflects current market

assessments of the time value of money and the risks specific to the asset. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss for goodwill, if any, is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.21 Foreign currency translations

Foreign currency transactions are translated into Pakistan' Rupees at exchange rates prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pakistan' Rupees at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are included in profit and loss account currently.

4.22 Dividends and appropriation of profit

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

4.23 Earnings per share

As required under International Accounting Standard 33 Earnings Per Share, the Company presents the earnings per share (EPS) information based on the consolidated financial statements. However, in addition, the Company also presents the information based on the separate (unconsolidated) financial statements of the Company. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Group / Company by the weighted average number of ordinary shares outstanding during the year. The Group / Company is not exposed to the dilutive effect on EPS. The Group comprises of the Company and its subsidiary companies.

4.24 Common control transactions

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

4.25 Grant in aid (deferred income)

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

4.26 Operating lease assets and assets obtained under Ijarah arrangement

Rentals paid for the assets obtained under the operating lease, if any are recognized as an expense of the period to which these relate to.

Leased assets which are obtained under Ijarah agreement are not recognized in the Company's balance sheet and are treated as operating lease based on Islamic Financial Accounting Standard (IFAS) 2 issued by the Institute of Chartered Accountant of Pakistan and notified by Securities and Exchange Commission of Pakistan vide S.R.O. 43(1) / 2007 dated 22 May 2007. Ijarah Payments under the agreement are recognised as an expense in the profit and loss account on a straight line basis over the lease period of Ijarah agreement.

4.27 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes the strategic decisions. Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as allocated on a reasonable basis. Unallocated item comprise mainly corporate assets, head office expenses and tax assets and liabilities.

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
Capital work-in-progress

Note	2017	2016
	(Rupees in '000)	
5.1	4,142,980	1,585,584
5.2	86,363	72,148
	4,229,343	1,657,732

5.1 Operating fixed assets

Note	31 December 2017												Total	
	Land		Buildings		Leasehold improvements	Plant and machinery		Furniture and equipment		Vehicles		Computers		
	Lease hold	Freehold	On lease-hold land	On free hold land	Owned	Leased	Owned	Leased	Owned	Leased	Owned	Leased		
(Rupees in '000)														
At 1 January 2017														
Cost / revaluation	1,092,700	-	194,502	-	327,042	102,462	33,969	46,109	1,300	14,321	19,896	49,728	1,863	1,883,952
Accumulated depreciation	(1,359)	-	(486)	-	(122,010)	(75,780)	(7,147)	(38,166)	(793)	(3,895)	(8,782)	(38,087)	(1,863)	(298,368)
Net book value	1,091,341	-	194,016	-	205,032	26,682	26,822	7,943	507	10,426	11,114	11,641	-	1,585,584

Transactions during the year ended 31 December 2017														
- Additions			1,209		108,258	157,481		6,033		21,303	7,940	5,484		307,709
- Acquisitions through business combination	42.1	2,364,500		438,500		1,022,500		40,000		63,000				3,928,500
- Revaluation	5.1.7	133,854	1,000	2,330	7,078									144,262
- Transfer to investment property	7		(160,625)											(160,625)
- Transfers (elimination)														
Cost*	(9,554)		(3,539)	(6,578)										(19,671)
Depreciation*	9,554		3,539	6,578										19,671
- Transfers														
Cost**					(39,282)	39,282			438	(438)	(2,054)	2,054		
Depreciation**					950	(950)			(7)	7	27	(27)		
- Disposals	5.2.1									431	(431)	(2,027)	2,027	
Cost	(1,217,000)		(25,002)		(435,301)			(4,422)		(4,990)				(1,686,315)
Depreciation	3,027		125		141,051			4,363		158				148,724
	(1,213,973)		(24,877)		(294,250)			(59)		(4,432)				(1,537,591)
- Depreciation charge for the year	(11,222)		(3,053)	(8,578)	(10,041)	(47,353)	(4,409)	(6,273)	(136)	(8,121)	(1,510)	(7,752)	(411)	(115,850)
Closing net book value		2,365,500		439,000		1,120,978	60,745	47,644	431	82,607	17,113	7,346	1,616	4,142,980

As at 31 December 2017														
Cost / revaluation		2,365,500	(125)	439,000		1,243,161	73,251	87,720	1,300	94,472	27,398	53,158	3,917	4,388,812
Accumulated depreciation			125			(122,183)	(12,506)	(40,078)	(929)	(11,865)	(10,285)	(45,812)	(2,301)	(245,832)
Net book value		2,365,500		439,000		1,120,978	60,745	47,644	431	82,607	17,113	7,346	1,616	4,142,980

Depreciation rate (% per annum)														
	1.52	Nil	3	3	10	8.33	8.33	10.20	10	20	20	20	20	

At 01 January 2016															
Cost / revaluation		945,000		219,502		118,877	95,699	33,969	45,860	1,300	(1,301)	19,896	53,831	1,863	1,566,760
Accumulated depreciation			(720)		(93,192)	(73,617)	(4,893)	(14,830)	(657)	(5,361)	(7,434)	(35,432)	(1,863)	(237,095)	
Net book value		945,000		218,782		25,685	23,042	29,086	11,054	703	5,442	12,462	18,399	-	1,309,665
Transactions during the year ended 31 December 2016															
- Additions			4,883		208,165	4,763		700		8,289		881		229,682	
- Revaluation	5.1.7	362,597		(37,376)										325,021	
- Transfer to investment property	7	(202,800)		(5,000)										(207,800)	
- Transfers (elimination)															
Cost*	(12,097)		(7,507)											(19,604)	
Depreciation*	12,097		7,507											19,604	
- Disposals															
Cost								(1)		(5,271)		(4,983)		(10,507)	
Depreciation								31		2,721		4,983		7,737	
										(2,550)				(2,550)	
- Depreciation charge for the year	(13,456)		(7,073)		(28,818)	(3,143)	(2,364)	(3,741)	(136)	(755)	(1,348)	(7,640)		(68,434)	
Closing net book value		1,091,341		194,016		205,032	26,682	26,822	7,943	507	10,426	11,114	11,641	1,585,584	

As at 31 December 2016															
Cost / revaluation		1,092,700		194,502		327,042	102,462	33,969	46,109	1,300	14,321	19,896	49,728	1,863	1,883,952
Accumulated depreciation		(1,359)		(486)		(122,010)	(75,780)	(7,147)	(38,166)	(793)	(3,895)	(8,782)	(38,087)	(1,863)	(298,368)
Net book value		1,091,341		194,016		205,032	26,682	26,822	7,943	507	10,426	11,114	11,641	-	1,585,584

Depreciation rate (% per annum)														
	1.49	Nil	3	Nil	10	8.33	8.33	10.20	10	20	20	20	20	

* Represents the elimination of accumulated depreciation against the carrying value due to a revaluation carried out as at 30 June 2017 (in respect of the land and building disposed off during the year as mentioned in note 5.4.1 under the same basis and values as mentioned in note 5.1.1) and 31 December 2017 (the latter in case of the land and building acquired under the Business Combination mentioned in note 5.1.1)

** Represents adjustment for lease and lease back arrangements and transferred to owned assets on the maturity of lease.

5.1.1 Existing free hold land and the building on the free hold land of the Company (acquired under the business combination) were revalued on 31 December 2017 by an independent valuer M/s Asif Associates (Private) Limited on market value basis after making independent market inquiries from local property dealers and estate agents to ascertain the market price for properties of the same nature in the immediate neighbourhood and adjoining areas. The resulting surplus of Rs. 1 million on land and Rs. 7.078 million on building have been incorporated in these unconsolidated financial statements.

Had there been no revaluation of the land and buildings thereon, the net book value as of 31 December 2017 would have been as follows:

	Cost	Accumulated depreciation	Net carrying value
	(Rupees in '000)		
Land	2,364,500	-	2,364,500
Buildings	438,500	(6,578)	431,922
	2,803,000	(6,578)	2,796,422

Furthermore, leasehold land and buildings on leasehold land of the Company (of Singer Pakistan Limited) which were disposed off during the year on 21 November 2017 were also revalued on 30 June 2017 by an independent valuer M/s Asif Associates (Private) Limited on market value basis after making independent inquiries from local property dealers and estate agents to ascertain the market price for properties of the same nature in the immediate neighbourhood and adjoining areas. Revaluations of the above assets were last carried out in 2016 (land and buildings), 2015 (land and buildings), 2014 (land and buildings), 2013 (land only) and 2010 (land only). The resulting surplus of Rs. 133.854 million on leasehold land and Rs. 2.33 million on buildings for the year have been credited to the revaluation surplus account.

5.1.2 Depreciation for the year has been allocated as follows:

Note	2017	2016
	(Rupees in '000)	
Cost of sales	26.1	70,283
Marketing, selling and distribution costs	27	29,726
Administrative expenses	28	15,850
	115,859	68,434

5.2 Capital work-in-progress (CWIP)

	2017	2016
Balance as at 1 January		72,148
Additions during the year		72,762
Acquisition through business combination	3 & 4.3	86,561
Written off during the year		-
Transfers to operating fixed assets		(145,108)
Balance as at 31 December		86,363

Breakup of capital work in progress is as follows:

- Plant and machinery	85,364	72,148
- Advance for the purchase of a vehicle	999	-
	86,363	72,148

5.3 Disposal of operating fixed assets

Note	Cost / revaluation	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Sold to	Address
	(Rupees in '000)							
Land, building on leasehold and land leasehold improvements	5.3.1							
Vehicles								
LXO-4229	400	-	400	210	(190)	Open bid	Mr. Asif Ali	Lahore
LRV-9944	350	-	350	395	45	Open bid	Mr. Khalid Saleem	Sargodha
LWQ-0449	400	-	400	490	90	Open bid	Mr. M Bilal Munir	Lahore
LEB-06-1558	400	-	400	470	70	Open bid	Mr. Shan Ali	Lahore
LEF-07-4454	350	-	350	435	85	Open bid	Mr. Ali Haider Khureshid	Lahore
LEB-10-8534	400	-	400	614	214	Open bid	Mr. M Ajmal Baig	Lahore
AFT-321	350	-	350	300	(50)	Open bid	Mr. M Nazeer	Lahore
GAK-9550	200	(17)	183	190	7	Open bid	Mr. Yaqoob	Jhang
LRH-5384	250	(21)	229	275	46	Open bid	Mr. Aftab Khan	Lahore
LEC-08-6139	350	(29)	321	345	24	Open bid	Mr. Nadeem Latif	Lahore
BRA-09-1221	350	(29)	321	320	(1)	Open bid	Mr. M javed	Lahore
LEB-09-7113	350	(29)	321	460	139	Open bid	Mr. Khalid Saleem	Sargodha
LXM-456	400	(33)	367	455	88	Open bid	Mr. M Israil	Multan
	4,550	(158)	4,392	4,959	567			
Written down value not exceeding Rs. 50,000 each								
31 December 2017	4,462	(4,363)	99	161	62	Negotiation		
	9,012	(4,521)	4,491	5,120	629			

5.3.1 During the year, the company sold its entire factory land and buildings to another company (International Brands Limited) on the basis of an approval of the Board of Directors in their meeting held on 30 August 2017 and the approval of the shareholders in their Extraordinary General meeting (EOGM) held on 04 October 2017. These land and buildings including the investment property held by the Company were disposed off for Rs. 2,077.778 million against their respective carrying values of Rs. 1,213.973 million, Rs. 24.877 million and Rs. 348 million. Gain on such a sale amounting to Rs. 456.322 million (representing the difference between the carrying value and the sale proceeds after deducting selling expenses of Rs. 34.606) have been recognized in the Profit and Loss account while surplus on revaluation of these assets amounting to Rs. 1,213.853 million, Rs. 10.547 million and Rs. 204.998 million respectively have been taken directly to the Equity through the Statement of Changes in Equity.

Disposal in case of leasehold improvements on the rented shops represents transfer to the subsidiary company (Electronics Marketing Company (Private) Limited) under the Scheme of Arrangement.

6. INTANGIBLE ASSETS AND GOODWILL

	Note	2017 (Rupees in '000)	2016
Software		18,716	22,345
Goodwill - provisional and other intangibles to be identified	6.1.2	2,975,122	-
		<u>2,993,838</u>	<u>22,345</u>

6.1 Reconciliation of carrying amounts

	Software	Provisional goodwill (and other intangible) (Rupees in '000)	Total
Cost			
Balance at 31 December 2015	49,761	-	49,761
Balance at 31 December 2016	49,761	-	49,761
Acquisition through business combination	-	2,975,122	2,975,122
Balance at 31 December 2017	<u>49,761</u>	<u>2,975,122</u>	<u>3,024,883</u>
Accumulated amortisation and impairment losses			
Balance at 01 January 2016	(23,687)	-	(23,687)
Amortisation	(3,729)	-	(3,729)
Balance at 31 December 2016	(27,416)	-	(27,416)
Amortisation	(3,629)	-	(3,629)
Balance at 31 December 2017	<u>(31,045)</u>	<u>-</u>	<u>(31,045)</u>
Carrying amounts			
At 31 December 2016	22,345	-	22,345
At 31 December 2017	<u>18,716</u>	<u>2,975,122</u>	<u>2,993,838</u>

6.1.1 Rates of amortization

10-20%

6.1.2 Provisional Goodwill and other intangibles

This represents excess of the amount paid over the fair value of the net assets of Cool Industries (Private) limited and Link Wel (Private) Limited on its acquisition as of the start of business on 01 July 2017 (see note 3). International Financial Reporting Standard 3, (IFRS 3) "Business Combinations", requires that all identified assets and liabilities acquired in a business combination should be carried at fair values in the acquirer's balance sheet and any intangible assets acquired in the business combination are required to be separately recognised and carried at fair values. IFRS 3 allows the acquirer a maximum period of one year from the date of acquisition to finalise the determination of the fair values of the assets and liabilities and to determine the value of any intangible assets separately identified. The fair valuation exercise of the recorded tangible assets and liabilities have completed, however goodwill is provisional as the determination of separately identifiable intangible assets will be completed within the period specified under IFRS 3 (i.e. not later than one year from acquisition date). Accordingly, provisional amount for goodwill has been recorded which may change as a result of the exercise for the identification of additional intangible assets as required under IFRS 3 (which is in progress).

2017

Discount rate	14.00%
Terminal value growth rate	4.00%

This discount rate represents estimate of rate implicit in relevant market for the same currency in which the cash flows arise. Five years of free equity cash flows were included in the discounted cash flow model, and thereafter on the basis of terminal value growth rate.

Budgeted growth was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced in the recent years and the estimated sales volume and price growth for the next five years.

Following the impairment testing, management concludes that recoverable amount of investment exceeds its carrying value. However, in the future years, any adverse movement in the key assumptions may lead to reduction in recoverable amount.

6.2 Amortisation for the period has been allocated as follows:

	Note	2017 (Rupees in '000)	2016
Marketing, selling and distribution costs	27	3,266	3,356
Administrative expenses	28	363	373
		<u>3,629</u>	<u>3,729</u>

7. INVESTMENT PROPERTY

Property, comprising land or a building or part thereof, held to earn rentals or for capital appreciation or both are classified as investment property. These are not held for use in the production or supply of goods or services or for administrative purposes.

The Company has rented out the owned shops to its subsidiary company {Electronic Marketing Company (Private) Limited}, effective from 01 July 2017, the effective date of the Scheme of Arrangement. Balance as of 31 December 2017 comprised of shops of Rs 169.625 million (representing the value on the date of transfer on 01 July 2017) and revaluation gain of Rs 3.876 million based on the revaluation / fair value of the owned shops determined on 31 December 2017. This change in the fair value is recognized in the Profit and Loss account as "Other income" and is for the six months period ended 31 December 2017 subsequent to the transfer on 01 July 2017.

Rent income of Rs 1.92 million has been recognized on the above property subsequent to the effective date of arrangement up to 31 December 2017. Agreements for the rent are valid up to 10 years and are renewable. Surplus on revaluation of the above properties amounting to Rs 153.485 million as of 30 June 2017 continues to be maintained in the "Surplus on Revaluation of assets" mentioned in note 16 to these unconsolidated financial statements.

The fair value of investment properties as of 31 December 2017 has been determined by an external independent property valuer M/s Asif Associates (Private) Limited based on independent inquiries from active local realtors, recent experience in the location and the records of the valuer. The fair value measurement of the investment property had been categorized as a level 3 fair value based on the input to the valuation technique used.

Besides as more fully explained in note 5.3.1 to these unconsolidated financial statements, during the year, the Company sold its entire factory land and building on 21 November 2017, the date of disposal, including the portion of above land and building amounting to Rs. 348 million held as investment property for rental purposes {this includes revaluation gain of Rs 30.8 million (2016: Rs. 109.4 million) for current period}. Furthermore, rental income of Rs. 3.15 million (2016: Rs. 2.1 million) on the above portion of property earlier rented out has been recognized in the Profit and Loss account as "Other income".

8. INVESTMENT IN SUBSIDIARY COMPANIES

	Note	2017 (Rupees in '000)	2016
Electronics Marketing Company (Private) Limited (EMCPL) - at cost	8.1	250,000	2,000
Waves Marketing (Private) Limited	8.2	1,000	-
		<u>251,000</u>	<u>2,000</u>

8.1 EMCPL is a wholly owned subsidiary company of the Company. Details of the above are as follows:

Investment in 200,000 (2016: 200,000) ordinary shares of Rs. 10 each	8.1.1	2,000	2,000
Shares to be issued by the subsidiary company to the Company under the Scheme of Arrangement	8.1.2	248,000	-
		<u>250,000</u>	<u>2,000</u>

8.1.1 This represents investment in 200,000 (2016: 200,000) ordinary shares of Rs. 10 each. The subsidiary company was incorporated on 9 September 2016. The principal activity of the subsidiary company is to carry out distribution / wholesales and retail business of all kinds of electronic appliances, its components and accessories, etc. The Chief Executive Officer of EMCPL is Mr. Nadeem Mahmood Butt. Net assets of the subsidiary company, including the