**Waves Singer Pakistan Limited**
**Directors Report to the Shareholders**
**For the Three Months Ended 31th March 2020**

The directors of your company are pleased to present the financial information of the Company for the three (03) Months period ended March 31st, 2020. During the period under review, your company was able to achieve Net Sales of Rs. 2,111 Million and Net Profit of Rs. 7 Million compared to Net Sales of Rs. 2,544 Million and Net Profit of Rs. 115 Million achieved during the corresponding quarter last year. This was achieved despite facing challenging business conditions due to high interest rates, sharp devaluation in exchange rate and rapid on-spread of COVID-19.

Towards the end of March 2020, Company's operations were disrupted by country wide lockdowns & supply chain disruptions due to the COVID-19 outbreak in Pakistan. This not only led to the temporary shutdown of our manufacturing facilities, but also added multiple challenges to our supply chain & sales activities. Subsequently, after detailed formulation of Standard Operating Procedures Government of Pakistan eased the lockdown and has allowed your Company to resume its production, operations and sales activities.

Meanwhile, your Company has been proactively engaged with the relevant Government authorities to ensure safety of all staff involved and ensue minimum disruption to the supply chain. The Company aims to emerge from the COVID19 crisis stronger and will continue to drive shareholder value by strengthening its business operations and delivering best products to its consumers.

**Key Financial Indicators**

The highlights of the Company's performance for the first quarter and its comparison with the corresponding period of last year is given below:

| | PKR Million | | |
|---|---|---|---|
| **Summary of operating results (PKR 000)** | **1st Quarter 2020** | **1st Quarter 2019** | **Change** |
| Net Sales | 2,111 | 2,544 | (433) |
| Gross Profit | 523 | 595 | (72) |
| Operating Profit | 269 | 254 | 15 |
| Financial Cost (Net of Earned Carrying Charges) | (260) | (105) | (155) |
| Profit Before Tax | 9 | 148 | (139) |
| Profit After Tax | 7 | 115 | (108) |
| Earnings Per Share – Rupees | 0.03 | 0.61 | (0.58) |

**Financial Performance Analysis**

Gross profit achieved in Three (03) months of 2020 amounted to Rs. 523 Million as compared to Rs. 595 Million for 3M 2019.

Profit before tax for Three (03) months of 2020 is Rs. 9 Million compared to Rs. 7 Million for the corresponding period of 2019.

The Company recorded EPS of Rs. 0.03 as compared to Rs. 0.61 for the corresponding period of previous year.

**<u>Future Outlook:</u>**

Your company is cognizant of the challenges ahead and will strive to continue to deliver creditable results, for the benefit of all the stake holders, based on its inherent strengths which are its unique brands, elaborate manufacturing facility, country-wide Sales and After Sales Service Network etc.

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

**<u>Acknowledgement</u>**

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

On behalf of the Board

**Haroon Ahmad Khan**
Chief Executive Officer
Lahore: 30th May 2020

ویوز سنگر پاکستان لیمیٹڈ
۳۱ مارچ ۲۰۲۰ کے اختتام پر حصص کنندگان کے لیئے ڈائرکٹرز کی سہ ماہی رپورٹ

کمپنی کے ڈائرکٹرز ۳۱ مارچ ۲۰۲۰ کو ختم ہونے والی سہ ماہی کے اختتام پر ۳ ماہ کی رپورٹ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔ اس دورانیہ میں آپ کی کمپنی نے ۲،۱۱۱ ملین روپے کی خالص فروخت کی اور ۷ ملین روپے کا خالص منافع حاصل کیا جبکہ گزشتہ سال کی اس سہ ماہی میں اپ کی کمپنی نے ۲،۵۴۴ ملین روپے کی خالص فروخت کی تھی اور ۱۱۵ ملین روپے کا خالص منافع حاصل کیا تھا۔ جو کہ باوجود مشکل کاروباری حالات، شرح سود میں بے پناہ اضافہ، ایکسچینج ریٹ میں تیزتر کمی اور کووڈ-۱۹ کے تیز تر پھیلاؤ حاصل کیا گیا۔

مارچ ۲۰۲۰ کے اختتام پر کمپنی کے انتظامی معاملات کووڈ-۱۹ کی وجہ سے ہونے والے لوک ڈاون اور سپلائی چین کی تباہی کی وجہ سے تعتل کا شکار ہوئے۔ اس کی وجہ سے نہ صرف یہ کہ مینوفیکچرنگ کا عمل متاثر ہوا بلکہ اس کی وجہ سے سبلائی چین اور فروخت کے عمل میں لاتعداد مسائل نے جنم لیا۔ معیاری آپریٹنگ کے طریقہ کار کی تشکیل کے بعد حکومت پاکستان نے لوک ڈاون میں کمی کی اور اپ کی کمپنی کو اپنی پیداوار، انتظامی امور اور سیلز کی سرگرمیاں بحال کرنے کی اجازت دی۔

اس عرصہ میں اپ کی کمپنی نے تندہی سے کورنمنٹ کے متعلقہ محکموں کے ساتھ رابطہ میں رہی تاکہ اپنے عملہ کی ممکنہ حفاظت کے ساتھ ساتھ سپلائی چین کے معاملات کو قابو میں رکھا جاسکے۔ اس وقت کمپنی کا اہم ترین مقصد کووڈ-۱۹ کے بحران سے تندہی اور مصبوطی کے ساتھ ابھر کے سامنے آنا ہے اور پہلے کی طرح اپنے حصص کندگان کی قدر کو مثبت کاروباری سرگرمیوں کے زریعہ مستحکم کرنا اور اپننے گاہکوں تک بہترین اشیاء پہنچانا ہے۔

کلیدی مالیاتی اشارئیے

پہلی سہ ماہی کے کلیدی مالیاتی اشاریہ پچھلے سال کی پہلی سہ ماہی کے مقابل مندرجہ ذیل رہے۔

| (پاکستانی روپیہ ہزار میں) آپریٹنگ نتائج کا خلاصہ | پاکستانی روپیہ ملین میں | | |
|---|---|---|---|
| | پہلی سہ ماہی ۲۰۲۰ | پہلی سہ ماہی ۲۰۱۹ | فی صد (%) |
| مجموعی ریوینیو | 2،111 | 2،544 | (433) |
| مجموعی منافع | 523 | 595 | (72) |
| اپریٹنگ منافع | 269 | ۲۵۴ | 15 |
| مالیاتی لاگت (کمائے گئے کیری انگ چارجز کو منہا کرنے کے بعد) | (260) | (105) | (155) |
| منافع قبل از ٹیکس | 9 | 148 | (139) |
| منافع بعد از ٹیکس | 7 | 115 | (108) |
| فی حصص آمدنی –روپیہ میں | 0،03 | 0-61 | (0-58) |

مالیاتی کارکردگی کا جائزہ

۲۰۲۰ کی سہ ماہی میں کل منافع ۵۲۳ ملین روپے رہا جبکہ ۲۰۱۹ کی اس سہ ماہی میں ۵۹۵ ملین روپے کا کل منافع ہوا تھا۔

۲۰۲۰ کی سہ ماہی میں قبل از ٹیکس منافع ۹ ملین روپے رہا جبکہ ۲۰۱۹ کی اس سہ ماہی میں ۷ ملین روپے قبل از ٹیکس منافع ہوا تھا۔

اس دورانیہ میں فی شیئر آمدنی ۰.۰۳ روپے ہوئی جبکہ سال گزشتہ اسی سہ ماہی میں ۰.٦١ روپے فی شیئر امدنی ہوئی تھی۔

<u>مستقبل کی توقعات</u>

آپ کی کمپنی مستقبل کے چیلنجوں سے واقف ہے اور اچھے نتائج فراہم کرنے کے لئے کوششیں جاری رکھے ہوئے ہے، اور کی تمام کوششنیں سٹیک ہولڈرز کے فائدہ کے لئے ہیں، جو اس کے منفرد برانڈز ، وسیع مینوفیکچرنگ کی سہولیات ، ملک بھر میں فروخت اور سیلز سروس نیٹ ورک سے وابستہ ہیں۔.

کمپنی کی ترقی کے امکانات ملک کی مجموعی ترقی سے لامحالہ ہیں۔ ویوز سنگر پاکستان مارکیٹ میں دستیاب تمام مواقع تلاش کرنے پر اپنی توجہ مرکوز کی ہوئی ہے۔ کمپنی اپنے تمام اسٹیک ہولڈرز سے وعدہ کرتی ہے کہ وہ نہ صرف اپنی قدر اور کاروبار پاکستان میں بلکہ بیرون پاکستان بھی مضبوط کرے گی۔

<u>اعتراف</u>

اس کے ساتھ ہی ہم تمام اسٹیک ہولڈرز کے شکر گزار ہیں اور ہمیں یقین ہے کہ ان کی سرپرستی حسب معمول جاری رہے گی۔

بورڈ کی وساطت سے

کمپنی مکمل طور پر پاکستان میں اپنے کاروبار کو بڑھانے کے لئے نہیں بلکہ اس کے ساتھ ساتھ کے طور پر بھی قیمت پیدا کرنے کے لئے مصروف عمل ہے.

ہارون احمد خان
چیف ایگزیکیوٹیو آفیسر
لاہور: ۳۰ مئی ۲۰۲۰

Waves Singer Pakistan Limited
Condensed Interim Consolidated Statement of Financial Position (Un-audited)
*As at 31 March 2020*

| EQUITY AND LIABILITIES | Note | **(Unaudited) 31 March 2020** | (Audited) 31 December 2019 |
|---|---|---|---|
| | | **(Rupees in '000)** | |
| ***Share capital and reserves*** | | | |
| Authorized capital | | | |
| 200,000,000 (2019: 200,000,000) | | | |
| ordinary shares of Rs 10 each | | **2,000,000** | 2,000,000 |
| Issued, subscribed and paid up capital | *5* | **1,876,041** | 1,876,041 |
| Share premium reserve | | **4,581,063** | 4,581,063 |
| Capital reserve | | **5,000** | 5,000 |
| Revenue reserve - unappropriated profit | | **1,524,702** | 1,515,406 |
| Surplus on revaluation of property, plant and equipment - net of tax | | **359,760** | 362,544 |
| | | **8,346,566** | 8,340,054 |
| ***Non-current liabilities*** | | | |
| Long term loans - secured | | **1,402,271** | 1,417,271 |
| Lease liabilities | *6* | **418,714** | 437,663 |
| Employee retirement benefits - obligation | | **41,627** | 41,212 |
| Deferred tax liability - net | | **287,211** | 280,170 |
| Deferred income | | **14,046** | 15,574 |
| | | **2,163,869** | 2,191,890 |
| ***Current liabilities*** | | | |
| Trade and other payables | | **1,908,810** | 1,864,456 |
| Mark-up accrued on borrowings | | **270,658** | 216,566 |
| Short term borrowings - secured and unsecured | *7* | **4,529,179** | 4,113,581 |
| Unpaid dividend | | **1,457** | 1,457 |
| Current portion of long term liabilities | | **467,562** | 448,211 |
| | | **7,177,666** | 6,644,271 |
| **Contingencies and commitments** | *8* | | |
| | | **17,688,101** | 17,176,215 |

| ASSETS | Note | **(Unaudited) 31 March 2020** | (Audited) 31 December 2019 |
|---|---|---|---|
| | | **(Rupees in '000)** | |
| ***Non-current assets*** | | | |
| Property, plant and equipment | *9* | **5,659,001** | 5,704,666 |
| Intangible assets and goodwill | *10* | **2,936,151** | 2,946,274 |
| Employee retirement benefits - obligation | | **3,966** | 3,388 |
| Trade debts- long term | | **13,540** | 12,493 |
| Deffered tax asset - net | | **40,684** | 26,388 |
| | | **8,653,342** | 8,693,209 |
| ***Current assets*** | | | |
| Stores, spares and loose tools | | **45,406** | 37,708 |
| Stock-in-trade | | **3,895,581** | 3,653,464 |
| Trade debts | *11* | | |
| - Retail | | **1,013,900** | 902,072 |
| -Whole Sales | | **3,605,811** | 3,344,553 |
| Advances, deposits, prepayments and other receivables | | **160,788** | 145,546 |
| Taxation - net | | **264,028** | 236,095 |
| Cash and bank balances | *14* | **49,243** | 163,569 |
| | | **9,034,758** | 8,483,006 |
| | | **17,688,101** | 17,176,215 |

The annexed notes 1 to 18 form an integral part of these condensed interim unconsolidated financial statements.

**Lahore** **Chief Executive Officer** **Director** **Chief Financial Officer**

# Waves Singer Pakistan Limited

## Condensed Interim Consolidated Statement of Profit or Loss Account (Un-audited)

*For the three month period ended 31 March 2020*

| | Note | For the three month period ended | |
|---|---|---|---|
| | | **31 March 2020** | 31 March 2019 |
| | | **(Rupees in '000)** | |
| Sales - net | *12* | **2,110,830** | 2,544,908 |
| Cost of sales | | **(1,587,622)** | (1,950,209) |
| **Gross profit / (loss)** | | **523,208** | 594,699 |
| Marketing, selling and distribution cost | | **(216,590)** | (244,772) |
| Administrative expenses | | **(116,669)** | (91,901) |
| Other expenses | | **(958)** | (6,087) |
| Other income | | **80,121** | 1,890 |
| **Profit from operations** | | **269,111** | 253,829 |
| Earned carrying charges | | 54,321 | 34,920 |
| Finance cost | | (314,542) | (140,360) |
| | | **(260,221)** | (105,440) |
| **Profit before taxation** | | **8,890** | 148,390 |
| Taxation | *13* | **(2,379)** | (33,178) |
| **Profit for the period** | | **6,511** | 115,212 |
| **Earnings per share - basic and diluted** | | **0.03** | **0.61** |

The annexed notes 1 to 18 form an integral part of these condensed interim unconsolidated financial statements.

**Lahore** | **Chief Executive Officer** | **Director** | **Chief Financial Officer**

Waves Singer Pakistan Limited

Condensed Interim Consolidated Statement of Comprehensive Income (Un-audited)

*For the three month period ended 31 March 2020*

| | For the three month period ended | |
|---|---|---|
| | **31 March 2020** | 31 March 2019 |
| | - - - - - - - - (Rupees in '000) - - - - - - - - | |
| **Profit for the period** | **6,511** | 115,212 |
| **Other comprehensive income for the period** | | |
| *Items that will not be reclassified to profit or loss account:* | | |
| | - | - |
| **Total comprehensive income for the period** | **6,511** | 115,212 |

The annexed notes 1 to 18 form an integral part of these condensed interim unconsolidated financial statements.

**Lahore** **Chief Executive Officer** **Director** **Chief Financial Officer**

Waves Singer Pakistan Limited

Condensed Interim Consolidated Statement of Changes In Equity (Un-audited)

*For the six month period ended 31 March 2020*

| | Issued, subscribed and paid-up capital | Capital reserves | | | Revenue reserve | Total |
|---|---|---|---|---|---|---|
| | | Share premium reserve | Other capital reserve | Surplus on revaluation of land and building | Unappropriated profits | |
| | ---------- Rupees in '000 ---------- | | | | | |
| Balance at 01 January 2019 | 1,631,340 | 4,825,764 | 5,000 | 117,395 | 1,809,626 | **8,389,125** |
| **Impact of change in accounting policy** | | | | | (475,148) | **(475,148)** |
| Adjusted Balance as at 01 January 2019 | **1,631,340** | **4,825,764** | **5,000** | **117,395** | **1,334,478** | **7,913,977** |
| ***Total comprehensive income for the period*** | | | | | | |
| Profit for the period | - | - | - | - | 115,212 | **115,212** |
| | **-** | **-** | **-** | **-** | **115,212** | **115,212** |
| ***Surplus transferred to accumulated profits*** | | | | | | |
| Incremental depreciation relating to surplus on revaluation - net of tax | - | - | - | (2,154) | 2,154 | - |
| **Balance as at 31 March 2019** | **1,631,340** | **4,825,764** | **5,000** | **115,241** | **1,451,844** | **8,029,189** |
| ***Total comprehensive income for the period*** | | | | | | |
| Profit for the period | - | - | - | - | 263,088 | **263,088** |
| ***Surplus transferred to accumulated profits*** | | | | | | |
| Incremental depreciation relating to surplus on revaluation & Transfer against sale of land and building net of tax | - | - | - | (6,461) | 6,461 | **-** |
| Surplus on revaluation of property plant and and equipment | | | | 355,409 | | **355,409** |
| Effect of change in tax rate on account of surplus on property, plant and equipment | | | | (633) | | **(633)** |
| Related deferred tax on revaluation surplus | | | | (101,012) | | **(101,012)** |
| Remeasurement of defined benefit obligation | | | | | (2,070) | **(2,070)** |
| Shares issued as fully paid bonus shares @ 15% | 244,701 | (244,701) | - | - | - | **-** |
| Final dividend for the year ended 31 December 2018 @ Rs. 1.25 per share | | | | | (203,917) | **(203,917)** |
| **Balance as at 31 December 2019** | **1,876,041** | **4,581,063** | **5,000** | **362,544** | **1,515,406** | **8,340,054** |
| ***Total comprehensive income for the period*** | | | | | | |
| Profit for the period | - | - | - | - | 6,511 | **6,511** |
| ***Surplus transferred to accumulated profits*** | | | | | | |
| Incremental depreciation relating to Surplus on revaluation of property plant and and equipment-net of tax | | | | (2,784) | 2,784 | - |
| **Balance as at 31 March 2020 Un-audited** | **1,876,041** | **4,581,063** | **5,000** | **359,760** | **1,524,702** | **8,346,566** |

The annexed notes 1 to 18 form an integral part of these condensed interim unconsolidated financial statements.

**Lahore** **Chief Executive Officer** **Director** **Chief Financial Officer**

# Waves Singer Pakistan Limited

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

*For the th month period ended 31 March 2020*

| | Note | **(Un-audited) 31 March 2020** | (Un-audited) 31 March 2019 |
|---|---|---|---|
| | | **- - - - - -Rupees in '000- - - - - -** | |
| ***Cash flows from operating activities*** | | | |
| Profit before taxation | | **8,890** | 148,390 |
| *Adjustments for non-cash and other items:* | | | |
| Depreciation on property, plant and equipment | | **92,719** | 41,542 |
| Amortisation of intangible assets | | **10,122** | 10,070 |
| Finance cost | | **314,542** | 140,360 |
| Gain on sale of assets | | **-** | |
| Amortisation of deferred income | | **(1,528)** | (1,124) |
| Net loss on insurance claim of assets written off due to fire | | **-** | - |
| Unrealised exchange Loss | | **-** | - |
| Workers' Profit Participation Fund | | **-** | - |
| Provision for doubtful debts | | **-** | - |
| Provision for employee retirement benefits | | **-** | - |
| Dividend income from subsidiary company | | **-** | - |
| | | **424,746** | 339,238 |
| ***Effect on cash flow due to working capital changes*** | | | |
| *(Increase) / decrease in current assets:* | | | |
| Stores, spares and loose tools | | **(7,698)** | (2,646) |
| Stock-in-trade | | **(242,117)** | (124,857) |
| Trade debts and other receivables | | **(374,133)** | (918,162) |
| Advances, deposits, prepayments and other receivables | | **(15,242)** | (279,179) |
| *Increase in current liabilities:* | | **-** | - |
| Trade and other payables | | **44,353** | 276,316 |
| | | **(594,838)** | (1,048,528) |
| **Cash used in operations** | | **(170,092)** | **(709,290)** |
| Income tax paid | | **(37,567)** | 2,469 |
| Workers' Profit Participation Fund paid | | **-** | - |
| Employee retirement benefits paid | | **(163)** | - |
| Long term deposits - net | | **-** | - |
| **Net cash used in operating activities** | | **(207,822)** | (706,821) |
| ***Cash flow from investing activities*** | | | |
| Capital expenditure -net | | **(47,054)** | (52,532) |
| Proceeds against insurance claim against assets written off due to fire | | **-** | - |
| Proceeds from disposal of property, plant and equipment | | **-** | - |
| Dividend received from subsidiary company | | **-** | - |
| **Net cash generated from investing activities** | | **(47,054)** | (52,532) |
| ***Cash flow from financing activities*** | | | |
| Long term loans repaid | | **4,352** | (110,938) |
| Finance costs paid | | **(260,450)** | (95,505) |
| Dividend paid | | **-** | - |
| Short term borrowing - net | | **394,247** | 1,016,269 |
| Lease rentals paid | | **(18,949)** | (6,717) |
| **Net cash generated from financing activities** | | **119,200** | 803,110 |
| **Net decrease in cash and cash equivalents** | | **(135,677)** | 43,757 |
| **Cash and cash equivalents - at beginning of the period** | | **(1,332,791)** | (1,424,619) |
| **Cash and cash equivalents - at end of the period** | *14* | **(1,468,468)** | (1,380,863) |

The annexed notes 1 to 18 form an integral part of these condensed interim unconsolidated financial statements.

**Lahore** **Chief Executive Officer** **Director** **Chief Financial Officer**

**1 Status and nature of business**

The Group comprises of:

***Holding Company***

**- *Waves Singer Pakistan Limited***

| | 2020 | 2019 |
|---|---|---|
| | **(Holding percentage)** | |
| ***Subsidiary Companies*** | | |
| - Waves Marketing (Private) Limited | **100** | 100 |
| - Electronics Marketing Company (Private) Limited | **100** | 100 |

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 the manufacturing and assembly of domestic consumer appliances alongwith retailing and trading of the same and other light engineering products. The registered office of the company

Geographical locations of the manufacturing facilities of the Group are located at:
- 9-K.M, Hanjarwal, Multan Road, Lahore.
- Dina Nath, Mouza Rakh Serai Cheenba, Tehsil Pattoki, District Kasur.

***Waves Marketing (Private) Limited - Subsidiary Company***

Waves Marketing (Private) Limited (WMPL) 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 company is located at 15/3 A Model Town, Lahore. The principal activity of the company is the sale, distribution and marketing of

***Electronics Marketing Company (Private) Limited - Subsidiary Company***

Electronics Marketing Company (Private) Limited (EMCPL) is a private limited company which was incorporated on 09 September 2016 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of the the company is to carry out distribution / wholesales / retail business of all kinds of electronic appliances, its components

## 2 Basis of preparation

**Statement of compliance**

**2.1** These condensed interim Consolidated 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 condensed interim Consolidated financial statements comprise the condensed interim Consolidated statement of financial position of the Company as at 31 March 2020 and the related condensed interim Consolidated statement of profit or loss account, condensed interim Consolidated statement of comprehensive income, condensed interim Consolidated statement of changes in equity and condensed interim Consolidated statement of cash flow and notes to the financial information for the six month period then ended.

**2.3** These condensed interim Consolidated financial statements are unaudited but subject to limited scope review by external auditors and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of Pakistan Stock Exchange Limited.

**2.4** These condensed interim Consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 31 December 2019. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the Company’s financial position and performance since the last annual financial statements.

**2.5** Comparative Consolidated statement of financial position's numbers are extracted from the annual audited Consolidated financial statements of the Company for the year ended 31 March 2019, whereas comparative Consolidated statement of profit or loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim Consolidated financial statement of the Company for the three months period ended 31 December 2019.

## 3 Use of estimates and judgments

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

In preparing these condensed interim Consolidated financial statements, the significant judgments made by the management in applying accounting policies and key sources of estimation are the same as those applied in the preparation of annual audited financial statements for the year ended 31 December 2019.

## 4 Statement of consistency in accounting policies

The accounting policies and the methods of computation adopted in the preparation of these condensed interim Consolidated financial statements are same as those applied in the preparation of annual audited financial statements for the year ended 31 December 2019 except for the adoption of new standards effective as off 01 January 2020 as stated below:

### 4.1 Change in accounting policies

The Company has adopted IFRS 15 'Revenue from Contracts with Customers', IFRS 9 'Financial Instruments' and IFRS 16 'Leases' from 01 January 2019 which is effective from the annual periods beginning on or after 01 July 2018, period ending on or after 31 March 2020 and periods begining on or after 01 January 2019 respectively. The details of new significant accounting policies adopted and the nature and effect of the changes from previous accounting policies are set out below:

#### 4.1.1 IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control at a point in time or over time requires judgement. The Company is engaged in the manufacturing and assembly of domestic consumer appliances along with retailing and trading of the same and other light engineering products. The contracts with customers for the sale of goods generally includes single performance obligation. Management has concluded that revenue from sale of goods be recognized at the point in time when control of the asset is transferred to the customer, which is when the goods are delivered to the customer. However, the adoption of IFRS 15 which has replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations at 01 July 2018, did not have a material impact on the amounts of revenue recognized in these condensed interim Consolidated financial statements except for reclassification of the freight outwards which is now to be part of cost of sales.

#### 4.1.2 IFRS 9 Financial Instruments

IFRS 9 replaced the provisions of IAS 39 ' Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The details of new significant accounting policies adopted and the nature and the effect of the changes to the previous accounting policies are set out below:

#### 4.1.2.1 *Classification and measurement of financial assets and financial liabilities*

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for the financial assets of held to maturity, loans and receivables and available for sale. Under IFRS 9, on initial recognition, the Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value either through Other Comprehensive Income ("FVOCI"), or through profit or loss ("FVTPL"); and

- Those to be measured at amortized cost.

The classification depends upon entity's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It is held within the business model whose objective is to hold assets to collect contractual cash flows; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading , this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. However, the above had no effect on these condensed interim Consolidated financial statements as the Company has no investments at the reporting date.

Trade and other receivables including deposits and cash and cash equivalents that were classified as loans and receivables under IAS 39 are now classified at amortised cost. Trade receivable is initially measured at transaction price and are subsequently measured at amortised cost using the effective interest method, net of impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Changes in accounting policies resulting from change in classification and measurement of these financial assets does not have a significant impact on these condensed interim unconsolidiated financial statements.

#### 4.1.2.2 *Impairment*

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' ("ECL") model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to the financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. There had been no impairment losses related to trade and other receivables, including contract assets. Trade receivables are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL on adoption of IFRS 9. This includes both qualitative and quantative information and analysis, based on historical experience and informed credit risk assessment including forward looking information. Given the Company's experience with customers having good collection history with no historical loss rates / bad debts and normal receivable ageing, the move from an incurred loss model to an expected loss model has no impact on the financial position and / or financial performance of the Company.

### 4.1.3 IFRS 16 - Leases

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. As a result, the Company, as a lessee, has recognized right of use of assets representing its right to use the underlying assets and lease liabilities 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.

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

***As a lessee***

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognizes right of use assets and lease liabilities for material leases i.e. these leases are on balance sheet.

The Company presents right-of-use assets in ‘property, plant and equipment’, the same line item as it presents underlying assets of the same nature that it owns.

The Company has presented non-current and current portion of related lease liabilities in the statement of financial position considering their due dates for payment.

***Significant accounting policies***

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability. Right of use asset is disclosed in the property, plant and equipment as referred to in 10.2 of these condensed interim Consolidated financial statements.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company’s incremental borrowing rate. The Company has used it incremental borrowing rate as the discount rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in rate or a change in the terms of the lease arrangement. Refer note 6 to these condensed interim Consolidated financial statements for disclosure of lease liability.

The Company has elected not to recognize right of use assets and liabilities for some leases of low value assets (sales centers /warehouses). The Company recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

## 5 Issued, subscribed and paid up capital

| | **(Un-audited) 31 March 2020** | (Audited) 31 December 2019 | **(Un-audited) 31 March 2020** | (Audited) 31 December 2019 |
|---|---|---|---|---|
| | **- - - Number of shares - - -** | | **- - - Rupees in '000 - - -** | |
| Issued for cash | **11,461,568** | 11,461,568 | 114,616 | 114,616 |
| Issued for consideration other than cash | **703,733** | 703,733 | 7,037 | 7,037 |
| Issued as paid bonus shares | **78,988,759** | 78,988,759 | 789,888 | 789,888 |
| Issued under scheme of amalgamation | **96,450,000** | 96,450,000 | 964,500 | 964,500 |
| | **187,604,060** | **187,604,060** | 1,876,041 | 1,876,041 |

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

| | **(Un-audited) 31 March 2020** | (Audited) 31 December 2019 | **(Un-audited) 31 March 2020** | (Audited) 31 December 2019 |
|---|---|---|---|---|
| *Poseidon Synergies (Private) Limited | **6.00%** | 6.00% | **11,253,183** | 11,253,183 |
| *Chief Executive Officer and his spouse and mi* | | | | |
| - Haroon Ahmad Khan (CEO) | **38.32%** | 38.32% | **71,893,524** | 71,893,524 |
| - Nighat Haroon Khan (Wife of CEO) | **15.64%** | 15.64% | **29,346,274** | 29,346,274 |
| - Dependent children of CEO | **1.66%** | 1.66% | **3,107,875** | 3,107,875 |
| | **61.62%** | 61.62% | **115,600,856** | 115,600,856 |

## 6 Liabilities against assets subject to lease

| | **(Un-audited) 31 March 2020** | (Audited) 31 December 2019 |
|---|---|---|
| Liabilities for finance lease assets | **75,161** | 66,800 |
| Liability recognized for right of use asset | **469,182** | 498,425 |
| | **544,343** | 565,225 |
| Less: Current maturity presented under current liabilities | **(125,629)** | (127,562) |
| | **418,714** | 437,663 |

## 7 Short term borrowings

| | *Note* | **(Un-audited) 31 March 2020** | (Audited) 31 December 2019 |
|---|---|---|---|
| | | **(Rupees in '000)** | |
| *From banking companies - secured:* | | | |
| Running finance under mark-up arrangements | | **1,517,711** | 1,496,360 |
| Finance against trust receipt | *7.1* | **2,268,012** | 1,873,765 |
| Cash finance | *7.1* | **463,455** | 463,455 |
| Short term borrowings under 'Murahaba' arrangement | *7.1* | **280,001** | 280,001 |
| | | **4,529,179** | 4,113,581 |

**7.1** There were no major changes in any of the facilities during the period. All terms and conditions applicable on these facilities are same as those disclosed in the annual financial statements of the Company for the year ended 31 December 2019.

**8 Contingencies and commitments**

**8.1 Contingencies**

There has been no significant changes in contingencies as reported in the annual audited financial statements of the Company for the year ended 31 December 2019.

**8.2 Commitments**

The Company has the following commitments in respect of:

**(i)** Commitments, for the import of stock in trade, outstanding at year end were for Rs. 182.17 million (2019: Rs. 319.39 million).

**(ii)** Commitments, for capital expenditure, against irrevocable letters of credit outstanding at the period end were for Rs. 0.79 million (2019: Rs. 1.09 million).

| | Note | **(Un-audited) 31 March 2020** | (Audited) 31 December 2019 |
|---|---|---|---|
| | | **(Rupees in '000)** | |
| **9 Property, plant and equipment** | | | |
| Operating fixed assets | *9.1* | **5,043,305** | 5,084,453 |
| Right of-use asset | *9.2* | **551,205** | 574,009 |
| Capital work-in-progress | *9.3* | **64,491** | 46,204 |
| | | **5,659,001** | 5,704,666 |
| **9.1 Operating fixed assets** | | | |
| Opening balance - as at 01 January | | **5,084,453** | 4,620,065 |
| Additions during the period / year | | **23,472** | 334,058 |
| Revaluation gain / (loss) | | **-** | 340,347 |
| Transfers to investment property | | **-** | - |
| Transfers from right to use to owned assets | | **-** | 11,591 |
| | | **5,107,925** | 5,306,062 |
| Book value of property, plant and equipment disposed off during the period / year | | **-** | (17,010) |
| Depreciation charged during the period / year | | **(64,620)** | (204,599) |
| **Closing balance** | | **5,043,305** | 5,084,453 |
| **9.2 Right of-use asset** | | | |
| Balance as at 01 January | | **574,009** | 548,893 |
| Additions during the period | | **5,295** | 146,172 |
| Revaluation gain / (loss) | | **-** | 15,062 |
| Transfers to owned assets | | **-** | (11,591) |
| Depreciation charge for the period | | **(28,099)** | (124,527) |
| **Closing balance** | | **551,205** | 574,009 |
| **9.3 Capital work-in-progress** | | | |
| Building | | **6,858** | 4,851 |
| Plant and machinery | | **51,599** | 35,845 |
| Electric installation | | **6,034** | 5,508 |
| | | **64,491** | 46,204 |

| | | | (Un-audited) 31 March 2020 | (Audited) 31 December 2019 |
|---|---|---|---|---|
| **10** | **Intangible assets and goodwill** | *Note* | **(Rupees in '000)** | |
| | Software | | **45,565** | 47,996 |
| | Goodwill | *10.1* | **1,070,206** | 1,070,206 |
| | Brand value | *10.1* | **1,582,147** | 1,582,147 |
| | Customer relationships (subsidiary Company) | *10.1* | **238,234** | 245,925 |
| | | | **2,936,151** | 2,946,274 |

**10.1** Effective 01 July 2017, Waves Singer Pakistan Limited ("the Company") completed a 'Scheme of Arrangement' as approved by the Honourable Sindh High Court through its Order dated 22 May 2018 for the amalgamation of Cool Industries (Private) Limited [CIPL] and Link Wel (Private) Limited [LWPL] with and into the Company and demerger of retail business from the Company and amalgamate the same into the subsidiary.This goodwill and intangible assets (brand value) represents excess of the amount paid over the fair value of the net assets of CIPL and LWPL on its acquisition as of the start of business on 01 July 2017.

| | | (Un-audited) 31 March 2020 | (Audited) 31 December 2019 |
|---|---|---|---|
| **11** | **Trade debts** | **(Rupees in '000)** | |
| | Considered good, usecured | **4,619,711** | **4,246,625** |
| | Considered doubtful, usecured | **739,900** | **805,268** |
| | | **5,359,611** | **5,051,894** |
| | Provision for doubtful debts | **(739,900)** | **(805,268)** |
| | | **4,619,711** | **4,246,625** |

| | | (Un-audited) 31 March 2020 | (Un-audited) 31 March 2019 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **12** | **Sales - net** | | |
| | *Gross sales:* | | |
| | - Local | **2,503,268** | 3,297,211 |
| | - Export | **-** | 12,308 |
| | Sales return | **(139)** | - |
| | | **2,503,128** | 3,309,519 |
| | Sales tax | **(269,669)** | (296,178) |
| | Trade discounts | **(122,629)** | (468,433) |
| | | **(392,298)** | (764,611) |
| | | **2,110,830** | 2,544,908 |

**13 Taxation**

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

| | | (Un-audited) 31 March 2020 | (Audited) 31 December 2019 |
|---|---|---|---|
| **14** | **Cash and cash equivalents** | (Rupees in '000) | |
| | Cash and bank balances | **49,243** | 163,569 |
| | Short term running finance - secured | **(1,517,711)** | (1,496,360) |
| | | **(1,468,468)** | (1,332,791) |

## 15 Transactions with related parties

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

| Name of the Company | Relationship | Nature of transactions | (Un-audited) 31 March 2020 | (Un-audited) 31 March 2019 |
|---|---|---|---|---|
| **Associated Undertakings** | | | | |
| Poseidon Synergies (Private) Limited | Shareholding and common directorship | Loan recived during the year | | - |
| | | Repayment of loan during the year | | 10,000 |
| Employee's Provident Fund | Post employee contribution plan | Contribution for the period | **7,233** | 7,773 |
| Directors | Employees | Fee for meetings | **135** | 120 |
| Key management personnel | Remuneration | Remuneration | **41,292** | 40,310 |

## 16 Financial risk management and fair value of financial instruments

**16.1** The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements of the Company for the year ended 31 December 2019.

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

| | | Carrying amount | | | Fair value | | |
|---|---|---|---|---|---|---|---|
| | | Financial assets at amortized cost | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 |
| | Note | Rupees in '000 | | | | | |
| **Financial instruments** | | | | | | | |
| **31 March 20 - (Un-audited)** | | | | | | | |
| ***Financial assets - not measured at fair value*** | | | | | | | |
| Security deposits | | 55,414 | - | 55,414 | - | - | - |
| Trade debts | | 4,619,711 | - | 4,619,711 | - | - | - |
| Other receivables | | 160,788 | - | 160,788 | - | - | - |
| Cash & Bank Balances | | 49,243 | - | 49,243 | - | - | - |
| | *16.3* | 4,885,157 | - | 4,885,156 | - | - | - |
| ***Financial liabilities - not measured at fair value*** | | | | | | | |
| Liabilities against assets subject to finance lease | | - | 418,714 | 418,714 | - | - | - |
| Long term loans - secured | | - | 1,402,271 | 1,402,271 | - | - | - |
| Trade and other payables | | - | 1,908,810 | 1,908,810 | - | - | - |
| Employee retirement benefit | | - | 41,627 | 41,627 | - | - | - |
| Short term borrowings - secured and unsecured | | - | 4,529,179 | 4,529,179 | - | - | - |
| Mark-up accrued on short term finances and long term loans | | - | 270,658 | 270,658 | - | - | - |
| | *16.3* | - | 8,571,259 | 8,571,259 | - | - | - |

| | Note | Financial assets at amortized cost | Other financial liabilities | Total | Fair value Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|---|---|
| | | ----------------- | ----------------- | ----- Rupees in '000 ----- | ----------------- | ----------------- | ----------------- |
| **Financial instruments** | | | | | | | |
| **31 December 2019** | | | | | | | |
| ***Financial assets - not measured at fair value*** | | | | | | | |
| Security deposits | | 55,414 | - | 55,414 | - | - | - |
| Trade debts | | 4,246,625 | - | 4,246,625 | - | - | - |
| Other receivables | | 300 | - | 300 | - | - | - |
| Bank balances | | 163,569 | - | 163,569 | - | - | - |
| | *16.3* | 4,465,909 | - | 4,465,909 | - | - | - |
| ***Financial liabilities - not measured at fair value*** | | | | | | | |
| Liabilities against assets subject to finance lease | | - | 565,226 | 565,226 | - | - | - |
| Long term loans - secured | | - | 1,732,271 | 1,732,271 | - | - | - |
| Trade and other payables | | - | 1,490,771 | 1,490,771 | - | - | - |
| Employee retirement benefit | | - | 41,212 | 41,212 | - | - | - |
| Short term borrowings - secured and unsecured | | - | 4,113,581 | 4,113,581 | | | |
| Mark-up accrued on short term finances and long term loans | | - | 216,566 | 216,566 | - | - | - |
| | *16.3* | - | 8,159,627 | 8,159,627 | - | - | - |

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

**Non financial assets measured at fair value**

Land and Building

| | | |
|---|---|---|
| *Revalued Property, plant and equipment* | Date of valuation | 31-Dec-19 |
| *Investment property* | Date of valuation | 31-Dec-19 |

***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.

**17 Date of authorization**

This condensed interim Consolidated financial information has been approved by the Board of Directors of the Company and authorized for issue on 30th May 2020.

**18 General**

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

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

| | | | |
|---|---|---|---|
| **Lahore** | **Chief Executive** | **Director** | **Chief Financial Officer** |

Waves Singer Pakistan Limited

Condensed Interim Unconsolidated Statement of Financial Position (Un-audited)

*As at 31 March 2020*

| **EQUITY AND LIABILITIES** | *Note* | **(Unaudited) 31 March 2020** | (Audited) 31 December 2019 |
|---|---|---|---|
| | | **(Rupees in '000)** | |
| ***Share capital and reserves*** | | | |
| Authorized capital | | | |
| 200,000,000 (2019: 200,000,000) | | | |
| ordinary shares of Rs 10 each | | **2,000,000** | 2,000,000 |
| Issued, subscribed and paid up capital | *5* | **1,876,041** | 1,876,041 |
| Share premium reserve | | **4,581,063** | 4,581,063 |
| Capital reserve | | **5,000** | 5,000 |
| Revenue reserve - unappropriated profit | | **1,833,338** | 1,815,124 |
| Surplus on revaluation of property, plant and equipment - net of tax | | **403,928** | 406,712 |
| | | **8,699,406** | 8,683,940 |
| ***Non-current liabilities*** | | | |
| Long term loans - secured | | **1,402,271** | 1,417,271 |
| Liabilities against assets subject to lease | *6* | **185,550** | 179,820 |
| Employee retirement benefits - obligation | | **23,088** | 23,088 |
| Deferred tax liability - net | | **241,406** | 247,943 |
| Deferred income | | **14,046** | 15,575 |
| | | **1,866,361** | 1,883,697 |
| ***Current liabilities*** | | | |
| Trade and other payables | | **1,624,278** | 1,404,203 |
| Mark-up accrued on borrowings | | **282,403** | 216,566 |
| Short term borrowings - secured and unsecured | *7* | **4,529,179** | 4,113,581 |
| Unpaid dividend | | **1,457** | 1,457 |
| Current portion of long term liabilities | | **417,903** | 403,976 |
| | | **6,855,220** | 6,139,783 |
| **Contingencies and commitments** | *8* | | |
| | | **17,420,987** | 16,707,420 |

| **ASSETS** | *Note* | **(Unaudited) 31 March 2020** | (Audited) 31 December 2019 |
|---|---|---|---|
| | | **(Rupees in '000)** | |
| ***Non-current assets*** | | | |
| Property, plant and equipment | *9* | **4,927,148** | 4,969,474 |
| Intangible assets and goodwill | *10* | **2,927,678** | 2,937,561 |
| Investment property | | **220,500** | 220,500 |
| Investment in subsidiaries | *11* | **501,000** | 501,000 |
| Employee retirement benefits - obligation | | **3,966** | 3,388 |
| Long term deposits | | **8,950** | 8,561 |
| | | **8,589,243** | 8,640,484 |
| ***Current assets*** | | | |
| Stores, spares and loose tools | | **45,406** | 37,708 |
| Stock-in-trade | | **3,084,074** | 2,940,985 |
| Trade debts | *12* | **3,595,811** | 3,239,794 |
| Advances, deposits, prepayments and other receivables | *13* | **1,547,531** | 1,280,558 |
| Taxation - net | | **506,943** | 451,547 |
| Cash and bank balances | | **51,980** | 116,344 |
| | | **8,831,744** | 8,066,936 |
| | | **17,420,987** | 16,707,420 |

The annexed notes 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.

**Lahore** **Chief Executive Officer** **Director** **Chief Financial Officer**

Waves Singer Pakistan Limited

Condensed Interim Unconsolidated Statement of Profit or Loss Account (Un-audited)

*For the three month period ended 31 March 2020*

| | Note | For the three month period ended | |
|---|---|---|---|
| | | **31 March 2020** | 31 March 2019 |
| | | **(Rupees in '000)** | |
| Sales - net | *14* | **1,536,606** | 1,973,332 |
| Cost of sales | | **(1,153,090)** | (1,920,929) |
| **Gross profit / (loss)** | | **383,517** | 52,402 |
| Marketing, selling and distribution cost | | **(104,588)** | (5,852) |
| Administrative expenses | | **(78,350)** | (17,120) |
| Other expenses | | **(958)** | (6,087) |
| Other income | *15* | **62,927** | 198,628 |
| **Profit from operations** | | **262,548** | 221,971 |
| Finance cost | | **(245,110)** | (139,203) |
| **Profit before taxation** | | **17,437** | 82,768 |
| Taxation | *16* | **(1,971)** | (18,222) |
| **Profit for the period** | | **15,466** | 64,546 |
| **Earnings per share - basic and diluted** | | **0.08** | **0.34** |

The annexed notes 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.

**Lahore** **Chief Executive Officer** **Director** **Chief Financial Officer**

Waves Singer Pakistan Limited

Condensed Interim Unconsolidated Statement of Comprehensive Income (Un-audited)

*For the three month period ended 31 March 2020*

| | For the three month period ended | |
|---|---|---|
| | **31 March 2020** | 31 March 2019 |
| | **- - - - - - - - (Rupees in '000) - - - - - - - -** | |
| **Profit for the period** | **15,466** | 64,546 |
| **<u>Other comprehensive income for the period</u>** | | |
| *Items that will not be reclassified to profit or loss account:* | | |
| | - | - |
| **Total comprehensive income for the period** | **15,466** | 64,546 |

The annexed notes 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.

**Lahore** **Chief Executive Officer** **Director** **Chief Financial Officer**

Waves Singer Pakistan Limited

Condensed Interim Unconsolidated Statement of Changes In Equity (Un-audited)

*For the six month period ended 31 March 2020*

| | Issued, subscribed and paid-up capital | Capital Reserves | | | Revenue reserve | Total |
|---|---|---|---|---|---|---|
| | | Share premium reserve | Other capital reserve | Surplus on revaluation of land and building | Unappropriated profits | |
| | Rupees in '000 | | | | | |
| Balance at 01 January 2019 | 1,631,340 | 4,825,764 | 5,000 | 158,525 | 1,754,670 | **8,375,299** |
| ***Total comprehensive income for the period*** | | | | | | |
| Profit for the period | - | - | - | - | 64,546 | **64,546** |
| | **-** | **-** | **-** | **-** | **64,546** | **64,546** |
| ***Surplus transferred to accumulated profits*** | | | | | | |
| Incremental depreciation relating to surplus on revaluation - 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** |
| ***Total comprehensive income for the period*** | | | | | | |
| Profit for the period | - | - | - | - | 195,539 | **195,539** |
| ***Surplus transferred to accumulated profits*** | | | | | | |
| Incremental depreciation relating to surplus on revaluation & Transfer against sale of land and building net of tax | - | - | - | (4,202) | 4,202 | **-** |
| Surplus on revaluation of property plant and and equipment | | | | 355,409 | | **355,409** |
| Related deferred tax on revaluation surplus | | | | (100,866) | | **(100,866)** |
| Remeasurement of defined benefit obligation | | | | | (2,070) | **(2,070)** |
| Shares issued as fully paid bonus shares @ 15% | 244,701 | (244,701) | - | - | - | - |
| Final dividend for the year ended 31 December 2018 @ Rs. 1.25 per share | | | | | (203,917) | **(203,917)** |
| **Balance as at 31 December 2019** | **1,876,041** | **4,581,063** | **5,000** | **406,712** | **1,815,124** | **8,683,940** |
| ***Total comprehensive income for the period*** | | | | | | |
| Profit for the period | - | - | - | - | 15,466 | **15,466** |
| ***Surplus transferred to accumulated profits*** | | | | | | |
| Incremental depreciation relating to Surplus on revaluation of property plant and and equipment-net of tax | | | | (2,784) | 2,748 | - |
| **Balance as at 31 March 2020 Un-audited** | **1,876,041** | **4,581,063** | **5,000** | **403,928** | **1,833,338** | **8,699,406** |

The annexed notes 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.

**Lahore** **Chief Executive Officer** **Director** **Chief Financial Officer**

# Waves Singer Pakistan Limited

## Condensed Interim Unconsolidated Statement of Cash Flow (Un-audited)

*For the th month period ended 31 March 2020*

| | Note | (Un-audited) 31 March 2020 | (Un-audited) 31 March 2019 |
|---|---|---|---|
| | | **- - - - - -Rupees in '000- - - - - -** | |
| ***Cash flows from operating activities*** | | | |
| Profit before taxation | | **17,437** | 82,768 |
| *Adjustments for non-cash and other items:* | | | |
| Depreciation on property, plant and equipment | | **68,214** | 40,057 |
| Amortisation of intangible assets | | **9,883** | 2,394 |
| Finance cost | | **245,110** | 139,203 |
| Amortisation of deferred income | | **(1,529)** | (1,125) |
| | | **339,116** | 263,297 |
| ***Effect on cash flow due to working capital changes*** | | | |
| *(Increase) / decrease in current assets:* | | | |
| Stores, spares and loose tools | | **(7,698)** | (2,646) |
| Stock-in-trade | | **(143,089)** | (91,826) |
| Trade debts and other receivables | | **(356,017)** | (917,259) |
| Advances, deposits, prepayments and other receivables | | **(266,973)** | (57,467) |
| *Increase in current liabilities:* | | **-** | - |
| Trade and other payables | | **220,075** | 113,998 |
| | | **(553,702)** | (955,201) |
| **Cash used in operations** | | **(214,586)** | **(691,904)** |
| Income tax paid | | **(63,904)** | (20,422) |
| Employee retirement benefits paid | | **(578)** | - |
| Long term deposits - net | | **(389)** | - |
| **Net cash used in operating activities** | | **(279,457)** | (712,326) |
| ***Cash flow from investing activities*** | | | |
| Capital expenditure -net | | **(25,888)** | (51,535) |
| **Net cash generated from investing activities** | | **(25,888)** | (51,535) |
| ***Cash flow from financing activities*** | | | |
| Long term loans repaid | | **(1,073)** | (110,938) |
| Finance costs paid | | **(179,273)** | (94,348) |
| Short term borrowing - net | | **394,247** | 1,016,269 |
| Lease rentals paid | | **5,730** | (6,716) |
| **Net cash generated from financing activities** | | **219,630** | 804,268 |
| **Net decrease in cash and cash equivalents** | | **(85,716)** | 40,408 |
| **Cash and cash equivalents - at beginning of the period** | | **(1,380,016)** | (1,439,206) |
| **Cash and cash equivalents - at end of the period** | *17* | **(1,465,732)** | (1,398,798) |

The annexed notes 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.

**Lahore** **Chief Executive Officer** **Director** **Chief Financial Officer**

**1 Status and nature of business**

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**

**Statement of compliance**

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

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

- Provisions of and directives issued under the Companies Act, 2017.

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 condensed interim unconsolidated financial statements comprise the condensed interim unconsolidated statement of financial position of the Company as at 31 March 2020 and the related condensed interim unconsolidated statement of profit or loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated statement of cash flow and notes to the financial information for the six month period then ended.

**2.3** These condensed interim unconsolidated financial statements are unaudited but subject to limited scope review by external auditors and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of Pakistan Stock Exchange Limited.

**2.4** These condensed interim unconsolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 31 December 2019. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the Company’s financial position and performance since the last annual financial statements.

**2.5** Comparative unconsolidated statement of financial position's numbers are extracted from the annual audited unconsolidated financial statements of the Company for the year ended 31 March 2019, whereas comparative unconsolidated statement of profit or loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim unconsolidated financial statement of the Company for the three months period ended 31 December 2019.

**3 Use of estimates and judgments**

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

In preparing these condensed interim unconsolidated financial statements, the significant judgments made by the management in applying accounting policies and key sources of estimation are the same as those applied in the preparation of annual audited financial statements for the year ended 31 December 2019.

**4 Statement of consistency in accounting policies**

The accounting policies and the methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are same as those applied in the preparation of annual audited financial statements for the year ended 31 December 2019 except for the adoption of new standards effective as off 01 January 2020 as stated below:

**4.1 Change in accounting policies**

The Company has adopted IFRS 15 'Revenue from Contracts with Customers', IFRS 9 'Financial Instruments' and IFRS 16 'Leases' from 01 January 2019 which is effective from the annual periods beginning on or after 01 July 2018, period ending on or after 31 March 2020 and periods begining on or after 01 January 2019 respectively. The details of new significant accounting policies adopted and the nature and effect of the changes from previous accounting policies are set out below:

**4.1.1 IFRS 15 'Revenue from Contracts with Customers'**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control at a point in time or over time requires judgement. The Company is engaged in the manufacturing and assembly of domestic consumer appliances along with retailing and trading of the same and other light engineering products. The contracts with customers for the sale of goods generally includes single performance obligation. Management has concluded that revenue from sale of goods be recognized at the point in time when control of the asset is transferred to the customer, which is when the goods are delivered to the customer. However, the adoption of IFRS 15 which has replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations at 01 July 2018, did not have a material impact on the amounts of revenue recognized in these condensed interim unconsolidated financial statements except for reclassification of the freight outwards which is now to be part of cost of sales.

**4.1.2 IFRS 9 Financial Instruments**

IFRS 9 replaced the provisions of IAS 39 ' Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The details of new significant accounting policies adopted and the nature and the effect of the changes to the previous accounting policies are set out below:

#### *4.1.2.1 Classification and measurement of financial assets and financial liabilities*

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for the financial assets of held to maturity, loans and receivables and available for sale. Under IFRS 9, on initial recognition, the Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value either through Other Comprehensive Income ("FVOCI"), or through profit or loss ("FVTPL"); and
- Those to be measured at amortized cost.

The classification depends upon entity's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It is held within the business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading , this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. However, the above had no effect on these condensed interim unconsolidated financial statements as the Company has no investments at the reporting date.

Trade and other receivables including deposits and cash and cash equivalents that were classified as loans and receivables under IAS 39 are now classified at amortised cost. Trade receivable is initially measured at transaction price and are subsequently measured at amortised cost using the effective interest method, net of impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Changes in accounting policies resulting from change in classification and measurement of these financial assets does not have a significant impact on these condensed interim unconsolidiated financial statements.

#### *4.1.2.2 Impairment*

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' ("ECL") model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to the financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. There had been no impairment losses related to trade and other receivables, including contract assets. Trade receivables are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL on adoption of IFRS 9. This includes both qualitative and quantative information and analysis, based on historical experience and informed credit risk assessment including forward looking information. Given the Company's experience with customers having good collection history with no historical loss rates / bad debts and normal receivable ageing, the move from an incurred loss model to an expected loss model has no impact on the financial position and / or financial performance of the Company.

### 4.1.3 IFRS 16 - Leases

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. As a result, the Company, as a lessee, has recognized right of use of assets representing its right to use the underlying assets and lease liabilities 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.

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

***As a lessee***

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognizes right of use assets and lease liabilities for material leases i.e. these leases are on balance sheet.

The Company presents right-of-use assets in ‘property, plant and equipment’, the same line item as it presents underlying assets of the same nature that it owns.

The Company has presented non-current and current portion of related lease liabilities in the statement of financial position considering their due dates for payment.

***Significant accounting policies***

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability. Right of use asset is disclosed in the property, plant and equipment as referred to in 10.2 of these condensed interim unconsolidated financial statements.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company’s incremental borrowing rate. The Company has used it incremental borrowing rate as the discount rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in rate or a change in the terms of the lease arrangement. Refer note 6 to these condensed interim unconsolidated financial statements for disclosure of lease liability.

The Company has elected not to recognize right of use assets and liabilities for some leases of low value assets (sales centers /warehouses). The Company recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

## 5 Issued, subscribed and paid up capital

| | (Un-audited) 31 March 2020 | (Audited) 31 December 2019 | (Un-audited) 30 June 2019 | (Audited) 31 December 2019 |
|---|---|---|---|---|
| | --- Number of shares --- | | --- Rupees in '000 --- | |
| Issued for cash | **11,461,568** | 11,461,568 | 114,616 | 114,616 |
| Issued for consideration other than cash | **703,733** | 703,733 | 7,037 | 7,037 |
| Issued as paid bonus shares | **78,988,759** | 78,988,759 | 789,888 | 789,888 |
| Issued under scheme of amalgamation | **96,450,000** | 96,450,000 | 964,500 | 964,500 |
| | **187,604,060** | **187,604,060** | 1,876,041 | 1,876,041 |

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

| | (Un-audited) 31 March 2020 | (Audited) 31 December 2019 | (Un-audited) 31 March 2020 | (Audited) 31 December 2019 |
|---|---|---|---|---|
| *Poseidon Synergies (Private) Limited | **6.00%** | 6.00% | **11,253,183** | 11,253,183 |
| *Chief Executive Officer and his spouse and mi* | | | | |
| - Haroon Ahmad Khan (CEO) | **38.32%** | 38.32% | **71,893,524** | 71,893,524 |
| - Nighat Haroon Khan (Wife of CEO) | **15.64%** | 15.64% | **29,346,274** | 29,346,274 |
| - Dependent children of CEO | **1.66%** | 1.66% | **3,107,875** | 3,107,875 |
| | **61.62%** | 61.62% | | |

## 6 Liabilities against assets subject to lease

| | (Un-audited) 31 March 2020 | (Audited) 31 December 2019 |
|---|---|---|
| Liabilities for finance lease assets | **75,161** | 66,800 |
| Liability recognized for right of use asset | **191,783** | 196,348 |
| | **266,944** | 263,148 |
| Less: Current maturity presented under current liabilities | **(81,394)** | (83,328) |
| | **185,550** | 179,820 |

## 7 Short term borrowings

| | Note | (Un-audited) 31 March 2020 | (Audited) 31 December 2019 |
|---|---|---|---|
| | | (Rupees in '000) | |
| *From banking companies - secured:* | | | |
| Running finance under mark-up arrangements | | **1,517,711** | 1,496,360 |
| Finance against trust receipt | *7.1* | **2,268,012** | 1,873,765 |
| Cash finance | *7.1* | **463,455** | 463,455 |
| Short term borrowings under 'Murahaba' arrangement | *7.1* | **280,001** | 280,001 |
| | | **4,529,179** | 4,113,581 |

**7.1** There were no major changes in any of the facilities during the period. All terms and conditions applicable on these facilities are same as those disclosed in the annual financial statements of the Company for the year ended 31 December 2019.

## 8 Contingencies and commitments

### 8.1 Contingencies

There has been no significant changes in contingencies as reported in the annual audited financial statements of the Company for the year ended 31 December 2019.

### 8.2 Commitments

The Company has the following commitments in respect of:

**(i)** Commitments, for the import of stock in trade, outstanding at year end were for Rs. 182.17 million (2019: Rs. 319.39 million).

**(ii)** Commitments, for capital expenditure, against irrevocable letters of credit outstanding at the period end were for Rs. 0.79 million (2019: Rs. 1.09 million).

| | Note | **(Un-audited) 31 March 2020** | (Audited) 31 December 2019 |
|---|---|---|---|
| | | **(Rupees in '000)** | |
| **9 Property, plant and equipment** | | | |
| Operating fixed assets | *9.1* | **4,570,549** | 4,623,877 |
| Right of-use asset | *9.2* | **292,108** | 299,393 |
| Capital work-in-progress | *9.3* | **64,491** | 46,204 |
| | | **4,927,148** | 4,969,474 |

### 9.1 Operating fixed assets

| | | |
|---|---|---|
| Opening balance - as at 01 January | **4,623,877** | 4,181,407 |
| Additions during the period / year | **2,306** | 319,555 |
| Revaluation gain / (loss) | **-** | 340,347 |
| Transfers to investment property | **-** | (50,000) |
| Transfers from right to use to owned assets | **-** | 11,591 |
| | **4,626,183** | 4,802,900 |
| Book value of property, plant and equipment disposed off during the period / year | **-** | (14,283) |
| Depreciation charged during the period / year | **(55,634)** | (164,740) |
| **Closing balance** | **4,570,549** | 4,623,877 |

### 9.2 Right of-use asset

| | | |
|---|---|---|
| Balance as at 01 January | **299,393** | 252,887 |
| Additions during the period | **5,295** | 105,486 |
| Revaluation gain / (loss) | **-** | 15,062 |
| Transfers to owned assets | **-** | (11,591) |
| Depreciation charge for the period | **(12,580)** | (62,451) |
| **Closing balance** | **292,108** | 299,393 |

### 9.3 Capital work-in-progress

| | | |
|---|---|---|
| Building | **6,858** | 4,851 |
| Plant and machinery | **51,599** | 35,845 |
| Electric installation | **6,034** | 5,508 |
| | **64,491** | 46,204 |

| 10 | Intangible assets and goodwill | Note | (Un-audited) 31 March 2020 (Rupees in '000) | (Audited) 31 December 2019 |
|---|---|---|---|---|
| | Software | | **37,091** | 39,289 |
| | Goodwill | *10.1* | **1,070,206** | 1,070,206 |
| | Brand value | *10.1* | **1,582,147** | 1,582,147 |
| | Customer relationships (subsidiary Company) | *10.1* | **238,234** | 245,919 |
| | | | **2,927,678** | 2,937,561 |

**10.1** Effective 01 July 2017, Waves Singer Pakistan Limited ("the Company") completed a 'Scheme of Arrangement' as approved by the Honourable Sindh High Court through its Order dated 22 May 2018 for the amalgamation of Cool Industries (Private) Limited [CIPL] and Link Wel (Private) Limited [LWPL] with and into the Company and demerger of retail business from the Company and amalgamate the same into the subsidiary.This goodwill and intangible assets (brand value) represents excess of the amount paid over the fair value of the net assets of CIPL and LWPL on its acquisition as of the start of business on 01 July 2017.

| 11 | Investment In subsidiaries | Note | (Un-audited) 31 March 2020 (Rupees in '000) | (Audited) 31 December 2019 |
|---|---|---|---|---|
| | **Electronics Marketing Company (Private) Limited - at cost** | | | |
| | 50,000,000 (2019: 25,000,000) fully paid ordinary shares of Rs. 10 each | *11.1* | **500,000** | 500,000 |
| | Equity held: 100% (2019: 100%) | | | |
| | Chief Executive Officer - Nadeem Mahmood Butt | | | |
| | **Waves Marketing (Private) Limited** | | | |
| | Equity held: 100% (2019: 100%) | *11.2* | **1,000** | 1,000 |
| | Chief Executive Officer - Moazzam Ahmad Khan | | | |
| | | | **501,000** | 501,000 |

**11.1** Electronics Marketing Company (Private) Limited (EMCPL), a wholly owned subsidiary, was incorporated on 09 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 registered office of the subsidiary Company is located at Shop No. 5, Ganga Ram Mansion Shahrah-e-Quaid-e-Azam (Mall Road), Lahore, Punjab.

**11.2** Waves Marketing (Private) Limited (WMPL), a wholly owned subsidiary, 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. The registered office of the subsidiary Company is located at 15/3 A, Model Town, Lahore.

| 12 | Trade debts | Note | (Un-audited) 31 March 2020 (Rupees in '000) | (Audited) 31 December 2019 |
|---|---|---|---|---|
| | Considered good, usecured | *8.1* | **3,595,811** | **3,239,794** |

**12.1 This includes related parties to whom debts are receivable:**

| | | |
|---|---|---|
| Waves Marketing (Private) Limited (WMPL) | **1,092,204** | 1,101,515 |
| Electronics Marketing Company (Private) Limited (EMCPL) | **771,046** | 633,708 |
| | **1,863,250** | 1,735,223 |

**13** This include amounts due from Electronic Marketing Company (Private) Limited and Waves Marketing Company (Privte) Limited , wholly owned subsidiary companies, of Rs. 326.426 million (31 December 2019: Rs. 311.405 million) and Rs. 353.389 million (31 December 2019: Rs. 559.722 million) respectively on account of expenses allocated to them/ incurred on their behalf in accordance with basis approved by the Board of Directors of the Company. This balance is unsecured and receivable on demand. Markup is calculated on outstanding balance at an average borrowing rate of the Company.

| | **(Un-audited) 31 March 2020** | (Un-audited) 31 March 2019 |
|---|---|---|
| | **(Rupees in '000)** | |
| **14 Sales - net** | | |
| *Gross sales:* | | |
| - Local | **1,890,689** | 3,162,060 |
| - Export | **-** | 12,308 |
| Sales return | **(139)** | |
| | **1,890,549** | **3,174,368** |
| Sales tax | **(235,720)** | (292,303) |
| Trade discounts | **(118,222)** | (908,734) |
| | **(353,943)** | (1,201,037) |
| | **1,536,606** | 1,973,332 |

**15 Other Income**

It includes Rs. 48.255 million as markup income on net amount receivable from the subsidiary companies as explained in note 14. Mark-up is calculated at an average quarterly borrowing rate of the Company. The quarterly borrowing rate is applied on the outstanding balance receivable that exceeds the credit period of 30 days.

**16 Taxation**

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

| | **(Un-audited) 31 March 2020** | (Audited) 31 December 2019 |
|---|---|---|
| **17 Cash and cash equivalents** | **(Rupees in '000)** | |
| Cash and bank balances | **51,980** | 116,344 |
| Short term running finance - secured | **(1,517,711)** | (1,496,360) |
| | **(1,465,732)** | (1,380,016) |

## 18 Transactions with related parties

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

| Name of the Company | Relationship | Nature of transactions | (Un-audited) 31 March 2020 | (Un-audited) 31 March 2019 |
|---|---|---|---|---|
| **i. Subsidiary Company** | | | | |
| Waves Marketing (Private) Limited | Wholly owned subsidiary | Sale of inventory - gross | | 1,759,522 |
| | | Expenses incurred / paid on behalf of subsidiary | | 163,497 |
| | | Dividend income | | 125,000 |
| Electronics Marketing (Private) Limited | Wholly owned subsidiary | Sale of inventory - gross | **105,431** | 336,452 |
| | | Mark-up charged on receivable from subsidiary | **10,000** | 35,023 |
| **ii. Associated Undertakings** | | | | |
| Poseidon Synergies (Private) Limited | Shareholding and common directorship | Repayment of loan during the period | | 10,000 |
| Employee's Provident Fund | Post employee contribution plan | Contribution for the period | **7,233** | 7,773 |
| Directors | Employees | Fee for meetings | **135** | 120 |
| Key management personnel | Remuneration | Remuneration | **41,292** | 40,310 |

## 19 Financial risk management and fair value of financial instruments

**19.1** The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements of the Company for the year ended 31 December 2019.

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

| | | **Carrying amount** | | | **Fair value** | | |
|---|---|---|---|---|---|---|---|
| | | **Financial assets at amortized cost** | **Other financial liabilities** | **Total** | **Level 1** | **Level 2** | **Level 3** |
| | *Note* | **Rupees in '000** | | | | | |
| **Financial instruments** | | | | | | | |
| **31 March 20 - (Un-audited)** | | | | | | | |
| ***Financial assets - not measured at fair value*** | | | | | | | |
| Security deposits | | **19,752** | **-** | **19,752** | **-** | **-** | **-** |
| Trade debts | | **3,595,811** | **-** | **3,595,810** | **-** | **-** | **-** |
| Deposit and other receivables | | **1,547,531** | **-** | **1,547,530** | **-** | **-** | **-** |
| Bank balances | | **51,980** | **-** | **51,979** | **-** | **-** | **-** |
| | *19.3* | **5,215,073** | **-** | **5,215,071** | **-** | **-** | **-** |
| ***Financial liabilities - not measured at fair value*** | | | | | | | |
| Liabilities against assets subject to finance lease | | **-** | **185,550** | **185,550** | **-** | **-** | **-** |
| Long term loans - secured | | **-** | **1,402,271** | **1,402,271** | **-** | **-** | **-** |
| Trade and other payables | | **-** | **1,624,278** | **1,624,278** | **-** | **-** | **-** |
| Employee retirement benefit | | **-** | **-** | **-** | **-** | **-** | **-** |
| Short term borrowings - secured and unsecured | | **-** | **4,529,179** | **4,529,179** | **-** | **-** | **-** |
| Mark-up accrued on short term finances and long term loans | | **-** | **282,403** | **282,403** | **-** | **-** | **-** |
| | *19.3* | **-** | **8,023,681** | **8,023,681** | **-** | **-** | **-** |

| | Note | Financial assets at amortized cost | Other financial liabilities | Total | Fair value Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|---|---|
| | | ----- | ----- | Rupees in '000 | ----- | ----- | ----- |
| **Financial instruments** | | | | | | | |
| **31 December 2019** | | | | | | | |
| ***Financial assets - not measured at fair value*** | | | | | | | |
| Security deposits | | 27,535 | - | 27,535 | - | - | - |
| Trade debts | | 2,822,717 | - | 2,822,717 | - | - | - |
| Deposit and other receivables | | 1,524,816 | - | 1,524,816 | - | - | - |
| Bank balances | | 116,344 | - | 116,344 | - | - | - |
| | *19.3* | 4,491,412 | - | 4,491,412 | - | - | - |
| ***Financial liabilities - not measured at fair value*** | | | | | | | |
| Liabilities against assets subject to finance lease | | - | 263,148 | 263,148 | - | - | - |
| Long term loans - secured | | - | 1,732,271 | 1,732,271 | - | - | - |
| Trade and other payables | | - | 1,196,130 | 1,196,130 | - | - | - |
| Employee retirement benefit | | - | 23,088 | 23,088 | - | - | - |
| Short term borrowings - secured and unsecured | | - | 4,113,581 | 4,113,581 | | | |
| Mark-up accrued on short term finances and long term loans | | - | 216,566 | 216,566 | - | - | - |
| | *19.3* | - | 7,544,784 | 7,544,784 | - | - | - |

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

**Non financial assets measured at fair value**

Land and Building

| | | |
|---|---|---|
| *Revalued Property, plant and equipment* | Date of valuation | 31-Dec-19 |
| *Investment property* | Date of valuation | 31-Dec-19 |

***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.

## 20 Date of authorization

This condensed interim unconsolidated financial information has been approved by the Board of Directors of the Company and authorized for issue on 30th May 2020.

## 21 General

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

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

**Lahore** **Chief Executive** **Director** **Chief Financial Officer**