

# **Waves Singer Pakistan Limited**

*(formerly Singer Pakistan Limited)*

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Condensed Interim

Consolidated and Un-Consolidated

Financial Statements

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For the Three Months Ended 31<sup>st</sup> March, 2019

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# Waves Singer Pakistan Limited

## Directors Report to the Shareholders

### For the Three Months Ended 31<sup>st</sup> March 2019

The Board of Directors of your Company are pleased to present their report together with the un-audited condensed Interim Financial Statements of the Company for the First Quarter ended March 31, 2019. During the period under review, market conditions remained challenging on account of, persistent inflation, rising interest rates and currency devaluation. These factors resulted in decrease in gross profit margins, however your Company was partially able to mitigate this impact due to higher volumetric sales and better product pricing achieved in the current quarter as compared to the corresponding quarter last year.

#### Key Financial Indicators

During the Q1 of 2019, your Company generated profit before tax of Rs. 115 million compared to profit before tax of Rs. 156 million for the Q1 of 2018. The Q1 2019 is characterized primarily by growth in the topline to Rs. 3,310 million compared to Rs. 2,826 million of the Q1 2018 representing an increase of 17%. The operating results of your Company reflect high level of trust posed by customers on the company's products, concerted efforts of management and increased level of employees' commitment and dedication to achieve the desired results.

Key Financial Indicators for the 3M 2019 compared to that of 3M 2018 are summarized below:

Summary of operating results (PKR 000)	PKR Million		
	<u>Q1 2019</u>	<u>Q1 2018</u>	<u>Percentage Change (%)</u>
Gross Revenue	3,310	2,826	17%
Gross Profit	595	638	-7%
Operating Profit	254	267	-5%
Financial Cost (Net of Earned Carrying Charges)	(105)	(72)	46%
Profit Before Tax	148	195	-24%
Profit After Tax	115	156	-26%
Earnings Per Share - Rupees	0.71	0.96	-26%

#### Financial Performance Analysis

Gross profit achieved in 3M 2019 amounted to Rs. 595 million as compared to Rs. 638 million for 3M 2018 resulting in a decrease of 7%.

Profit before tax for 3M 2018 is Rs. 148 million compared to Rs.195 million for the corresponding period of 2018 representing a decrease of 24 %.

Profit after tax stands at Rs. 115 million compared to Rs. 156 million for the corresponding period of 2018 representing a decrease of 26%.

The Company recorded an EPS of Rs. 0.71 as compared to Rs. 0.96 for the corresponding period of previous year.

### **Future Outlook:**

The Management of the Company will remain focused on its key strategies of building up demand for its products through innovative advertising and sales promotion activities, introduction of diversified and cost-effective products and models along with cost efficiencies in all operational areas. The Company expects the macroeconomic business environment to be challenging during the remaining part of the year as the rising fuel & energy costs coupled with rising interest rates and devaluation of rupee will keep the inflation increasing and will affect the purchasing power of the customers and keep the sale of appliances under pressure.

However, despite the challenging macroeconomic factors, an overall growth in home appliances market is expected to continue due to growth in consumable income, rapid urbanization, improved electrification, thriving housing market and change in lifestyles leading to increased adoption of appliances. As a result of this, we expect to introduce new models and improve our dealership and retail shop network to raise our products penetration among the masses. The Company, with its unique brand, 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 development 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 and expand its business in both of its brands, Waves and Singer.

### **Acknowledgement**

We also take this opportunity to thank all our stakeholders and look forward to their continued patronage.

On behalf of the Board

**Haroon A. Khan**  
Chief Executive Officer  
Karachi: 29 April 2019

آپکی کمپنی کے ڈائریکٹرز ۳۱ مارچ ۲۰۱۹ کو ختم ہونے والی پہلی سہ ماہی کے اختتام پر تین ماہ کی رپورٹ پیش کرتے ہوئے مسرت محسوس کرتے ہیں جسکے ساتھ ہی اس دورانیہ کے غیر آڈٹ شدہ تین ماہ کے وسط مدتی مجموعی مالیاتی گوشوارہ بھی منسلک ہیں۔ زیر نظر مدت کے دوران مارکیٹ کی صورتحال دشوار رہی جسکی وجوہات میں اضافہ پزیر افراط زر، بڑھتے ہوئے شرح سود اور روپے کی قدر میں کمی سرفہرست ہیں۔ یہ عوامل کمپنی کے منافع میں کمی کا سبب بنے، بہر کیف آپکی کمپنی زیادہ مصنوعات کی فروخت اور بہتر قیمتوں کے تعین کی بدولت سال گزشتہ کی تیسری سہ ماہی کے مقابلہ میں موجودہ سہ ماہی میں ان منفی اثرات کو کسی حد تک زائل کرنے میں کامیاب رہی۔

### کلیدی مالیاتی اشاریے

۲۰۱۹ کے تین ماہ کے دوران آپ کی کمپنی نے ۱۱۵ ملین روپے کا قبل از ٹیکس منافع کمایا جبکہ گزشتہ سال اس دورانیہ میں ۱۵۶ ملین روپے کا قبل از ٹیکس منافع ہوا تھا۔ ان تین ماہ کی بنیادی خصوصیت ٹاپ لائین میں اضافہ ہے جو اب ۳،۳۱۰ ملین روپے ہے جبکہ ۲۰۱۸ کے پہلے تین ماہ کے دوران ۲،۸۲۶ ملین روپے تھا اور اس طرح ۱۷ فیصد کا اضافہ دیکھنے میں آیا۔ آپکی کمپنی کے آپریٹنگ نتائج کمپنی پر کسٹمر حضرات کے اعلیٰ اعتماد کے آئینہ دار ہیں، علاوہ ازیں انتظامیہ کے مجموعی اقدامات اور نتائج حاصل کرنے کیلئے ملازمین کی سخت محنت اور کمپنی سے لگن بھی اسکے اہم جزو ہیں۔

۲۰۱۹ کے پہلے تین ماہ کے کلیدی مالیاتی اشاریہ ۲۰۱۸ کے پہلے تین ماہ کے کلیدی مالیاتی اشاریہ کے مقابل مندرجہ ذیل رہے۔

	پاکستانی روپیہ ملین میں		
	پہلے تین ماہ ۲۰۱۹	پہلے تین ماہ ۲۰۱۸	فی صد (%)
(پاکستانی روپیہ ہزار میں) آپریٹنگ نتائج کا خلاصہ			
مجموعی ریوینیو	3,310	2,826	17%
مجموعی منافع	595	638	(7) %
آپریٹنگ منافع	254	267	(5) %
مالیاتی لاگت (کمائے گئے کیری انگ چارجز کو منہا کرنے کے بعد)	(105)	(72)	46%
منافع قبل از ٹیکس	148	195	(24) %
منافع بعد از ٹیکس	115	156	(26) %
فی حصص آمدنی - روپیہ میں	0.71	0.96	(26) %

### مالیاتی کارکردگی کا جائزہ

پہلے تین ماہ ۲۰۱۹ میں کل منافع ۳،۳۱۰ ملین رہا جبکہ ۲۰۱۸ کے پہلے تین ماہ میں صرف ۲،۸۲۶ ملین روپے کا کل منافع ہوا تھا یہ منافع ۱۷% کے اضافہ کو ظاہر کرتا ہے۔

پہلے تین ماہ ۲۰۱۹ میں قبل از ٹیکس منافع ۱۴۸ ملین رہا جبکہ ۲۰۱۸ کے پہلے تین ماہ میں صرف ۱۹۵ ملین کا قبل از ٹیکس منافع ہوا تھا یہ منافع ۲۴% کی کمی کو ظاہر کرتا ہے۔

پہلے تین ماہ ۲۰۱۹ میں بعد از ٹیکس منافع ۱۱۵ ملین ہوا جبکہ ۲۰۱۸ کے پہلے تین ماہ میں بعد از ٹیکس منافع ۱۵۶ ملین تھا یہ منافع ۲۶% کی کمی کو ظاہر کرتا ہے۔

اس دورانیہ میں فی شیئر آمدنی ۰.۷۱ روپے ہوئی جبکہ گزشتہ سال پہلے تین ماہ میں ۰.۹۶ روپے فی شیئر آمدنی ہوئی تھی۔

### مستقبل کی توقعات

فی الوقت کمپنی اپنی مصنوعات کی تیاری اپنی لاہور فیکٹری میں کر رہی ہے جو کثیر آبادی والا علاقہ ہے اور زمین نسبتاً مہنگی ہے۔ اپنی آئندہ کی بڑھتی ہوئی مینیفیکچرنگ کی ضروریات اور مینیفیکچرنگ اور وئیرہاوس کو ایک ہی جگہ رکھنے کے لیے آپکی کمپنی ایک بڑی اور بہتر جگہ کیلئے کوشاں ہے۔ اس مقصد کیلئے کمپنی کے انتخاب کی چکہ زیر معاملت ہیں اور جلد ہی نتیجہ خیز ہوگی۔ اس مجوزہ جگہ پر فیکٹری کے مطابق تعمیر موجود ہے اور اسکو صرف بہتر کرنے اور آپکی کمپنی کی ضروریات کے مطابق مناسب ترمیم کی ضرورت ہے۔

خرچ کرنے کے قابل پڑھتی ہوئی آمدنی اور شہروں میں رہنے کے بڑھتے ہوئے رجحان کی بدولت گھریلو مصنوعات کی مارکیٹ میں اضافہ ہونا ناگزیر ہے۔ اس کے نتیجہ میں ہم توقع کر رہے ہیں کہ نئے ماڈلز متعارف کروا کر اور اپنے ڈیلرشپ نیٹ ورک کو بڑھا کر کثیر آبادی تک اپنی مصنوعات پہنچاسکیں گے۔ کمپنی اپنے مخصوص برانڈ، ضاعی کا شاہکار مصنوعات بنانے کی جگہ ملک بھر میں پھیلے ہوئے فروخت اور نعد از فروخت سروس نیٹ ورک کی بدولت بڑھتی ہوئی مارکیٹ میں اپنا بہتر حصہ لینے میں کامیاب ہوگی۔

جیسا کہ کمپنی کے مستقبل کے امکانات ملک کی مجموعی ترقی کے ساتھ نتھی ہیں لہذا ویوز سنگر پاکستان لمیٹڈ مارکیٹ کے تمام تر حالات اور پیدا ہونے والے مواقع کو مدنظر رکھے گی۔ کمپنی کا اپنے تمام اسٹیک ہولڈرز کو یقین دلاتی ہے کہ کمپنی نہ صرف اپنے کاروبار کو بڑھا کر نہ صرف پاکستان بلکہ اس سے بھی آگے اپنی قدر میں اضافہ کرے گی۔

### اعتراف

اس موقع پر ہم اپنے تمام متعلقین کے شکر گزار ہیں اور آئندہ بھی ان کی سرپرستی جاری رہنے کے لیے پریقین ہیں

بورڈ کی وساطت سے

ہارون احمد خان  
چیف ایگزیکٹو آفیسر  
لاہور ۲۹ اپریل ۲۰۱۹

# **Waves Singer Pakistan Limited**

Condensed Interim Consolidated Financial Statements

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For the Three Months Ended 31<sup>st</sup> March, 2019

Waves Singer Pakistan Limited  
Condensed Interim Consolidated Balance Sheet  
As at 31 March 2019

	Un-audited 31 March 2019 (Rupees in '000)	Audited 31 December 2018
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	7 4,775,220	4,754,698
Intangible assets and goodwill	2,955,620	2,965,690
Employee retirement benefits	9,960	9,960
Long term deposits	23,637	23,637
<i>Total non-current assets</i>	<u>7,764,437</u>	<u>7,753,985</u>
<b>Current Assets</b>		
Stores, spares and loose tools	33,681	31,035
Stock-in-trade	3,216,558	3,091,701
Trade debts		
- Retail	869,828	860,125
- Wholesale	3,294,817	2,386,358
Advances, deposits, prepayments and other receivables	428,938	149,759
Taxation - net	316,405	334,460
Cash and bank balances	99,828	105,247
<i>Total current assets</i>	<u>8,260,056</u>	<u>6,958,685</u>
<b>TOTAL ASSETS</b>	<u><u>16,024,493</u></u>	<u><u>14,712,670</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Share Capital and Reserves</b>		
Authorised capital 175,000,000 (2018: 175,000,000) ordinary shares of Rs. 10 each	6 <u>1,750,000</u>	<u>1,750,000</u>
Issued, subscribed and paid-up capital	1,631,340	1,631,340
Share premium reserve	4,825,764	4,825,764
Capital reserve	5,000	5,000
Surplus on revaluation of property, plant and equipment - net of tax	115,241	117,395
Revenue reserve - unappropriated profit / (accumulated loss)	1,926,992	1,809,626
<b>Shareholders Equity</b>	<u>8,504,337</u>	<u>8,389,125</u>
<b>Non-Current Liabilities</b>		
Long term loans - secured	9 621,333	732,271
Liabilities against assets subject to finance lease	10 50,663	42,454
Employee retirement benefits - obligation	11 61,823	61,823
Deferred tax liability - net	14 287,843	270,251
Deferred income	19,090	20,214
<i>Total non-current liabilities</i>	<u>1,040,752</u>	<u>1,127,013</u>
<b>Current Liabilities</b>		
Trade and other payables	2,065,933	1,789,617
Mark-up accrued on short term and long term borrowings	141,102	97,338
Short term borrowings - secured and unsecured	10 3,962,380	2,995,286
Unclaimed dividend	1,325	1,325
Unpaid dividend	1,517	1,517
Current portion of long term liabilities	9 307,147	311,449
<i>Total current liabilities</i>	<u>6,479,403</u>	<u>5,196,532</u>
<b>Contingencies and commitments</b>	12	
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>16,024,493</u></u>	<u><u>14,712,670</u></u>

The annexed notes 1 to 23 form an integral part of these consolidated financial statements.

Director

Chief Executive

Director Finance



# Waves Singer Pakistan Limited

## Condensed Interim Consolidated Profit and Loss Account (Un-audited)

For the three months ended 31 March 2019

		<i>Three months ended</i>	
		31 March	31 March
	Note	2019	2018
		(Rupees in '000)	
Sales - net of sales return		3,309,519	2,826,268
Sales tax and trade discount on invoices		<u>(764,611)</u>	<u>(617,897)</u>
Sales - net	15	2,544,908	2,208,371
Cost of sales	16	<u>(1,950,209)</u>	<u>(1,569,958)</u>
<b>Gross profit</b>		<b>594,699</b>	<b>638,413</b>
Marketing, selling and distribution costs		<u>(244,772)</u>	<u>(266,567)</u>
Administrative expenses		<u>(91,901)</u>	<u>(100,288)</u>
Other expenses		<u>(6,087)</u>	<u>(7,715)</u>
Other income		<u>1,890</u>	<u>3,517</u>
		<u>(340,869)</u>	<u>(371,053)</u>
		253,830	267,360
Earned carrying charges		<u>34,920</u>	<u>24,506</u>
Finance costs		<u>(140,360)</u>	<u>(96,678)</u>
		<u>(105,440)</u>	<u>(72,172)</u>
<b>Profit before taxation</b>		<b>148,390</b>	<b>195,188</b>
Taxation	13	<u>(33,178)</u>	<u>(39,038)</u>
<b>Profit for the year</b>		<u><b>115,212</b></u>	<u><b>156,150</b></u>
			(Rupees)
Earnings per share - basic and diluted (based on the consolidated financial statements of Waves Singer Pakistan Limited)	17	<u><b>0.71</b></u>	<u><b>0.96</b></u>

The annexed notes 1 to 23 form an integral part of these consolidated financial statements.

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director Finance

Waves Singer Pakistan Limited  
Consolidated Statement of Comprehensive Income  
For the three months ended 31 March 2019

Three months ended  
31 March 2019      31 March 2018  
(Rupees in '000)

Net profit for the year      115,212      156,150

**Other comprehensive income**

*Item that will not be reclassified to profit and loss:*

Actuarial (loss) / gain on employee retirement benefits

-	-
-	-

Related tax effect

-

Total comprehensive income for the year

**115,212**      156,150

The annexed notes 1 to 23 form an integral part of these consolidated financial statements.

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director Finance

# Waves Singer Pakistan Limited

## Condensed Interim Consolidated Cash Flow Statement (Un-audited)

For the three months ended 31 March 2019

	Three months ended	
	31 March 2019	31 March 2018
(Rupees in '000)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit / (loss) before taxation</b>	<b>148,390</b>	195,188
<b>Adjustment for:</b>		
- Depreciation on property, plant and equipment	41,542	60,419
- Amortisation of intangible assets	10,070	858
- Finance cost	140,360	96,678
- Amortisation of deferred income	(1,124)	(1,053)
- Provision for employee retirement benefits	-	2,841
	<u>339,238</u>	<u>354,931</u>
<b>Working capital changes</b>		
<i>(Increase) / decrease in current assets</i>		
Stores, spares and loose tools	(2,646)	(5,520)
Stock-in-trade	(124,857)	(419,575)
Trade debts and other receivables	(918,162)	(602,385)
Advances, deposits, prepayments and other receivables	(279,179)	39,221
	<u>276,316</u>	<u>270,194</u>
<i>Increase in current liabilities</i>		
Trade and other payables	(1,048,530)	(718,065)
	<u>(709,292)</u>	<u>(363,134)</u>
Income tax paid	2,469	(187,271)
Finance cost paid	(95,505)	(121,076)
Employee retirement benefits paid	-	-
Long term deposits - net	-	(8,731)
Net cash flows from operating activities	<u>(802,328)</u>	<u>(680,212)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure net	(52,532)	(26,526)
Investments matured during the period - net	-	-
Net cash flows from investing activities	<u>(52,532)</u>	<u>(26,526)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term loans - net	(110,938)	-
Borrowing / (repayment) of short term finances	1,016,269	(393,436)
Lease rentals paid	(6,716)	(5,789)
Net cash flows from financing activities	<u>898,616</u>	<u>(399,225)</u>
Net (decrease) / increase in cash and cash equivalents	<u>43,756</u>	<u>(1,105,963)</u>
Cash and cash equivalents at beginning of the period	<u>(1,424,619)</u>	<u>(576,870)</u>
Cash and cash equivalents at end of the period	<u><u>(1,380,863)</u></u>	<u><u>(1,682,833)</u></u>

The annexed notes 1 to 23 form an integral part of these consolidated financial statements.

Director

Chief Executive

Director Finance

Waves Singer Pakistan Limited  
Consolidated Statement of Changes in Equity  
For the three months ended 31 March 2019

	Issued, subscribed and paid-up capital	Capital Reserves			Surplus on revaluation of land and building	Revenue Reserve	Total
		Shares to be issued pursuant to amalgamation	Share premium reserve	Other capital reserve		(Accumulated loss) / Unappropriated profit	
(Rupees in '000)							
As at 01 January 2017 previously reported	454,056	-	-	5,000	-	(150,507)	308,549
Impact of change in policy	-	-	-	-	1,095,855	-	1,095,855
As at 01 January 2017 - restated	454,056	-	-	5,000	1,095,855	(150,507)	1,404,404
<u>Total comprehensive income for the year</u>							
Profit after taxation	-	-	-	-	-	312,132	312,132
<u>Other comprehensive income for the year</u>							
Remeasurement of defined benefit obligation	-	-	-	-	-	(15,749)	(15,749)
Surplus on revaluation of property, plant and equipment arisen	-	-	-	-	150,688	-	150,688
Related deferred tax on surplus arisen	-	-	-	-	(44,846)	-	(44,846)
Deferred tax reversal on investment property	-	-	-	-	-	-	-
	-	-	-	-	105,842	296,383	402,225
<u>Surplus transferred to accumulated profits</u>							
Transfer against sale of land and building - net of tax	-	-	-	-	(1,072,432)	1,072,432	-
Transfer of related deferred tax	-	-	-	-	-	356,966	356,966
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	-	-	(11,165)	11,165	-
	-	-	-	-	(1,083,597)	1,440,563	356,966
<u>Transactions with owners of the Company recognized directly in equity</u>							
Shares to be issued pursuant to amalgamation	-	964,500	5,038,548	-	-	-	6,003,048
<b>Balance as at 31 December 2017 - restated</b>	<b>454,056</b>	<b>964,500</b>	<b>5,038,548</b>	<b>5,000</b>	<b>118,100</b>	<b>1,586,439</b>	<b>8,166,643</b>
<u>Total comprehensive income for the year</u>							
Profit after taxation	-	-	-	-	-	382,075	382,075
<u>Other comprehensive income for the year</u>							
Remeasurement of defined benefit obligation	-	-	-	-	-	15,197	15,197
<u>Surplus transferred to accumulated profits</u>							
Transfer against sale of building - net of tax	-	-	-	-	(967)	967	-
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	-	-	(2,268)	2,268	-
Adjustment resulting from change of tax rate	-	-	-	-	2,530	-	2,530
	-	-	-	-	(705)	400,507	399,802
<u>Transactions with owners of the Company recognized directly in equity</u>							
Shares issued under scheme of amalgamation	964,500	(964,500)	-	-	-	-	-
Shares issued as fully paid bonus shares @ 15%	212,784	-	(212,784)	-	-	-	-
Final dividend for the year ended 31 December 2018 @ Rs. 1.25 per share	-	-	-	-	-	(177,320)	(177,320)
	1,177,284	(964,500)	(212,784)	-	-	(177,320)	(177,320)
<b>Balance as at 31 December 2018</b>	<b>1,631,340</b>	<b>-</b>	<b>4,825,764</b>	<b>5,000</b>	<b>117,395</b>	<b>1,809,626</b>	<b>8,389,125</b>
Profit for the period	-	-	-	-	-	115,212	115,212
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	-	-	(2,154)	2,154	-
	-	-	-	-	(2,154)	117,366	115,212
<b>Balance as at 31 March 2019</b>	<b>1,631,340</b>	<b>-</b>	<b>4,825,764</b>	<b>5,000</b>	<b>115,241</b>	<b>1,926,992</b>	<b>8,504,337</b>

Lahore

Director

Chief Executive Officer

Chief Financial Officer

# Waves Singer Pakistan Limited

## Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)

For the three months ended 31 March 2019

### 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

**1.1.1** Waves Singer Pakistan Limited ("the Holding Company") was 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 manufacturing facilities of the company are located 9-K.M, Hanjarwal, Multan Road, Lahore, Dina Nath, Mauza Rakh Sirai Cheemba, Tehsil Pattoki, District Kasur.

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2** These consolidated condensed interim financial statements comprise the consolidated condensed interim statement of financial position of the Company as at 31 March 2019 and the related consolidated condensed interim statement of profit or loss and other comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim cash flow statement and notes to the financial statements for the three month period then ended.

**2.3** These condensed interim financial statements do not include all the information required for full annual financial statements, and should be read in conjunction with the Company's annual financial statements as at and for the year ended 31 December 2018.

- 2.4 The comparative balance sheet presented in these condensed interim financial statements has been extracted from the audited financial statements of the Company for the year ended 31 December 2018, whereas comparative interim profit or loss account, interim statement of comprehensive income, interim statement of cash flow and interim statement of changes in equity have been extracted from the unaudited condensed interim financial statements for the three months ended 31 March 2018.
- 2.5 The condensed interim financial information are presented in Pakistan Rupees which is the functional currency of the Company and rounded off to the nearest thousand rupees except stated otherwise.

### 3. **STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS EFFECTIVE FROM 01 JAN 2019**

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations are effective for accounting periods beginning on or after 01 January 2019:

- IFRIC 23 ‘Uncertainty over Income Tax Treatments’ (effective for annual periods beginning on or after 01 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 the Company’s financial statements.
- IFRS 15 ‘Revenue from contracts with customers’ (effective for annual periods beginning on or after 01 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 application of interpretation is not likely to have an impact on the Company’s financial statements.
- IFRS 9 ‘Financial Instruments’ and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 July 2018 and 01 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 has analysed and recorded 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.
- IFRS 16 ‘Leases’ (effective for annual period beginning on or after 01 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 ‘Leases’, IFRIC 4 ‘Determining whether an Arrangement contains a Lease’, SIC-15 ‘Operating Leases - Incentives’ and SIC-27 ‘Evaluating the Substance of Transactions Involving the Legal Form of a Lease’. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The application of interpretation is not likely to have an impact on the Company’s financial statements.

- 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 01 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.
- Amendments to IAS 19 ‘Employee Benefits’ - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company’s financial statements.
- Amendment to IFRS 3 ‘Business Combinations’ – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.

Annual Improvements to IFRS Standards 2015–2017 Cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements. 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 clarify 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 clarify 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 01 January 2019 and are not likely to have an impact on Company’s financial statements.

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

These condensed interim financial statements have been prepared using the same accounting policies which were applied in the preparation of the annual audited financial statements of the Company for the year ended 31 December 2018.

## **5. ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT**

The significant judgments, estimates and assumptions used by the management in preparation of these condensed interim financial information are the same as those applied to the annual audited financial statements for the year ended 31 December 2018.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended 31 December 2018.

## **6. SHARE CAPITAL**

### **6.1 Authorised Capital**

This represents 175,000,000 (2018: 175,000,000) ordinary shares of Rs. 10 each amounting to Rs. 1,750 million (2018: Rs. 1,750 million).



7. <b>PROPERTY, PLANT AND EQUIPMENT</b>	(Un-audited)	(Audited)
	31 March 2019	31 December 2018
	(Rupees in '000)	
Operating fixed assets	4,740,493	4,721,191
Capital work-in-progress	34,727	33,507
	<u>4,775,220</u>	<u>4,754,698</u>

7.1 Following is the cost of property, plant and equipment that have been added / transferred during the three months ended 31 March 2019 (other than on account of the revaluation of land and building):

	Three months ended	
	31 March 2019	31 March 2018
	(Rupees in '000)	
<b>Owned</b>		
Leasehold improvements	997	1,986
Furniture and equipment	1,904	3,246
Plant and machinery	47,920	1,736
Vehicles	268	2,879
Computers	223	1,985
	<u>51,312</u>	<u>11,832</u>
<b>Leased</b>		
Plant and machinery	-	-
Vehicles	9,532	2,928
Computers	-	-
	<u>9,532</u>	<u>2,928</u>
Capital work-in-progress	<u>34,727</u>	<u>14,694</u>

8. <b>TRADE DEBTS</b>	(Un-audited)	(Audited)
	31 March 2019	31 December 2018
8.1 <b>Retail Network</b>	(Rupees in '000)	
<b>Considered good - unsecured</b>		
Hire purchase		
- Retail	764,999	789,756
- Institutional (employees of the corporate entities)	194,887	124,007
	<u>959,886</u>	913,763
Unearned carrying charges	<u>(90,058)</u>	(53,638)
	<u>869,828</u>	860,125
<b>Considered doubtful</b>	<u>240,544</u>	240,544
	<u>1,110,372</u>	1,100,669
Provision for doubtful debts and other receivables	<u>(240,544)</u>	(240,544)
	<u>869,828</u>	860,125

	<b>(Un-audited)</b>	(Audited)
	<b>31 March</b>	31 December
	<b>2019</b>	2018
	<b>(Rupees in '000)</b>	
<b>8.2 Wholesale</b>		
<b>    Considered good - unsecured</b>		
Dealers	<b>3,294,817</b>	2,386,358
Considered doubtful	<b>33,821</b>	33,821
	<b>3,328,638</b>	2,420,179
Provision for doubtful debts	<b>(33,821)</b>	(33,821)
	<b>3,294,817</b>	2,386,358
<b>8.3 Movement in provision for doubtful debts</b>		
Balance as at 01 January	<b>274,365</b>	274,365
Provision for the period	-	-
Written off during the period	-	-
Balance as at 31 March/ 31 December	<b>274,365</b>	274,365

<b>9. LONG TERM LOANS - secured</b>	<b>31 March</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
Long term loans - Banking Company	<b>486,958</b>	<b>568,209</b>
Long term loans - Non-banking Company	<b>415,625</b>	<b>445,312</b>
Current maturity presented under current liabilities	<b>(281,250)</b>	<b>(281,250)</b>
	<b>621,333</b>	<b>732,271</b>

<b>Note</b>	<b>Bank Name</b>	<b>Facility</b>	<b>31-Mar-19</b>	<b>31-Dec-18</b>	<b>Mark-up as per Agreement</b>	<b>Tenure and basis of principal repayment</b>
	<b>Sindh Bank Limited</b>	Term Finance	<b>486,958</b>	<b>568,209</b>	3 Months KIBOR plus 3% per	Balance payable in 7 semi-annually instalments ending on
	Pak Brunei Investment Company	Term Finance	<b>415,625</b>	<b>445,312</b>	3 Months KIBOR plus 3% per	Balance payable in 15 quarterly instalments ending on 30 August

<b>9.1 Current portion of long term liabilities</b>	<b>31 March</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
Long term loans - secured	<b>281,250</b>	<b>281,250</b>
Liabilities against assets subject to finance lease	<b>18,772</b>	<b>23,074</b>
Deferred income	<b>7,125</b>	<b>7,125</b>
	<b>307,147</b>	<b>311,449</b>

**10. SHORT TERM BORROWINGS, RUNNING FINANCE AND LIABILITES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

**10.1 Short Term Borrowings and Running Finance**

As compared to the year ended 31 December 2018, the short term borrowing has increased by Rs. 967 million.

## 10.2 Liabilities against assets subject to finance lease

During the current three months period, the Company entered into lease arrangements of assets of Rs. 9.532 million. These obligations are payable in monthly instalments of Rs. 0.198 million and carry mark-up rates at KIBOR plus 1.5% to 5% per annum.

## 11 DEFERRED LIABILITY FOR EMPLOYEE RETIREMENT BENEFITS OBLIGATION

<b>Pension Fund</b>		<b>Gratuity</b>				<b>Total</b>		
<b>Permanent employees (funded)</b>		<b>Permanent employees (funded)</b>		<b>Field staff (unfunded)</b>				
<b>March 31 2019</b>	<b>December 31 2018</b>	<b>March 31 2019</b>	<b>December 31 2018</b>	<b>March 31 2019</b>	<b>December 31 2018</b>	<b>March 31 2019</b>	<b>December 31 2018</b>	
----- (Rupees in '000) -----								
Present value of defined benefit obligation	69,324	69,324	47,178	47,178	19,343	19,343	66,521	66,521
Fair value of plan assets	(79,284)	(79,284)	(4,698)	(4,698)	-	-	(4,698)	(4,698)
Liability on the balance sheet	<u>(9,960)</u>	<u>(9,960)</u>	<u>42,480</u>	<u>42,480</u>	<u>19,343</u>	<u>19,343</u>	<u>61,823</u>	<u>61,823</u>

## 12. CONTINGENCIES AND COMMITMENTS

### 12.1 Contingencies

For details of contingencies please refer to notes 18.1 and 18.2 of the annual financial statements for the year ended 31 December 2018. However, the status of contingencies remains unchanged since that reporting.

### 12.2 Commitments

	<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>31 March 2019</b>	<b>31 December 2018</b>
	<b>(Rupees in '000)</b>	
Outstanding letters of credit	<u>358,454</u>	<u>262,210</u>
Commitment in respect of Ijarah rentals	<u>764</u>	<u>764</u>

**13. INCOME TAX AND DEFERRED TAX**

(Un-audited) (Un-audited)  
**31 March** 31 March  
**2019** 2018  
**(Rupees in '000)**

**13.1 INCOME TAX**

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

Current year	<b>15,586</b>	17,313
Prior year	-	-
Deferred	<b>17,592</b>	21,725
	<b>33,178</b>	<b>39,038</b>

In prior years, the Holding Company (for the reason of carry forward tax losses) has not recorded provision for minimum tax under the Income Tax Ordinance, 2001 (Ordinance) amounting to Rs. 38.88 million, Rs. 15.10 million and Rs. 16.86 million in respect of year ended 31 December 2017, 31 December 2015 and 31 December 2014 respectively as the management expects to adjust the same against its future tax liability under the normal tax regime within the time limit as specified for adjustments of minimum tax in the Ordinance. Similarly for the year ended 31 December 2016, provision for Alternate Corporate Tax (ACT) (being higher than the minimum tax) amounting to Rs. 23.07 has also not been recorded on the same basis.

**13.2** As per management's assessment, the provision for tax made in the consolidated financial statements is sufficient. A comparison of last three years' of income tax provisions with tax assessment is presented below:

<u>Tax Years</u>	<u>Tax provision as per financial statements</u>	<u>Tax as per assessment / return</u>
	<u>(Rupees in '000)</u>	
2016	<b>2,629</b>	18,063
2017	<b>2,383</b>	24,770
2018	<b>54,541</b>	48,892

**14 DEFERRED TAX LIABILITY - net**

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

	Balance as at 1 January 2018	Recognized in profit and loss account	Recognised in surplus on revaluation of property, plant and equipment	Recognised in equity / oci	Balance as at 31 December 2018	Recognized in profit and loss account	Recognised in surplus on revaluation of property, plant and equipment	Balance as at 31 March 2019
----- (Rupees in '000) -----								
<b>Taxable temporary differences on:</b>								
- accelerated tax depreciation	480,684	(57,386)	-	-	423,298	17,592		440,890
- surplus on revaluation of property, plant and equipment	49,890	(1,672)	-	(2,530)	45,688	-	-	45,688
	<b>530,574</b>	<b>(59,058)</b>	-	<b>(2,530)</b>	<b>468,986</b>	<b>17,592</b>	-	<b>486,578</b>
<b>Deductible temporary differences on:</b>								
- provision for defined benefit plans	(5,127)	(364)	-	-	(5,491)	-	-	(5,491)
- provision against slow moving and obsolete stock	(7,952)	-	-	-	(7,952)	-	-	(7,952)
- provision for doubtful debts and other receivables	(78,897)	(812)	-	-	(79,709)	-	-	(79,709)
- provision for warranty obligations	(1,705)	-	-	-	(1,705)	-	-	(1,705)
- tax losses	(190,741)	86,863	-	-	(103,878)	-	-	(103,878)
	<b>(284,422)</b>	<b>85,687</b>	-	-	<b>(198,735)</b>	-	-	<b>(198,735)</b>
Deferred tax liability / (assets) - net	<b>246,152</b>	<b>26,629</b>	-	<b>(2,530)</b>	<b>270,251</b>	<b>17,592</b>	-	<b>287,843</b>

**14.1** 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.

**15. NET REVENUE**

	Three months ended	
	31 March 2019	31 March 2018
	(Rupees in '000)	
Sales		
- Local	3,297,211	2,821,636
- Export	12,308	4,632
	<u>3,309,519</u>	<u>2,826,268</u>
Sales tax	(296,178)	(273,437)
Trade discounts	(468,433)	(344,460)
	<u>(764,611)</u>	<u>(617,897)</u>
	<u><u>2,544,908</u></u>	<u><u>2,208,371</u></u>

**16. COST OF SALES**

Opening stock - finished goods		
- own manufactured	1,076,713	1,050,986
- purchased for resale	269,005	112,949
	<u>1,345,718</u>	<u>1,163,935</u>
Purchases	63,293	199,402
Cost of goods manufactured	1,863,723	1,533,099
	<u>3,272,734</u>	<u>2,896,436</u>
Closing stock - finished goods		
- own manufactured	(1,090,264)	(1,164,440)
- purchased for resale	(232,260)	(162,038)
	<u>(1,322,524)</u>	<u>(1,326,478)</u>
Less: Export Rebate		-
	<u><u>1,950,209</u></u>	<u><u>1,569,958</u></u>

**17. EARNINGS PER SHARE  
- basic and diluted**

Profit / (Loss) for the period	<u>115,212</u>	<u>156,150</u>
	(Number in '000)	
Weighted average number of ordinary shares	<u>163,134</u>	<u>163,134</u>
	(Rupees)	
Earnings per share - basic and diluted	<u>0.71</u>	<u>0.96</u>

**17.1** There were no convertible dilutive potential ordinary shares in issue as at 31 March 2019 and 31 March 2018.

**18. CASH AND CASH EQUIVALENTS**

	(Un-audited)	(Un-audited)
	31 March 2019	31 March 2018
	(Rupees in '000)	
Cash and bank balances	99,828	201,287
Short term running finance - secured	(1,480,691)	(1,884,110)
	<u>(1,380,863)</u>	<u>(1,682,823)</u>

## 19. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated undertakings, directors, entities with common directorship, post employment plans and key management personnel. Balances are disclosed elsewhere in this consolidated condensed interim financial information. Significant transactions with related parties are as follows:

Name of the Company	Relationship	Nature of transactions	(Un-audited)	(Un-audited)
			31 March 2019	31 March 2018
			(Rupees in '000)	
<b>ii. Associated Undertakings</b>				
Poseidon Synergies (Private) Limited	Shareholding and common directorship	Loan received during the year	-	-
		Repayment of loan during the year	10,000	-
Employee's Provident Fund	Post employee contribution plan	Contribution for the year	7,773	6,826
Employee's Gratuity Fund	Post employee contribution plan	Contribution for the year	-	2,044
Employee's Pension Fund	Post employee contribution plan	Contribution for the year	-	913
Key Management Personnel	Employees	Remuneration	40,310	30,463
Directors	Non-executive directors	Fee for meetings	120	105

## 20. 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	432,225	2,112,683	2,544,908
Segment profit / loss before tax	7,917	140,473	148,390
Interest income	-	-	-
Interest expense	(13,768)	(126,592)	(140,360)
Gain on disposal of property plant and equipment and investment property	-	-	-
Unrealized gain on fair value measurement of investment property	-	-	-
Depreciation and amortization	2,726	48,886	51,612
Segment assets	3,036,521	12,987,972	16,024,493
Segment liabilities	665,736	6,854,419	7,520,156

The consolidated financial statements for the three months ended 31 March 2019 were prepared on the basis of single reportable segment as it was not reported to the Chief Decision Makers in disaggregated form.

- 20.1** Revenue from refrigerators and deep freezers represent 31% and 32% respectively of the total revenue of the Group.
- 20.2** Sales represents local sales of Rs.3,297 million (31 March 2018: Rs. 2,821 million) and export sales of Rs.12 million (31 March 2018: 4.6 million).
- 20.3** All non-current assets of the Group at 31 March 2019 are located in Pakistan.
- 20.4** The Group does not have any customer having sales of 10% or more during the half year ended 31 March 2019 and 31 March 2018.

## 21. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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



**31 March 2019 (Un-audited)**

	Carrying Amount			Fair value
	Loans and receivables	Other financial assets	Total	Total
----- (Rupees in '000) -----				
<b>Financial instruments</b>				
<b>Financial assets not measured at fair value</b>				
Long term deposits	23,637	-	23,637	-
Trade debts	4,164,645	-	4,164,645	-
Deposit and other receivables	428,938	-	428,938	-
Cash and Bank balance	86,546	13,282	99,828	-
	<u>4,703,767</u>	<u>13,282</u>	<u>4,717,049</u>	<u>-</u>

	Carrying Amount			Fair value
	Loans and receivables	Financial liabilities	Total	Total
----- (Rupees in '000) -----				
<b>Financial liabilities not measured at fair value</b>				
Long term loans - secured	-	928,480	928,480	-
Liabilities against assets subject to finance lease	-	69,435	69,435	-
Employee retirement benefit	-	61,823	61,823	-
Trade and other payables	-	2,065,933	2,065,933	-
Mark-up accrued on short term finances and long term loans	-	141,102	141,102	-
Short term borrowings - secured and unsecured	-	3,962,380	3,962,380	-
	<u>-</u>	<u>7,229,153</u>	<u>7,229,153</u>	<u>-</u>

**31 December 2018 (Audited)**

	Carrying Amount			Fair value
	Loans and receivables	Other financial assets	Total	Total
----- (Rupees in '000) -----				
<b>Financial instruments</b>				
<b>Financial assets not measured at fair value</b>				
Long term deposits	48,570	-	48,570	-
Trade debts	3,246,483	-	3,246,483	-
Deposit and other receivables	629	-	629	-
Investments (including mark up thereon)	-	-	-	-
Cash and Bank balance	88,157	17,090	105,247	-
	<u>3,383,839</u>	<u>17,090</u>	<u>3,400,929</u>	<u>-</u>

31 December 2018 (Audited)	Carrying Amount			Fair value
	Loans and receivables	Financial liabilities	Total	Total
	----- (Rupees in '000) -----			
<b>Financial liabilities not measured at fair value</b>				
Long term loans - secured	-	1,013,521	1,013,521	-
Liabilities against assets subject to finance lease	-	65,528	65,528	-
Employee retirement benefit	-	61,823	61,823	-
Trade and other payables	-	1,577,876	1,577,876	-
Mark-up accrued on short term finances and long term loans	-	97,338	97,338	-
Short term borrowings - secured and unsecured	-	2,995,286	2,995,286	-
	-	5,811,372	5,811,372	-

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

#### Non-financial assets measured at fair value

##### Land and buildings

<i>Revalued Property, plant and equipment</i>	Date of valuation	31 December 2017
<i>Investment property</i>	Date of valuation	31 December 2018

#### Valuation approach and inputs used

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

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

## 22. GENERAL

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

## 23. DATE OF AUTHORISATION

These condensed interim financial statements was authorised for issue by the Board of Directors in their meeting held on 29 April 2019.

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Executive

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Director Finance

# **Waves Singer Pakistan Limited**

Condensed Interim Un Consolidated Financial Statements

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For the Three Months Ended 31<sup>st</sup> March, 2019

Waves Singer Pakistan Limited  
Condensed Interim Unconsolidated Balance Sheet  
As at 31 March 2019

	Un-audited 31 March 2019	Audited 31 December 2018
Note	(Rupees in '000)	
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	7 4,337,050	4,316,040
Intangible assets and goodwill	2,686,637	2,689,031
Investment property	8 178,300	178,300
Investment in subsidiary companies	9 573,769	573,769
Employee retirement benefits - prepayments	14 9,960	9,960
Long term deposits	4,179	4,179
<i>Total non-current assets</i>	<u>7,789,895</u>	<u>7,771,279</u>
<b>Current Assets</b>		
Stores, spares and loose tools	33,681	31,035
Stock-in-trade	3,083,136	2,991,310
Trade Debt Wholesale	10 2,900,030	1,982,771
Advances, deposits, prepayments and other receivables	1,119,612	1,062,145
Taxation - net	450,962	450,001
Cash and bank balances	81,892	90,660
<i>Total current assets</i>	<u>7,669,314</u>	<u>6,607,922</u>
<b>TOTAL ASSETS</b>	<u><u>15,459,209</u></u>	<u><u>14,379,201</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Share Capital and Reserves</b>		
Authorised capital 175,000,000 (2018: 175,000,000) ordinary shares of Rs. 10 each	6 <u>1,750,000</u>	<u>1,750,000</u>
Issued, subscribed and paid-up capital	1,631,340	1,631,340
Shares to be issued pursuant to amalgamation	-	-
Share premium reserve	4,825,764	4,825,764
Capital reserve	5,000	5,000
Surplus on revaluation of property, plant and equipment - net of tax	156,371	158,525
Revenue reserve - unappropriated profit / (accumulated loss)	<u>1,821,370</u>	<u>1,754,670</u>
<b>Shareholders Equity</b>	<u>8,439,845</u>	<u>8,375,299</u>
<b>Non-Current Liabilities</b>		
Long term loans - secured	12 621,333	732,271
Liabilities against assets subject to finance lease	50,663	42,454
Employee retirement benefits - obligation	14 42,480	42,480
Deferred tax liability - net	16 74,389	75,628
Deferred income	19,090	20,215
<i>Total non-current liabilities</i>	<u>807,955</u>	<u>913,048</u>
<b>Current Liabilities</b>		
Trade and other payables	1,797,937	1,683,939
Mark-up accrued on short term and long term borrowings	141,102	97,338
Short term borrowings - secured and unsecured	13 3,962,380	2,995,286
Unclaimed dividend	1,325	1,325
Unpaid dividend	1,517	1,517
Current portion of long term liabilities	12 307,147	311,449
<i>Total current liabilities</i>	<u>6,211,408</u>	<u>5,090,854</u>
<b>Contingencies and commitments</b>	15	
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>15,459,209</u></u>	<u><u>14,379,201</u></u>

The annexed notes 1 to 24 form an integral part of these unconsolidated financial statements.

Director

Chief Executive

Director Finance

# Waves Singer Pakistan Limited

## Condensed Interim Unconsolidated Profit and Loss Account (Un-audited)

For the three months ended 31 March 2019

	<b>Three months ended</b>	
	<b>31 March</b>	<b>31 March</b>
<i>Note</i>	<b>2019</b>	<b>2018</b>
	<b>(Rupees in '000)</b>	
Sales - net of sales return	3,174,368	2,715,926
Sales tax and trade discount on invoices	<u>(1,201,037)</u>	<u>(836,223)</u>
Sales - net	17 <u>1,973,332</u>	<u>1,879,703</u>
Cost of sales	18 <u>(1,920,929)</u>	<u>(1,569,358)</u>
<b>Gross profit</b>	<b>52,402</b>	<b>310,345</b>
Marketing, selling and distribution costs	<u>(5,852)</u>	<u>(71,030)</u>
Administrative expenses	<u>(17,120)</u>	<u>(31,063)</u>
Other expenses	<u>(6,087)</u>	<u>(7,715)</u>
Other income	<u>198,628</u>	<u>3,517</u>
	<u>169,569</u>	<u>(106,291)</u>
	<b>221,971</b>	<b>204,054</b>
Earned carrying charges	<u>-</u>	<u>-</u>
Finance costs	<u>(139,203)</u>	<u>(96,521)</u>
	<u>(139,203)</u>	<u>(96,521)</u>
<b>Profit before taxation</b>	<b>82,768</b>	<b>107,533</b>
Taxation	16 <u>(18,222)</u>	<u>(21,507)</u>
<b>Profit for the year</b>	<b><u>64,546</u></b>	<b><u>86,026</u></b>
		<b>(Rupees)</b>
Earnings per share - basic and diluted {based on the separate (unconsolidated) financial statements of Waves Singer Pakistan Limited}	19 <u><u>0.40</u></u>	<u><u>0.61</u></u>

The annexed notes 1 to 24 form an integral part of these unconsolidated financial statements.

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director Finance

Waves Singer Pakistan Limited  
 Unconsolidated Statement of Comprehensive Income  
 For the three months ended 31 March 2019

**Three months ended**  
**31 March**            31 March  
**2019**                    2018  
**(Rupees in '000)**

Net profit for the year **64,546**            86,026

**Other comprehensive income**

*Item that will not be reclassified to profit and loss:*

Actuarial (loss) / gain on employee retirement benefits

-	-
-	-

Related tax effect

-	-
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Total comprehensive income for the year

<b>64,546</b>	<b>86,026</b>
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The annexed notes 1 to 24 form an integral part of these unconsolidated financial statements.

\_\_\_\_\_  
 Director

\_\_\_\_\_  
 Chief Executive

\_\_\_\_\_  
 Director Finance

Waves Singer Pakistan Limited  
Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

For the three months ended 31 March 2019

	Three months ended	
	31 March 2019	31 March 2018
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit / (loss) before taxation</b>	<b>82,768</b>	107,533
<b>Adjustment for:</b>		
- Depreciation on property, plant and equipment	40,057	49,479
- Amortisation of intangible assets	2,394	858
- Finance cost	139,203	96,521
- Amortisation of deferred income	(1,125)	(1,053)
- Provision for employee retirement benefits	-	1,907
	<u>263,297</u>	<u>255,245</u>
<b>Working capital changes</b>		
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(2,646)	(5,520)
Stock-in-trade	(91,826)	(452,366)
Trade debts and other receivables	(917,259)	(715,593)
Advances, deposits, prepayments and other receivables	(57,467)	166,127
	<u>113,998</u>	<u>380,705</u>
<b>Increase in current liabilities</b>		
Trade and other payables	(955,201)	(626,647)
	<u>(691,904)</u>	<u>(371,402)</u>
Income tax paid	(20,422)	(142,524)
Finance cost paid	(94,348)	(120,919)
Employee retirement benefits paid	-	-
Long term deposits - net	(0)	(217)
Net cash flows from operating activities	<u>(806,674)</u>	<u>(635,062)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure net	(51,535)	(26,526)
Investments matured during the period - net	-	-
Net cash flows from investing activities	<u>(51,535)</u>	<u>(26,526)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term loans - net	(110,938)	-
Borrowing / (repayment) of short term finances	1,016,269	(393,436)
Lease rentals paid	(6,716)	(5,789)
Net cash flows from financing activities	<u>898,616</u>	<u>(399,225)</u>
Net (decrease) / increase in cash and cash equivalents	<u>40,408</u>	<u>(1,060,813)</u>
Cash and cash equivalents at beginning of the period	<u>(1,439,206)</u>	<u>(625,334)</u>
Cash and cash equivalents at end of the period	<u>(1,398,798)</u>	<u>(1,686,147)</u>

20

The annexed notes 1 to 24 form an integral part of these unconsolidated financial statements.

Director

Chief Executive

Director Finance

Waves Singer Pakistan Limited  
 Unconsolidated Statement of Changes in Equity  
 For the three months ended 31 March 2019

Issued, subscribed and paid-up capital	Capital Reserves				Revenue Reserve	Total	
	Shares to be issued pursuant to amalgamation	Share premium reserve	Other capital reserve	Surplus on revaluation of land and building	(Accumulated losses) / Unappropriated profits		
----- (Rupees in '000) -----							
As at 01 January 2017 previously reported	454,056	-	-	5,000	-	(150,252)	308,804
Impact of change in policy as explained in note 5.1	-	-	-	-	1,095,855	-	1,095,855
As at 01 January 2017 - restated	454,056	-	-	5,000	1,095,855	(150,252)	1,404,659
<b><u>Total comprehensive income for the year</u></b>							
Profit after taxation	-	-	-	-	-	188,458	188,458
<b><u>Other comprehensive income for the year</u></b>							
Remeasurement of defined benefit obligation	-	-	-	-	-	(15,749)	(15,749)
Surplus on revaluation of property, plant and equipment arisen	-	-	-	-	144,262	-	144,262
Related deferred tax on surplus arisen	-	-	-	-	(42,919)	-	(42,919)
Deferred tax reversal on investment property	-	-	-	-	45,899	-	45,899
	-	-	-	-	147,242	172,709	319,951
<b><u>Surplus transferred to accumulated profits</u></b>							
Transfer against sale of land and building - net of tax	-	-	-	-	(1,072,432)	1,072,432	-
Transfer of related deferred tax	-	-	-	-	-	356,966	356,966
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	-	-	(11,165)	11,165	-
	-	-	-	-	(1,083,597)	1,440,563	356,966
<b><u>Transactions with owners of the Company</u></b>							
Shares to be issued pursuant to amalgamation	-	964,500	5,038,548	-	-	-	6,003,048
Balance as at 31 December 2017 - restated	454,056	964,500	5,038,548	5,000	159,500	1,463,020	8,084,624
<b><u>Total comprehensive income for the year</u></b>							
Profit after taxation	-	-	-	-	-	452,669	452,669
<b><u>Other comprehensive income for the year</u></b>							
Remeasurement of defined benefit obligation	-	-	-	-	-	15,197	15,197
<b><u>Surplus transferred to accumulated profits</u></b>							
Transfer against sale of land and building - net of tax	-	-	-	-	(967)	967	-
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	-	-	(137)	137	-
Effect of change in tax rate on account of surplus on property, plant and equipment	-	-	-	-	129	-	129
	-	-	-	-	(975)	468,970	467,995
<b><u>Transactions with owners of the Company</u></b>							
Shares issued under scheme of amalgamation	964,500	(964,500)	-	-	-	-	-
Shares issued as fully paid bonus shares @ 15%	212,784	-	(212,784)	-	-	-	-
Final dividend for the year ended 31 December 2017 @ Rs. 1.25 per share	-	-	-	-	-	(177,320)	(177,320)
	1,177,284	(964,500)	(212,784)	-	-	(177,320)	(177,320)
Balance as at 31 December 2018	1,631,340	-	4,825,764	5,000	158,525	1,754,670	8,375,299
<b>Total comprehensive income for the three months period ended 31 March 2018</b>							
Profit for the period						64,546	64,546
Net actuarial loss recognised directly in 'Other Comprehensive Income' net of tax (on defined benefit plans)						-	-
Transfer from surplus on revaluation of property, plant and equipment for the period - net of tax					(2,154)	2,154	
Balance as at 31 March 2019	1,631,340	-	4,825,764	5,000	156,371	1,821,370	8,439,845

Lahore

Director

Chief Executive Officer

Chief Financial Officer



# Waves Singer Pakistan Limited

## Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)

For the three months ended 31 March 2019

### 1. STATUS AND NATURE OF BUSINESS

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

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

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

### 2. BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2 These unconsolidated condensed interim financial statements comprise the unconsolidated condensed interim statement of financial position of the Company as at 31 March 2019 and the related unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim cash flow statement and notes to the financial statements for the three month period then ended.
- 2.3 These condensed interim financial statements do not include all the information required for full annual financial statements, and should be read in conjunction with the Company's annual financial statements as at and for the year ended 31 December 2018.
- 2.4 The comparative balance sheet presented in these condensed interim financial statements has been extracted from the audited financial statements of the Company for the year ended 31 December 2018, whereas comparative interim profit or loss account, interim statement of comprehensive income, interim statement of cash flow and interim statement of changes in equity have been extracted from the unaudited condensed interim financial statements for the three months ended 31 March 2018.
- 2.5 The condensed interim financial information are presented in Pakistan Rupees which is the functional currency of the Company and rounded off to the nearest thousand rupees except stated otherwise.

### 3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS EFFECTIVE FROM 01 JAN 2019

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations are effective for accounting periods beginning on or after 01 January 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 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 the Company's financial statements.

- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 01 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 application of interpretation is not likely to have an impact on the Company's financial statements.
- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 July 2018 and 01 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 has analysed and recorded 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.
- IFRS 16 'Leases' (effective for annual period beginning on or after 01 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases - Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The application of interpretation is not likely to have an impact on the Company's financial statements.
- 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 01 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.
- Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.
- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.

Annual Improvements to IFRS Standards 2015–2017 Cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements. 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 clarify 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 clarify 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 01 January 2019 and are not likely to have an impact on Company's financial statements.

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

These condensed interim financial statements have been prepared using the same accounting policies which were applied in the preparation of the annual audited financial statements of the Company for the year ended 31 December 2018.

#### **5. ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT**

The significant judgments, estimates and assumptions used by the management in preparation of these condensed interim financial information are the same as those applied to the annual audited financial statements for the year ended 31 December 2018.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended 31 December 2018.

#### **6. SHARE CAPITAL**

##### **6.1 Authorised Capital**

This represents 175,000,000 (2018: 175,000,000) ordinary shares of Rs. 10 each amounting to Rs. 1,750 million (2018: Rs. 1,750 million).

7. <b>PROPERTY, PLANT AND EQUIPMENT</b>	(Un-audited)	(Audited)
	31 March 2019	31 December 2018
	(Rupees in '000)	
Operating fixed assets	4,302,323	4,282,533
Capital work-in-progress	34,727	33,507
	<u>4,337,050</u>	<u>4,316,040</u>

7.1 Following is the cost of property, plant and equipment that have been added / transferred during the three months ended 31 March 2019 (other than on account of the revaluation of land and building):

	Three months ended	
	31 March 2019	31 March 2018
	(Rupees in '000)	
<b>Owned</b>		
Leasehold improvements	-	1,986
Furniture and equipment	1,904	3,246
Plant and machinery	47,920	1,736
Vehicles	268	2,879
Computers	223	1,985
	<u>50,315</u>	<u>11,832</u>
<b>Leased</b>		
Plant and machinery	-	-
Vehicles	9,532	2,928
Computers	-	-
	<u>9,532</u>	<u>2,928</u>
Capital work-in-progress	<u>34,727</u>	<u>14,694</u>

## 8. INVESTMENT PROPERTY

Carrying value as at	178,300	178,300
Carrying value on transfer from property, plant and equipment	-	-
Fair value gain recognised in profit and loss account during the year	-	-
Sale during the year	-	-
Carrying value as at	<u>178,300</u>	<u>178,300</u>

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.

Rent income has been recognized on the above property subsequent to the effective date of arrangement 'up to 31 March 2019. Agreements for the rent are valid up to 10 years and are renewable. Surplus on revaluation of the above properties amounting to Rs 153.467 million as of 30 June 2017 continues to be maintained in the "Surplus on Revaluation of assets".

The fair value of investment properties as of 31 December 2018 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.

## 9. INVESTMENT IN A SUBSIDIARY COMPANY

		(Un-audited) 31 March 2019	(Audited) 31 December 2018
	Note	(Rupees in '000)	
Electronics Marketing Company (Private) Limited	9.1	250,000	250,000
(EMCPL) - at cost	9.2	323,769	323,769
Waves Marketing (Private) Limited		<u>573,769</u>	<u>573,769</u>

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

Investment in 2,500,000 (2018: 250,000) ordinary shares of Rs. 10 each	9.1.1	<u>250,000</u>	<u>250,000</u>
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**9.1.1** 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 as at 31 December 2018 was Rs. 265.154 million.

**9.2** WMPL is a wholly owned subsidiary company of the Company. Details of the above are as follows:

		(Un-audited) 31 March 2019	(Audited) 31 December 2018
	Note	(Rupees in '000)	
Investment in 100,000 (2018: 100,000) ordinary shares of Rs. 10 each		1,000	1,000
Transfer of value of customer relationships as investment from intangibles		322,769	322,769
	9.2.1	<u>323,769</u>	<u>323,769</u>

**9.2.1** The Company holds 100% ownership interest in Waves Marketing (Private) Limited (WM). The subsidiary company was incorporated on 10 April 2017. The principal activity of the subsidiary company is to carry out businesses of distributors, marketers, merchants, wholesalers, retailers, traders, indentures, stockiest, suppliers, agent for product of manufacturers of other principals, local or foreign. Chief Executive Officer of WM is Mr. Moazzam Ahmed Khan. Net assets of the subsidiary company as at 31 December 2018 was Rs. 68.466 million.

<b>10. TRADE DEBTS</b>	<b>(Un-audited)</b>	<b>(Audited)</b>
<b>10.1 Retail Network</b>	<b>31 March</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>(Rupees in '000)</b>	
<b>Considered good - unsecured</b>		
Hire purchase		
- Retail	-	-
- Institutional (employees of the corporate entities)	-	-
	<u>-</u>	<u>-</u>
Unearned carrying charges	-	-
	<u>-</u>	<u>-</u>
<b>Considered doubtful</b>	166,993	166,993
	<u>166,993</u>	<u>166,993</u>
Provision for doubtful debts and other receivables	(166,993)	(166,993)
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

	<i>Note</i>	<b>(Un-audited)</b> <b>31 March</b> <b>2019</b>	<b>(Audited)</b> <b>31 December</b> <b>2018</b>
<b>10.2 Wholesale</b>			
<b>Considered good - unsecured</b>			
Dealers		<b>2,900,030</b>	1,982,771
Considered doubtful		<b>33,821</b>	33,821
		<b>2,933,851</b>	2,016,592
Provision for doubtful debts	<i>15.4</i>	<b>(33,821)</b>	(33,821)
		<b>2,900,030</b>	1,982,771
<b>10.3 Movement in provision for doubtful debts</b>			
Balance as at 01 January		<b>200,814</b>	200,814
Provision for the period		-	-
Written off during the period		-	-
Balance as at 31 March/ 31 December		<b>200,814</b>	200,814

#### **11. ADVANCE, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

This represents amounts due from subsidiary companies, on account of expenses allocated to them / incurred on their behalf in accordance to a basis approved by the Board of Directors of the Company and for rent receivable against the shops classified in Investment Properties. The balance is unsecured and receivable on demand.

12. LONG TERM LOANS - secured		31 March 2019	31 December 2018
Long term loans - Banking Company		486,958	568,209
Long term loans - Non-banking Company		415,625	445,312
Current maturity presented under current liabilities		(281,250)	(281,250)
		<u>621,333</u>	<u>732,271</u>

Note	Bank Name	Facility	31-Mar-19	31-Dec-18	Mark-up as per Agreement	Tenure and basis of principal repayment
	Sindh Bank Limited	Term Finance	486,958	568,209	3 Months KIBOR plus 3% per annum, payable quarterly.	Balance payable in 7 semi-annually instalments ending on 16 March 2022.
	Pak Brunei Investment Company	Term Finance	415,625	445,312	3 Months KIBOR plus 3% per annum, payable quarterly.	Balance payable in 15 quarterly instalments ending on 30 August 2022.

12 Current portion of long term liabilities		31 March 2019	31 December 2018
Long term loans - secured		281,250	281,250
Liabilities against assets subject to finance lease		18,772	23,074
Deferred income		7,125	7,125
		<u>307,147</u>	<u>311,449</u>

### 13. SHORT TERM BORROWINGS, RUNNING FINANCE AND LIABILITES AGAINST ASSETS SUBJECT TO FINANCE LEASE

#### 13.1 Short Term Borrowings and Running Finance

As compared to the year ended 31 December 2018, the short term borrowing has increased by Rs. 967 million.



### 13.2 Liabilities against assets subject to finance lease

During the current three months period, the Company entered into lease arrangements of assets of Rs. 9.532 million. These obligations are payable in monthly instalments of Rs. 0.198 million and carry mark-up rates at KIBOR plus 1.5% to 5% per annum.

### 14 DEFERRED LIABILITY FOR EMPLOYEE RETIREMENT BENEFITS OBLIGATION

	Pension Fund		Gratuity				Total	
	Permanent employees (funded)		Permanent employees (funded)		Field staff (unfunded)			
	March 31 2019	December 31 2018	March 31 2019	December 31 2018	March 31 2019	December 31 2018	March 31 2019	December 31 2018
	----- (Rupees in '000) -----							
Present value of defined benefit obligation	69,324	69,324	47,178	47,178	-	-	47,178	47,178
Fair value of plan assets	(79,284)	(79,284)	(4,698)	(4,698)	-	-	(4,698)	(4,698)
Liability on the balance sheet	<u>(9,960)</u>	<u>(9,960)</u>	<u>42,480</u>	<u>42,480</u>	<u>-</u>	<u>-</u>	<u>42,480</u>	<u>42,480</u>

### 15. CONTINGENCIES AND COMMITMENTS

#### 15.1 Contingencies

For details of contingencies please refer to notes 18.1 and 18.2 of the annual financial statements for the year ended 31 December 2018. However, the status of contingencies remains unchanged since that reporting.

#### 15.2 Commitments

	(Un-audited) 31 March 2019 (Rupees in '000)	(Audited) 31 December 2018
Outstanding letters of credit	<u>358,454</u>	<u>262,210</u>
Commitment in respect of Ijarah rentals	<u>764</u>	<u>764</u>

**16. INCOME TAX AND DEFERRED TAX** (Un-audited) (Un-audited)  
**16.1 INCOME TAX** **31 March** **31 March**  
**2019** **2018**  
**(Rupees in '000)**

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

Current year	<b>19,461</b>	22,222
Prior year	-	-
Deferred	<u>(1,239)</u>	<u>(715)</u>
	<u><b>18,222</b></u>	<u>21,507</u>

**16.1.2** In prior years, the Company (for the reason of carry forward tax losses) has not recorded provision for minimum tax under the Income Tax Ordinance, 2001 (Ordinance) amounting to Rs. 38.88 million, Rs. 15.10 million and Rs. 16.86 million in respect of year ended 31 December 2017, 31 December 2015 and 31 December 2014 respectively as the management expects to adjust the same against its future tax liability under the normal tax regime within the time limit as specified for adjustments of minimum tax in the Ordinance. Similarly for the year ended 31 December 2016, provision for Alternate Corporate Tax (ACT) (being higher than the minimum tax) amounting to Rs. 23.07 has also not been recorded on the same basis.

**16.2 DEFERRED TAX LIABILITY - net**

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

	Balance as at 1 January 2018	Recognized in profit and loss account	Recognised in surplus on revaluation of property, plant and equipment	Recognised in equity / oci and Transfers	Balance as at 31 December 2018	Recognized in profit and loss account	Recognised in surplus on revaluation of property, plant and equipment	Balance as at 31 March 2019
----- (Rupees in '000) -----								
<b>Taxable temporary differences on:</b>								
- accelerated tax depreciation	397,236	(38,015)	-	-	359,221	(1,239)	-	357,982
- surplus on revaluation of property, plant and equipment	2,064	(337)	(129)	-	1,598	-	-	1,598
	<b>399,300</b>	<b>(38,352)</b>	<b>(129)</b>	<b>-</b>	<b>360,819</b>	<b>(1,239)</b>	<b>-</b>	<b>359,580</b>
<b>Deductible temporary differences on:</b>								
- provision for defined benefit plans	-	-	-	-	-	-	-	-
- provision against slow moving/obsolete stock	(7,952)	-	-	-	(7,952)	-	-	(7,952)
- provision for doubtful debts and other receivables	(57,843)	(1,181)	-	-	(59,024)	-	-	(59,024)
- provision for warranty obligations	(1,705)	-	-	-	(1,705)	-	-	(1,705)
- effect of 'Group Taxation'	-	-	(86,430)	(26,203)	(112,633)	-	-	(112,633)
- tax losses	(190,741)	-	60,661	26,203	(103,877)	-	-	(103,877)
	<b>(258,241)</b>	<b>(1,181)</b>	<b>(25,769)</b>	<b>-</b>	<b>(285,191)</b>	<b>-</b>	<b>-</b>	<b>(285,191)</b>
Deferred tax liability / (assets) - net	<u><b>141,059</b></u>	<u><b>(39,533)</b></u>	<u><b>(25,898)</b></u>	<u><b>-</b></u>	<u><b>75,628</b></u>	<u><b>(1,239)</b></u>	<u><b>-</b></u>	<u><b>74,389</b></u>

**16.2.1** 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.

**17. NET REVENUE**

	Three months ended	
	31 March 2019	31 March 2018
	(Rupees in '000)	
Sales		
- Local	3,162,060	2,711,294
- Export	12,308	4,632
	3,174,368	2,715,926
Sales tax	(292,303)	(273,437)
Trade discounts	(908,734)	(562,786)
	(1,201,037)	(836,223)
	1,973,332	1,879,703

**18. COST OF SALES**

Opening stock - finished goods		
- own manufactured	950,659	1,050,986
- purchased for resale	287,668	112,949
	1,238,327	1,163,935
Purchases	7,982	198,802
Cost of goods manufactured	1,863,723	1,533,099
	3,110,032	2,895,836
Closing stock - finished goods		
- own manufactured	(1,090,264)	(1,164,440)
- purchased for resale	(98,838)	(162,038)
	(1,189,102)	(1,326,478)
	1,920,929	1,569,358

**19. EARNINGS PER SHARE  
- basic and diluted**

Profit / (Loss) for the period	64,546	86,026
	(Number in '000)	
Weighted average number of ordinary shares	163,134	163,134
	(Rupees)	
Earnings per share - basic and diluted	0.40	0.61

**19.1** There were no convertible dilutive potential ordinary shares in issue as at 31 March 2019 and 31 March 2018.

**20. CASH AND CASH EQUIVALENTS**

	(Un-audited) 31 March 2019	(Un-audited) 31 March 2018
Cash and bank balances	81,892	197,963
Short term running finance - secured	(1,480,691)	(1,884,110)
	(1,398,799)	(1,686,147)

## 21. TRANSACTIONS WITH RELATED PARTIES

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

Name of the Company	Relationship	Nature of transactions	(Un-audited)	(Un-audited)
			31 March 2019	31 March 2018
			(Rupees in '000)	
<b>i. Subsidiary Company</b>				
Waves Marketing (Private) Limited	Wholly owned subsidiary	Sale of inventory - gross	1,759,522	1,274,951
		Purchase of inventory		54,657
		Expenses incurred / paid on behalf of subsidiary	163,497	228,071
		Dividend income	125,000	-
		Mark-up charged on receivable from subsidiary	35,718	-
Electronics Marketing (Private) Limited	Wholly owned subsidiary	Sale of inventory - gross	336,452	71,478
		Purchase of inventory	-	221
		Mark-up charged on receivable from subsidiary	35,023	-
<b>ii. Associated Undertakings</b>				
Poseidon Synergies (Private) Limited	Shareholding and common directorship	Loan received during the year	-	-
		Repayment of loan during the year	10,000	-
Employee's Provident Fund	Post employee contribution plan	Contribution for the year	7,773	6,826
Employee's Gratuity Fund	Post employee contribution plan	Contribution for the year	-	2,044
Employee's Pension Fund	Post employee contribution plan	Contribution for the year	-	913
Key Management Personnel	Employees	Remuneration	40,310	30,463
Directors	Non-executive directors	Fee for meetings	120	105

## 22. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

**31 March 2019 (Un-audited)**

	Carrying Amount			Fair value
	Loans and receivables	Other financial assets	Total	Total
----- (Rupees in '000) -----				
<b>Financial instruments</b>				
<b>Financial assets not measured at fair value</b>				
Long term deposits	22,869	-	22,869	-
Trade debts	2,900,030	-	2,900,030	-
Deposit and other receivables	984,234	-	984,234	-
Cash and Bank balance	68,410	13,482	81,892	-
	<u>3,975,543</u>	<u>13,482</u>	<u>3,989,025</u>	<u>-</u>

	Carrying Amount			Fair value
	Loans and receivables	Financial liabilities	Total	Total
----- (Rupees in '000) -----				
<b>Financial liabilities not measured at fair value</b>				
Long term loans - secured	-	902,583	902,583	-
Liabilities against assets subject to finance lease	-	69,435	69,435	-
Employee retirement benefit	-	42,480	42,480	-
Trade and other payables	-	1,797,937	1,797,937	-
Mark-up accrued on short term finances and long term loans	-	141,102	141,102	-
Short term borrowings - secured and unsecured	-	3,962,380	3,962,380	-
	<u>-</u>	<u>6,915,918</u>	<u>6,915,918</u>	<u>-</u>

**31 December 2018 (Audited)**

	Carrying Amount			Fair value
	Loans and receivables	Other financial assets	Total	Total
----- (Rupees in '000) -----				
<b>Financial instruments</b>				
<b>Financial assets not measured at fair value</b>				
Long term deposits	22,869	-	22,869	-
Trade debts	1,982,771	-	1,982,771	-
Deposit and other receivables	926,767	-	926,767	-
Investments (including mark up thereon)	-	-	-	-
Cash and Bank balance	74,570	16,090	90,660	-
	<u>3,006,977</u>	<u>16,090</u>	<u>3,023,067</u>	<u>-</u>

31 December 2018 (Audited)	Carrying Amount			Fair value
	Loans and receivables	Financial liabilities	Total	Total
	----- (Rupees in '000) -----			
<b>Financial liabilities not measured at fair value</b>				
Long term loans - secured	-	1,013,521	1,013,521	-
Liabilities against assets subject to finance lease	-	65,528	65,528	-
Employee retirement benefit	-	42,480	42,480	-
Trade and other payables	-	1,475,747	1,475,747	-
Mark-up accrued on short term finances and long term loans	-	97,338	97,338	-
Short term borrowings - secured and unsecured	-	2,995,286	2,995,286	-
	-	5,689,900	5,689,900	-

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

#### Non-financial assets measured at fair value

##### Land and buildings

<i>Revalued Property, plant and equipment</i>	Date of valuation	31 December 2017
<i>Investment property</i>	Date of valuation	31 December 2018

#### Valuation approach and inputs used

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

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

## 23. GENERAL

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

## 24. DATE OF AUTHORISATION

These condensed interim financial statements was authorised for issue by the Board of Directors in their meeting held on 29 April 2019.

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director Finance