

FORM-5
August 27, 2020

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road,
Karachi

Subject: Transmission of Half Yearly Accounts for the Half Year Ended June 30, 2020

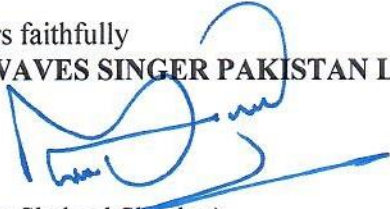
Dear Sir,

We have to inform you that the Half Yearly Accounts of the Company for the Half Year Ended June 30, 2020 have been transmitted through PUCARS and is also available on Company's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Thanking you,

Yours faithfully
for **WAVES SINGER PAKISTAN LIMITED**



(Rana Shakeel Shaukat)
Company Secretary

Encl: As Above

Waves Singer Pakistan Limited

Half Yearly Report

Six Months Ended 30 June, 2020

Waves Singer Pakistan Limited

Directors Report to the Shareholders

For the Six Months Ended 30th June 2020

The Board of Directors of your Company are pleased to present their report together with the un-audited condensed Interim Consolidated Financial Statements of the Company for the Six Months ended June 30th, 2020. During the period under review, your company has achieved Gross Sales of Rs. 4,778 million compared to Rs. 7,151 million in the corresponding period of last year. This was achieved despite facing challenging business conditions resulting from sharp devaluation coupled with 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, effective from 11th May 2020, lockdown was systematically lifted and Company resumed 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 ensure 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

During the 6M of 2020, your Company generated profit before tax of Rs. 119 million compared to Rs. 354 million for the 6M 2019. 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 6M 2020 compared to that of 6M 2019 are summarized below:

Summary of operating results (PKR 000)	PKR Million		
	6M 2020	6M 2019	Percentage Change (%)
Gross Revenue	4,778	7,151	-33%
Gross Profit	1,008	1,441	-30%
Operating Profit	529	615	-14%
Financial Cost (Net of Earned Carrying Charges)	(409)	(260)	57%
Profit Before Tax	119	355	-66%
Profit After Tax	51	254	-80%
Earnings Per Share - Rupees	0.28	1.35	-80%

Financial Performance Analysis

Gross profit achieved in 6M 2020 amounted to Rs. 1,008 million as compared to Rs. 1,441 million for 6M 2019 resulting in a decrease of 30%.

Profit before tax for 6M 2020 is Rs. 119 million compared to Rs.355 million for the corresponding period of 2019 representing a decrease of 66%.

Profit after tax stands at Rs. 51 million compared to Rs. 254 million for the corresponding period of 2019 representing a decrease of 80%.

The Company recorded an EPS of Rs. 0.28 as compared to Rs. 1.35 for the corresponding period of previous year.

Future Outlook:

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. After easing of lockdown, robust demand has been witnessed due to high temperatures coupled with a backlog of sales during the lockdown. Resultantly, growth in sales during the remaining part of the year is expected to compensate greatly if not fully, the loss of sales during lockdown. Your Company remains committed in making all efforts to improve profitability through innovation, improving efficiency and effective cost-containment initiatives.

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.

Acknowledgement

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

On behalf of the Board



Haroon Ahmad Khan
Chief Executive Officer
Lahore: 25 August 2020

ویوز سنگر پاکستان لمیٹڈ ۳۰ جون ۲۰۲۰ کے اختتام پر حصص کنندگان کے لیے ڈائرکٹرز کی ششماہی رپورٹ

کمپنی کے ڈائرکٹرز ۳۰ جون ۲۰۲۰ کو ختم ہونے والی ششماہی کے اختتام پر ۶ ماہ کی رپورٹ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔ اس دورانیہ میں آپ کی کمپنی نے ۲،۷۷۸ ملین روپے کی مجموعی فروخت کی جبکہ گزشتہ سال کی اس ششماہی میں آپ کی کمپنی نے ۷،۱۵۱ ملین روپے کی مجموعی فروخت کی تھی۔ جو کہ باوجود مشکل کاروباری حالات، تیز رفتار انعقاد جو کہ کووڈ-۱۹ کے پھیلاؤ کے ساتھ جڑا ہو ہے، کے باوجود حاصل کیا گیا۔

مارچ 2020 کے اختتام تک کمپنی کے آپریشنز کو ملک بھر میں وسیع لوکڈاؤن اور سپلائی چین رکاوٹوں نے متاثر کیا گیا جس کی وجہ پاکستان میں کووڈ-۱۹ کا پھوٹ پڑنا ہے۔ یہ نہ صرف ہماری مینوفیکچرنگ کی سہولیات کی عارضی طور پر بند ہونے کی وجہ بنا، بلکہ اس نے ہماری سپلائی چین اور سیلز کی سرگرمیوں میں ایک سے زیادہ چیلنجز کا اضافہ کیا۔ معیاری آپریشنز طریقہ کار کی تفصیلی تشکیل کے بعد 11 مئی 2020 سے تالا بندی کی پابندیوں کو منظم طریقے سے اٹھایا گیا اور کمپنی نے اپنی پیداوار، آپریشن اور فروخت کی سرگرمیوں کو دوبارہ شروع کیا۔

دریں اثناء، آپ کی کمپنی متعلقہ سرکاری حکام کے ساتھ مصروف عمل رہی تاکہ تمام عملے کی حفاظت کو یقینی بنانے اور سپلائی چین کے نظام میں کم سے کم رکاوٹ کا سامنا کرے۔ کمپنی کووڈ-۱۹ کے بحران سے باہر نکلنے کا ارادہ رکھتی ہے اور کاروباری آپریشن کو مضبوط بنانے اور اپنے صارفین کو بہترین مصنوعات کی فراہمی کے ذریعہ شیئر ہولڈرز کی قدر و قیمت کو بڑھانا چاہتی ہے۔

کلیدی مالیاتی اشاریے

۲۰۲۰ کی پہلی ششماہی کے دوران آپ کی کمپنی نے ۱۱۹ ملین روپے کا قبل از ٹیکس منافع کمایا جبکہ ۲۰۱۹ کی اسی پہلی ششماہی میں قبل از ٹیکس منافع ۳۵۳ ملین روپے تھا۔ آپ کی کمپنی کے آپریشنز نتائج، کمپنی کی مصنوعات پر گاہکوں کی طرف سے پیش کردہ اعلیٰ سطح پر اعتماد کی عکاسی کرتا ہے، مطلوبہ نتائج مینجمنٹ کی مشترکہ کوششوں اور ملازمین کے عزم اور انتساب کی وجہ سے حاصل کیے گئے۔

پہلی ششماہی ۲۰۲۰ کے کلیدی مالیاتی اشاریہ پچھلے سال کی پہلی ششماہی کے مقابل مختصر! نیچے بیان کیے گئے ہیں:

پاکستانی روپیہ ملین میں	پہلی ششماہی		
	۲۰۲۰	۲۰۱۹	فی صد (%)
(پاکستانی روپیہ ہزار میں) آپریشنز نتائج کا خلاصہ			
مجموعی ریوینیو	4,778	7,151	(33)
مجموعی منافع	1,008	1,441	(30)
آپریشنز منافع	529	615	(14)
مالیاتی لاگت (کمائے گئے کیری انگ چارجز کو منہا کرنے کے بعد)	(409)	(260)	57
منافع قبل از ٹیکس	119	355	(66)
منافع بعد از ٹیکس	51	254	(80)
فی حصص آمدنی - روپیہ میں	0.28	1.35	(80)

مالیاتی کارکردگی کا جائزہ

۲۰۲۰ کی پہلی ششماہی میں کل منافع 1,008 ملین روپے رہا جبکہ ۲۰۱۹ کی اس ششماہی میں 1,441 ملین روپے کا کل منافع ہوا تھا، جو کہ 30 فی صد کی کمی کو ظاہر کرتا ہے۔

۲۰۲۰ کی پہلی ششماہی میں قبل از ٹیکس منافع 119 ملین روپے رہا جبکہ ۲۰۱۹ کی اس ششماہی میں 355 ملین روپے قبل از ٹیکس منافع ہوا تھا، جو کہ 66 فی صد کی کمی کو ظاہر کرتا ہے۔

۲۰۲۰ کی پہلی ششماہی میں بعد از ٹیکس منافع 51 ملین روپے رہا جبکہ ۲۰۱۹ کی اس ششماہی میں 254 ملین روپے قبل از ٹیکس منافع ہوا تھا، جو کہ 80 فی صد کی کمی کو ظاہر کرتا ہے۔

اس دورانیہ میں فی شیئر آمدنی 0.28 روپے ہوئی جبکہ سال گزشتہ اسی ششماہی میں 1.35 روپے فی شیئر آمدنی ہوئی تھی۔

مستقبل کی توقعات

آپ کی کمپنی آگے آنے والے چیلنجوں سے واقف ہے اور تمام اسٹیک ہولڈرز کے فائدہ کے لیے بہترین نتائج فراہم کرنے کی کوششیں جاری رکھے گی، جس میں اس کو وراثت میں ملنے والے منفرد برانڈز، وسیع مینوفیکچرنگ کی سہولیات، ملک بھر میں فروخت اور سیلز سروس نیٹ ورک وغیرہ کی طاقت شامل ہے۔ تالا لگاؤ مہم میں نرمی کے بعد، فروخت میں بہت سخت مطالبہ کا مشاہدہ کیا گیا ہے جس کی وجہ درجہ ہرارت میں اضافہ، تالا لگاؤ مہم کے دوران فروخت کا نقصان، جس کی وجہ سے سال کے بقایا حصہ میں مکمل طور پر تو نہیں لیکن یہ امید کی جاسکتی ہے کہ کافی حد تک لوکڈاؤن کے دوران پہنچنے والے نقصان کی تلافی ہوسکے گی۔ آپ کی کمپنی جدت طرازی، بہترین کارکردگی اور لاگت میں مؤثر کمی کے ذریعے منافع کو بہتر بنانے کے لئے تمام کوششوں کو بروئے کار لانے میں مصروف ہے۔

جیسا کہ کمپنی کے امکانات ملک کی مجموعی ترقی سے لامحالہ ہیں، ویوز سنگر پاکستان مارکیٹ میں دستیاب تمام مواقع کا استحصال کرنے کے لئے اپنی توجہ مرکوز رکھے گی۔ کمپنی اپنے تمام اسٹیک ہولڈرز سے وعدہ کرتی ہے کہ کمپنی نہ صرف پاکستان میں کاروبار میں اضافہ کے لیے پرعزم ہے بلکہ اس سے بھی آگے بڑھنے کا عزم رکھتی ہے۔

اعتراف

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



بارون احمد خان
چیف ایگزیکٹو آفیسر
لاہور: 25 اگست 2020

Waves Singer Pakistan Limited

Condensed Interim Consolidated Financial Statements

For the Six Months Ended 30 June, 2020

Waves Singer Pakistan Limited
Condensed Interim Consolidated Statement of Financial Position (Un-audited)
As at 30 June 2020

	(Unaudited) 30 June 2020	(Audited) 31 December 2019
	(Rupees in '000)	(Rupees in '000)
EQUITY AND LIABILITIES		
<u>Share capital and reserves</u>		
Authorised 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	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	1,577,721	1,515,351
Surplus on revaluation of property, plant and equipment - net of tax	351,969	362,544
	8,391,794	8,339,999
<u>Non-current liabilities</u>		
Long term loans - secured		
Lease liabilities	2,327,368	1,417,271
-Assets under right of use - secured	74,533	39,238
-Building under right of use - unsecured	118,281	398,425
Employee retirement benefits - obligation	34,972	41,211
Deferred tax liability - net	259,709	280,170
Deferred income	16,932	15,574
	2,831,796	2,191,889
<u>Current liabilities</u>		
Trade and other payables	1,547,574	1,864,513
Mark-up accrued on borrowings	224,361	216,566
Short term borrowings - secured	3,797,490	4,113,581
Unpaid dividend	1,304	1,457
Current portion of long term liabilities	150,720	448,211
	5,721,449	6,644,328
Contingencies and commitments		
	16,945,039	17,176,216
	16,945,039	17,176,216

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

Lahore

Chief Executive Officer

Director

Chief Financial Officer

	(Unaudited) 30 June 2020	(Audited) 31 December 2019
	(Rupees in '000)	(Rupees in '000)
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	5,349,177	5,704,666
Intangible assets and goodwill	2,934,143	2,946,274
Employee retirement benefits - obligation	3,388	3,388
Trade debts- long term	12,642	12,493
Deferred tax asset - net	31,431	26,388
Long term deposits	26,708	-
	8,357,490	8,693,209
<u>Current assets</u>		
Stores, spares and loose tools	44,846	37,708
Stock-in-trade	3,497,490	3,653,464
Trade debts	1,068,896	902,072
- Retail	3,637,803	3,344,553
-Whole Sales	76,336	145,546
Advances, deposits, prepayments and other receivables	115,643	236,095
Taxation - net	146,535	163,569
Cash and bank balances	8,587,549	8,483,007
	16,945,039	17,176,216

Waves Singer Pakistan Limited


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


For the three and six month period ended 30 June 2020

	For the three month period ended		For the six month period ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Note ----- (Rupees in '000) ----- (Rupees in '000) -----				
Sales - net of sales return	2,274,911	3,842,299	4,778,039	7,151,818
Sales tax and trade discount on invoices	(491,826)	(962,672)	(884,124)	(1,727,283)
Sales - net	11 1,783,084	2,879,627	3,893,914	5,424,535
Cost of sales	(1,297,921)	(2,033,090)	(2,885,543)	(3,983,299)
Gross profit / (loss)	485,163	846,537	1,008,371	1,441,236
Marketing, selling and distribution costs	(194,909)	(301,386)	(411,499)	(546,158)
Administrative expenses	(97,135)	(138,962)	(213,804)	(230,863)
Other expenses	(8,841)	(56,124)	(9,799)	(62,211)
Other income	75,644	11,525	155,765	13,415
Profit from operations	259,922	361,590	529,034	615,419
Earned carrying charges	53,329	46,749	107,650	81,669
Finance cost	(203,066)	(201,954)	(517,608)	(342,314)
Profit before taxation	(149,737)	(155,205)	(409,958)	(260,645)
Taxation	12 110,185	206,385	119,076	354,774
Profit for the period	45,283	138,807	51,795	254,018
Earnings per share - basic and diluted (Rupees)	0.24	Restated 0.74	0.28	Restated 1.35

The annexed notes 1 to 17 form an integral part of these condensed interim consolidated 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 and six month period ended 30 June 2020

	<u>For the three month period ended</u>		<u>For the six month period ended</u>	
	<u>30 June 2020</u>	<u>30 June 2019</u>	<u>30 June 2020</u>	<u>30 June 2019</u>
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Profit for the period	45,283	138,807	51,795	254,018
<u>Other comprehensive income for the period</u>				
<i>Items that will not be reclassified to profit or loss account:</i>	-	-	-	-
Total comprehensive income for the period	<u>45,283</u>	<u>138,807</u>	<u>51,795</u>	<u>254,018</u>

The annexed notes 1 to 17 form an integral part of these condensed interim consolidated 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 three and six month period ended 30 June 2020

	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	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						(475,203)	(475,203)
Adjusted Balance as at 01 January 2019	1,631,340	-	4,825,764	5,000	117,395	1,334,423	7,913,922
<u>Total comprehensive income for the period</u>							
Profit for the period	-	-	-	-	-	254,018	254,018
Other comprehensive income for the period	-	-	-	-	-	-	-
	-	-	-	-	-	254,018	254,018
<u>Surplus transferred to accumulated profits</u>							
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	-	-	(43)	43	-
<u>Transactions with owners of the Company</u>							
Final dividend for the year ended 31 December 2018 (at Rs. 1.25 per share)						(203,917)	(203,917)
Balance as at 30 June 2019 Un-audited	1,631,340	-	4,825,764	5,000	117,352	1,384,567	7,964,023
<u>Total comprehensive income for the period</u>							
Profit for the period	-	-	-	-	-	124,282	124,282
Surplus on revaluation	-	-	-	-	355,409	-	355,409
related deferred tax on revaluation surplus	-	-	-	-	(101,012)	-	(101,012)
Other comprehensive income for the period	-	-	-	-	-	(2,070)	(2,070)
	-	-	-	-	254,397	122,212	376,609
<u>Surplus transferred to accumulated profits</u>							
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	-	-	(3,562)	3,562	-
Transfer against sale of building - net of tax	-	-	-	-	(5,010)	5,010	-
Effect of change in tax rate	-	-	-	-	(633)	-	(633)
<u>Transaction with owners of the Company</u>							
Shares issued as fully paid bonus shares	244,701		(244,701)				
Balance as at 31 December 2019 audited	1,876,041	-	4,581,063	5,000	362,544	1,515,351	8,339,999
<u>Total comprehensive income for the period</u>							
Profit for the period	-	-	-	-	-	51,795	51,795
Other comprehensive income for the period	-	-	-	-	-	-	-
	-	-	-	-	-	51,795	51,795
<u>Surplus transferred to accumulated profits</u>							
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	-	-	(10,575)	10,575	-
Balance as at 30 June 2020 un-audited	1,876,041	-	4,581,063	5,000	351,969	1,577,721	8,391,794

The annexed notes 1 to 17 form an integral part of these condensed interim consolidated 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 six month period ended 30 June 2020

		(Un-audited) 30 June 2020	(Un-audited) 30 June 2019
	Note	-----Rupees in '000-----	
<u>Cash flows from operating activities</u>			
Profit before taxation		119,076	354,774
<i>Adjustments for non-cash and other items:</i>			
Depreciation on property, plant and equipment	9.1	84,234	117,886
Amortisation of intangible assets		12,131	19,796
Finance cost		517,608	342,314
Gain on sale of property, plant and equipment		-	(1,242)
Amortisation of deferred income		-	(5,187)
Unrealised exchange Loss		-	28,889
Workers' Profit Participation Fund		-	23,313
Provision for doubtful debts		-	(1,210)
Provision for employee retirement benefits		-	7,135
		733,049	886,468
<u>Effect on cash flow due to working capital changes</u>			
<i>(Increase) / decrease in current assets:</i>			
Stores, spares and loose tools		(7,138)	(7,645)
Stock-in-trade		155,974	(214,742)
Trade debts and other receivables		(476,701)	(949,424)
Advances, deposits, prepayments and other receivables		-	(53,180)
<i>Increase in current liabilities:</i>			
Trade and other payables		(316,939)	(187,853)
Cash used in operations		(644,804)	(1,412,844)
		88,245	(526,376)
Income tax received / (paid)			
Workers' Profit Participation Fund paid		32,711	(119,916)
Employee retirement benefits paid		-	(27,644)
Long term deposits - net		(6,239)	(1,425)
Net cash used in operating activities		(320)	(1,761)
		114,397	(677,122)
<u>Cash flow from investing activities</u>			
Capital expenditure -net			
Net cash generated from investing activities		(39,012)	(284,532)
		(39,012)	(284,532)
<u>Cash flow from financing activities</u>			
Long term loans received			
Finance costs paid		211,343	(140,625)
Dividend paid		(509,813)	(248,670)
Short term borrowing - net		-	(108,055)
Lease rentals paid		532,715	1,520,011
Net cash generated from financing activities		(53,258)	(54,109)
		180,987	968,552
Net increase in cash and cash equivalents		256,372	6,898
Cash and cash equivalents - at beginning of the period		(1,332,791)	(1,424,619)
Cash and cash equivalents - at end of the period	13	(1,076,419)	(1,417,721)

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

Lahore

Chief Executive Officer

Director

Chief Financial Officer

Waves Singer Pakistan Limited

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

For the six month period ended 30 June 2020

1 Status and nature of business

The Group comprises of:

Holding Company

- *Waves Singer Pakistan Limited*

Subsidiary Companies

- Waves Marketing (Private) Limited
- Electronics Marketing Company (Private) Limited

2020	2019
(Holding percentage)	
100	100
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 is located at 9-K.M, Hanjarwal, Multan Road, Lahore.

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 consumer appliances being a trading concern.

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 company is to carry out distribution / wholesales / retail business of all kinds of electronic appliances, its components and accessories, etc.

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 30 June 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 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.
- 2.4 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 December 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 and six months period ended 30 June 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.

5 Issued, subscribed and paid up capital

	(Un-audited) 30 June 2020	(Audited) 31 December 2019	(Un-audited) 30 June 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) 30 June 2020	(Audited) 31 December 2019	(Un-audited) 30 June 2020	(Audited) 31 December 2019
*Poseidon Synergies (Private) Limited <i>Chief Executive Officer and his spouse and minor children</i>	6.00%	6.00%	11,253,183	11,253,183
- 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	1.67%	1.66%	3,140,650	3,107,875
	61.64%	61.62%	115,633,631	115,600,856

* Owned by Chief Executive Officer and his wife.

5.2 The holders of ordinary shares are entitled to receive dividends as declared (if any), and are entitled to one vote per share at meetings of the Company.

	(Un-audited) 30 June 2020	(Audited) 31 December 2019
	(Rupees in '000)	
6 Liabilities against assets subject to lease		
Liabilities for finance lease assets	74,533	66,800
Liability recognized for right of use asset	118,281	498,425
	192,814	565,225
Less: Current maturity presented under current liabilities	150,720	(127,562)
	343,534	437,663

7 Short term borrowings

From banking companies - secured:

Running finance under mark-up arrangements		1,222,954	1,496,360
Finance against trust receipt	7.1	1,905,920	1,873,765
Cash finance	7.1	461,723	463,455
Short term borrowings under 'Murahaba' arrangement	7.1	206,893	280,001
		3,797,490	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 other than explained in note 7.2.

- 7.2 State Bank of Pakistan introduced a 'Regulation R-8, Rescheduling / Restructuring of Financing Facilities' to relieve the stress on the corporate / commercial sector arises due to COVID-19 pandemic situation. Under this scheme, the financial institutions has deferred repayment of principal finance against trust receipt amounting to Rs. 2,056.82 million by 6 to 12 month from the date of original maturity, provided that the Company will continue to service the mark-up amount as per agreed terms and conditions. As a result of this, these loans are repayable starting latest from 23 February 2021 and ending by 06 October 2021. However the Company has option to prepay these amount without any penalty. Out of these principal payments deferred, Rs. 575.4 million has been classified as non-current based on an unconditional right to defer repayments of these as their revised maturity dates fall beyond the 12 months period.

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 period end were for Rs. 132.02 million (2019: Rs. 319.39 million).
- (ii) Commitments for capital expenditure against irrevocable letters of credit outstanding at the period end were nil (31 December 2019: Rs. 1.09 million).

		(Un-audited) 30 June 2020	(Audited) 31 December 2019
		(Rupees in '000)	
9	Property, plant and equipment	Note	
	Operating fixed assets	9.1	4,986,469
	Right of-use asset	9.2	282,652
	Capital work-in-progress	9.3	80,056
			<u>5,349,177</u>
			<u>5,704,665</u>
9.1	Operating fixed assets		
	Opening balance - as at 01 January		5,084,452
	Additions / (deletion) during the period / year		11,805
	Revaluation gain / (loss)		-
	Transfers from right to use to owned assets		-
			<u>11,591</u>
			<u>5,096,257</u>
			<u>5,306,062</u>
	Book value of property, plant and equipment disposed off during the period / year		(6,954)
	Depreciation charged during the period / year		(102,834)
	Closing balance		<u>4,986,469</u>
			<u>5,084,452</u>
9.2	Right of-use asset		
	Balance as at 01 January		574,009
	Additions / (deletion) during the period / year		(309,957)
	Revaluation gain / (loss)		-
	Transfers to owned assets		-
	Depreciation charge for the period / year		18,600
	Closing balance		<u>282,652</u>
			<u>574,009</u>
9.3	Capital work-in-progress		
	Building		21,334
	Plant and machinery		52,644
	Electric installation		6,079
			<u>80,056</u>
			<u>46,204</u>
10	Intangible assets and goodwill		
	Software		51,217
	Brand value	10.1	1,582,147
	Customer relationships	10.1	230,573
	Goodwill	10.1	1,070,207
			<u>2,934,143</u>
			<u>2,946,274</u>
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) 30 June 2020	(Un-audited) 30 June 2019
	(Rupees in '000)	
11 Sales - net		
<i>Gross sales:</i>		
- Local	4,804,205	7,133,658
- Export	19,993	18,160
Sales return	(46,160)	(56,179)
	<u>4,778,039</u>	<u>7,095,639</u>
Sales tax	(633,614)	(767,177)
Trade discounts	(250,510)	(903,926)
	<u>(884,124)</u>	<u>(1,671,103)</u>
	<u><u>3,893,914</u></u>	<u><u>5,424,536</u></u>

12 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) 30 June 2020	(Un-audited) 30 June 2019
	(Rupees in '000)	
13 Cash and cash equivalents		
Cash and bank balances	146,535	163,568
Short term running finance - secured	(1,222,954)	(1,496,360)
	<u>(1,076,419)</u>	<u>(1,332,792)</u>

Transactions with related parties

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

Name of the Company	Relationship	Nature of transactions	(Un-audited) 30 June 2020	(Un-audited) 30 June 2019
Associated Undertakings				
Poseidon Synergies (Private) Limited	Shareholding and common directorship	Repayment of loan during the period	-	35,000
Employee's Provident Fund	Post employee contribution plan	Contribution for the period	14,565	12,459
Employee's Gratuity Fund	Post employee benefit plan	Contribution for the period	-	800
Directors	Employees	Fee for meetings	-	120
Key management personnel	Remuneration	Remuneration	56,910	51,366

15 Financial risk management and fair value of financial instruments

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

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

		Fair value			
		Carrying amount		Level	
		Financial assets at amortized cost	Other financial liabilities	Total	Level 1 Level 2 Level 3
		Rupees in '000			
Financial instruments					
30 June 20 - (Un-audited)					
Financial assets - not measured at fair value					
Security deposits		26,708	-	26,707	-
Trade debts		4,706,699	-	4,706,699	-
Other receivables		76,336	-	76,335	-
Cash & Bank Balances		146,535	-	146,535	-
	15.3	4,956,278	-	4,956,276	-
Financial liabilities - not measured at fair value					
Liabilities against assets subject to finance lease		-	262,507	262,507	-
Long term loans - secured		-	2,408,395	2,408,395	-
Trade and other payables		-	1,547,574	1,547,574	-
Employee retirement benefit		-	34,972	-	-
Short term borrowings - secured and unsecured		-	3,797,490	3,797,490	-
Mark-up accrued on short term finances and long term loans		-	224,361	224,361	-
	15.3	-	8,275,300	8,240,327	-

16 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 25 August 2020.

17 General

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

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



Lahore

Chief Executive



Director



Chief Financial Officer

Waves Singer Pakistan Limited

Condensed Interim Un Consolidated Financial Statements

For the Six Months Ended 30 June, 2020



KPMG Taseer Hadi & Co.
Chartered Accountants
351 Shadman-1, Jail Road,
Lahore 54000 Pakistan
+92 (42) 111-KPMGTH (576484), Fax +92 (42) 3742 9907

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Waves Singer Pakistan Limited

Report on Review of Interim Unconsolidated Financial Statements

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **Waves Singer Pakistan Limited ("the Company")** as at 30 June 2020 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, condensed interim unconsolidated statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim unconsolidated financial statements"). Management is responsible for the preparation and presentation of these interim unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim unconsolidated financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures of the condensed interim unconsolidated statement of profit or loss and condensed interim unconsolidated statement of comprehensive income for the three months period ended 30 June 2020 and 30 June 2019, have not been reviewed by us and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is Bilal Ali.

Lahore

Date: 26 August 2020

KPMG Taseer Hadi & Co.
KPMG Taseer Hadi & Co.
Chartered Accountants

RR1320

Waves Singer Pakistan Limited
Condensed Interim Unconsolidated Statement of Financial Position (Un-audited)
As at 30 June 2020

EQUITY AND LIABILITIES

Share capital and reserves

Authorised capital 200,000,000
(2019: 200,000,000) ordinary shares of Rs. 10 each

Issued, subscribed and paid-up capital
Share premium reserve
Capital reserve
Revenue reserve - unappropriated profit
Surplus on revaluation of property, plant and equipment - net of tax

	(Unaudited) 30 June 2020	(Audited) 31 December 2019
	(Rupees in '000)	

Note

	2,000,000	2,000,000
	1,876,041	1,876,041
	4,581,063	4,581,063
	5,000	5,000
	1,864,465	1,815,124
	396,137	406,712
	8,722,706	8,683,940

5

Non-current liabilities

Long term loans - secured
Lease liabilities
-Assets under right of use - secured
-Building under right of use - unsecured
Employee retirement benefits - obligation
Deferred tax liability - net
Deferred income

	2,327,368	1,417,271
	57,287	38,256
	118,281	141,564
	16,888	23,088
	261,835	247,943
	16,932	15,575
	2,798,591	1,883,697

6

Current liabilities

Trade and other payables
Mark-up accrued on borrowings
Short term borrowings - secured
Unpaid dividend
Current portion of long term liabilities

	1,473,387	1,404,203
	224,361	216,566
	3,897,490	4,113,581
	1,304	1,457
	150,720	403,976
	5,747,262	6,139,783

7

Contingencies and commitments

	17,268,559	16,707,420
--	------------	------------

8

The annexed notes 1 to 20 form an integral part of these condensed interim unconsolidated financial statements.

Kamran

Lahore



Director



Chief Executive Officer

	(Unaudited) 30 June 2020	(Audited) 31 December 2019
	(Rupees in '000)	

Note

ASSETS

Non-current assets

Property, plant and equipment
Intangible assets and goodwill
Investment property
Investment in subsidiaries
Employee retirement benefits
Long term deposits

	4,869,139	4,969,474
	2,921,033	2,937,561
	220,500	220,500
	501,000	501,000
	3,388	3,388
	8,881	8,561
	8,523,941	8,640,484

9

10

Current assets

Stores, spares and loose tools
Stock-in-trade
Trade debts
Advances, deposits, prepayments
and other receivables
Taxation - net
Cash and bank balances

	44,846	37,708
	2,819,526	2,940,985
	4,280,795	3,239,794
	1,071,546	1,280,558
	396,426	451,547
	131,479	116,344
	8,744,618	8,066,936

11

12

	17,268,559	16,707,420
--	------------	------------



Chief Financial Officer


Waves Singer Pakistan Limited
Condensed Interim Unconsolidated Statement of Profit or Loss (Un-audited)
For the three and six month period ended 30 June 2020

		For the three month period ended		For the six month period ended	
	Note	30 June 2020	30 June 2019	30 June 2020	30 June 2019
----- (Rupees in '000) -----					
Sales - net of sales return		2,057,295	4,133,791	3,947,844	7,308,159
Sales tax and trade discount on invoices		(488,329)	(1,584,659)	(842,272)	(2,785,696)
Sales - net	13	1,568,966	2,549,132	3,105,572	4,522,463
Cost of sales		(1,118,267)	(2,482,550)	(2,271,357)	(4,403,479)
Gross profit		450,699	66,582	834,215	118,984
Marketing, selling and distribution costs		(106,520)	(50,123)	(211,108)	(55,975)
Administrative expenses		(63,058)	(20,089)	(141,408)	(37,209)
Other expenses		(9,799)	(56,124)	(10,757)	(62,211)
Other income		86,184	331,850	149,111	530,478
		(93,193)	205,514	(214,162)	375,083
Profit from operations		357,506	272,096	620,053	494,067
Finance costs		(270,870)	(199,367)	(515,980)	(338,570)
Profit before taxation		86,636	72,729	104,073	155,497
Taxation	14	(63,336)	(8,844)	(65,307)	(27,066)
Profit for the year		23,300	63,885	38,766	128,431
Earnings per share - basic and diluted (Rupees)		0.12	Restated 0.34	0.21	Restated 0.68

The annexed notes 1 to 20 form an integral part of these condensed interim unconsolidated financial statements.

KMUN

Lahore


Director


Chief Executive Officer


Chief Financial Officer

Waves Singer Pakistan Limited

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

For the three and six month period ended 30 June 2020

	<u>For the three month period ended</u>		<u>For the six month period ended</u>	
	<u>30 June 2020</u>	<u>30 June 2019</u>	<u>30 June 2020</u>	<u>30 June 2019</u>
	----- (Rupees in '000) -----			
Profit for the year	23,300	63,885	38,766	128,431
<u>Other comprehensive income</u>	-	-	-	-
Total comprehensive income for the year	<u>23,300</u>	<u>63,885</u>	<u>38,766</u>	<u>128,431</u>

The annexed notes 1 to 20 form an integral part of these condensed interim unconsolidated financial statements.

kmw

Lahore

Director

Chief Executive Officer

Chief Financial Officer

Waves Singer Pakistan Limited
Condensed Interim Unconsolidated Statement of Changes In Equity (Un-audited)
For the three and six month period ended 30 June 2020

Issued, subscribed and paid-up capital	Capital Reserves			Revenue Reserve	Total	
	Share premium reserve	Other capital reserve	Surplus on revaluation of Property, plant and equipment	Unappropriated profits		
(Rupees in '000)						
As at 01 January 2019	1,631,340	4,825,764	5,000	158,525	1,754,670	8,375,299
<u>Total comprehensive income for the period</u>						
Profit for the period	-	-	-	-	128,431	128,431
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	-	128,431	128,431
<u>Surplus transferred to accumulated profits</u>						
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	-	(43)	43	-
<u>Transactions with owners of the Company</u>						
Final dividend for the year ended 31 December 2018 @ Rs. 1.25 per share	-	-	-	-	(203,917)	(203,917)
Balance as at 30 June 2019 (un-audited)	1,631,340	4,825,764	5,000	158,482	1,679,227	8,299,813
<u>Total comprehensive income for the period</u>						
Profit for the period	-	-	-	-	131,654	131,654
<u>Other comprehensive income for the year</u>						
Remeasurement of defined benefit obligation	-	-	-	-	(2,070)	(2,070)
Surplus on revaluation of property, plant and equipment arisen	-	-	-	-	-	-
Related deferred tax on surplus arisen	-	-	-	355,409	-	355,409
	-	-	-	(100,866)	-	(100,866)
	-	-	-	254,543	129,584	384,127
<u>Surplus transferred to accumulated profits</u>						
Transfer against sale of land and building - net of tax	-	-	-	(6,249)	6,249	-
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	-	(64)	64	-
	-	-	-	(6,313)	6,313	-
<u>Transactions with owners of the Company</u>						
Shares issued as fully paid bonus shares @ 15%	244,701	(244,701)	-	-	-	-
Balance as at 31 December 2019	1,876,041	4,581,063	5,000	406,712	1,815,124	8,683,940
<u>Total comprehensive income for the year</u>						
Profit after taxation	-	-	-	-	38,766	38,766
<u>Surplus transferred to accumulated profits</u>						
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	-	(10,575)	10,575	-
	-	-	-	(10,575)	49,341	38,766
Balance as at 30 June 2020 (un-audited)	1,876,041	4,581,063	5,000	396,137	1,864,465	8,722,706

The annexed notes 1 to 20 form an integral part of these condensed interim unconsolidated financial statements.

Kamran

Lahore

Director

Chief Executive Officer

Chief Financial Officer

Waves Singer Pakistan Limited
Condensed Interim Unconsolidated Statement of Cash Flow (Un-audited)
For the six month period ended 30 June 2020

		30 June 2020	30 June 2019
		-----Rupees in '000-----	
<u>Cash flows from operating activities</u>	<i>Note</i>		
Profit before taxation		104,073	155,497
<i>Adjustments for non-cash and other items:</i>			
Depreciation on property, plant and equipment	9.1	144,638	115,574
Amortisation of intangible assets	10.1	21,460	4,439
Finance cost		515,980	338,570
Gain on sale of property, plant and equipment		(4,120)	(1,242)
Amortisation of deferred income		(3,041)	(5,187)
Unrealised exchange loss		2,064	28,890
Workers' Profit Participation Fund		5,535	23,313
Provision for employee retirement benefits		-	5,635
Dividend income from subsidiary company		-	(360,000)
		<u>786,589</u>	<u>305,489</u>
<u>Effect on cash flow due to working capital changes</u>			
<i>(Increase) / decrease in current assets:</i>			
Stores, spares and loose tools		(7,138)	(7,645)
Stock-in-trade		121,459	649,151
Trade debts and other receivables		(1,041,001)	(1,623,677)
Advances, deposits, prepayments and other receivables		(90,988)	66,161
		<u>53,432</u>	<u>(300,661)</u>
Increase / (decrease) in trade and other payables		<u>(964,236)</u>	<u>(1,216,671)</u>
		<u>(177,647)</u>	<u>(911,182)</u>
Cash used in operations			
Income tax received / (paid)		11,822	(61,963)
Workers' Profit Participation Fund paid		-	(27,644)
Employee retirement benefits paid		(6,200)	(1,425)
Long term deposits - net		(320)	(1,761)
Net cash used in operating activities		<u>(172,345)</u>	<u>(1,003,975)</u>
<u>Cash flow from investing activities</u>			
Capital expenditure -net		(50,086)	(107,634)
Proceeds from disposal of property, plant and equipment		11,074	6,124
Dividend received from subsidiary company		300,000	125,000
Net cash generated from investing activities		<u>260,988</u>	<u>23,490</u>
<u>Cash flow from financing activities</u>			
Long term loans received		111,343	(140,625)
Finance costs paid		(490,749)	(244,926)
Dividend paid		(153)	(108,055)
Short term finances availed - net		532,715	1,520,011
Lease liabilities paid		(53,258)	(54,109)
Net cash generated from financing activities		<u>99,898</u>	<u>972,296</u>
Net increase / (decrease) in cash and cash equivalents		<u>188,541</u>	<u>(8,189)</u>
Cash and cash equivalents - at beginning of the period		<u>(1,380,016)</u>	<u>(1,439,206)</u>
Cash and cash equivalents - at end of the period	15	<u><u>(1,191,475)</u></u>	<u><u>(1,447,395)</u></u>

The annexed notes 1 to 20 form an integral part of these condensed interim unconsolidated financial statements.


Lahore 
Chief Executive Officer


Director


Chief Financial Officer

Waves Singer Pakistan Limited
Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited)
For the six month period ended 30 June 2020

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.

- 1.2** On 11 March 2020, Covid-19 (Coronavirus) was declared a pandemic by the World Health Organization. The spread of coronavirus as a pandemic and consequently imposition of lock down by Federal and Provincial Governments of Pakistan (Authorities) has effected the production and sale volumes of the Company during the lock down period. However, as per relaxation given by Authorities, the Company resumed its operations on 11 May 2020 with all precautionary measures to prevent the pandemic spread. While no material effects on the Company's business and measurement of assets and liabilities have yet been identified at the date of these financial statements, the management will continue to monitor and evaluate them during the 2020 financial year.

- 1.3** Previously, the Company used to sell products through its subsidiary company to avail the benefit of extra tax under Rule 59 of Sales Tax Special Procedures Rule, 2007. Through SRO. 694(1)/2019 the electronic products are now taxable at retail price under third schedule. Resultantly w.e.f. 01 July 2019, the Company has started to transact directly with the dealers in light of new dealership agreements signed by the Company and the channel of subsidiary company has been eliminated. Accordingly the comparative figures on the statement of profit or loss are not comparable.

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 30 June 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 December 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 and six months period ended 30 June 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

5 Share capital

5.1 Issued, subscribed and paid-up capital

	(Un-audited) 30 June 2020	(Audited) 31 December 2019	(Un-audited) 30 June 2020	(Audited) 31 December 2019
	(Number of shares)		(Rupees in '000)	
<u>Fully paid-up ordinary shares</u>				
<u>of Rs. 10 each</u>				
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

5.2 Ordinary shares of the Company held by associated persons and undertaking at year end are as follows:

	(Un-audited) 30 June 2020 (Percentage held)	(Audited) 31 December 2019	(Un-audited) 30 June 2020 (Number of shares)	(Audited) 31 December 2019
*Poseidon Synergies (Private) Limited	6.00%	6.00%	11,253,183	11,253,183
<i>Chief Executive Officer and his spouse and minor children</i>				
- 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	1.67%	1.66%	3,140,650	3,107,875
	<u>61.63%</u>	<u>61.62%</u>	<u>115,633,631</u>	<u>115,600,856</u>

* Owned by Chief Executive Officer and his wife.

5.3 The holders of ordinary shares are entitled to receive dividends as declared (if any), and are entitled to one vote per share at meetings of the Company.

5.4 13,509,024 shares having face value of Rs. 10 each are pledged as security with a financial institution.

		(Un-audited) 30 June 2020	(Audited) 31 December 2019
	Note	(Rupees in '000)	
6 Long term loans - secured			
Banking Company		805,708	805,708
Non-banking Company	6.1	1,037,906	926,563
		1,843,614	1,732,271
Less: Deferred grant	6.1	(10,619)	-
Less: Current maturity presented under current liabilities		(81,027)	(315,000)
	6.2	1,751,968	1,417,271
Long term portion of finance against trust receipt	7.2	575,400	-
		<u>2,327,368</u>	<u>1,417,271</u>

6.1 State Bank of Pakistan introduced a 'Refinance Scheme for payment of wages and salaries (RFWS Scheme)' to support the companies in payment of salaries during COVID-19 pandemic. Under this scheme, the Company has availed financing of Rs. 111.34 million from Pak Libya Holding Company (Private) Limited against salaries for the months from April 2020 to June 2020. The amount is repayable quarterly in 8 equal instalments starting from 04 March 2021. It carries mark-up of 3% per annum, payable quarterly in arrears. The facility is secured against ranking charge of Rs. 264 million inclusive of 25% margin on all present and future fixed asset convertible to first pari passu charge over all present and future fixed assets within 110 days. The tenure of this facility is two and half years. This facility has been recognized at fair value under IFRS-9 using an effective rate of interest of 9.76%, difference being recorded as deferred grant in accordance with IAS 20.

6.2 State Bank of Pakistan introduced a 'Regulation R-8, Rescheduling / Restructuring of Financing Facilities' to relieve the stress on the corporate / commercial sector arises due to COVID-19 pandemic situation. Under this scheme, the financial institutions have deferred repayment of principal loan amounting to Rs. 1,723 million by 12 to 18 month, provided that the Company will continue to service the mark-up amount as per agreed terms and conditions. As a result of this, these loans are repayable starting latest from 28 February 2021.

		(Un-audited) 30 June 2020	(Audited) 31 December 2019
7	Short term borrowings		
		(Rupees in '000)	
	<i>From banking companies - secured:</i>		
	Running finance under mark-up arrangements	1,322,954	1,496,360
	Finance against trust receipt	2,481,320	1,873,765
	Cash finance	461,723	463,455
	Short term borrowings under Murahaba arrangement	206,893	280,001
		4,472,890	4,113,581
	Long term portion of finance against trust receipt	7.2	(575,400)
		3,897,490	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 other than explained in note 7.2.

7.2 State Bank of Pakistan introduced a 'Regulation R-8, Rescheduling / Restructuring of Financing Facilities' to relieve the stress on the corporate / commercial sector arises due to COVID-19 pandemic situation. Under this scheme, the financial institutions has deferred repayment of principal finance against trust receipt amounting to Rs. 2,056.82 million by 6 to 12 month from the date of original maturity, provided that the Company will continue to service the mark-up amount as per agreed terms and conditions. As a result of this, these loans are repayable starting latest from 23 February 2021 and ending by 06 October 2021. However the Company has option to prepay these amount without any penalty. Out of these principal payments deferred, Rs. 575.4 million has been classified as non-current based on an unconditional right to defer repayments of these as their revised maturity dates fall beyond the 12 months period.

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 period end were for Rs. 132.02 million (31 December 2019: Rs. 319.39 million).
- (ii) Commitments for capital expenditure against irrevocable letters of credit outstanding at the period end were nil (31 December 2019: Rs. 1.09 million).

		(Un-audited) 30 June 2020	(Audited) 31 December 2019
9	Property, plant and equipment		
		(Rupees in '000)	
	Operating fixed assets	9.1	4,526,231
	Right of use assets	9.2	262,852
	Capital work-in-progress	9.3	80,056
		4,869,139	4,969,474

	(Un-audited) 30 June 2020	(Audited) 31 December 2019
	(Rupees in '000)	
9.1 Operating fixed assets		
Opening balance - as at 01 January	4,623,877	4,181,407
Effect of revaluation	-	340,347
Additions during the period / year	11,302	319,555
Transfer to investment property	-	(50,000)
Transfers from leased to owned assets	-	11,591
	<u>4,635,179</u>	<u>4,802,900</u>
Book value of property, plant and equipment disposed off during the period / year	(6,954)	(14,283)
Depreciation charged during the period / year	(101,994)	(164,740)
Closing balance	<u>4,526,231</u>	<u>4,623,877</u>
9.2 Right of-use asset		
Balance as at 01 January	299,393	252,887
Additions during the period / year	6,103	105,486
Effect of revaluation	-	15,062
Transfers from leased to owned assets	-	(11,591)
Depreciation charge for the period / year	(42,644)	(62,451)
Closing balance	<u>262,852</u>	<u>299,393</u>
9.3 Capital work-in-progress		
Balance as at 01 January	-	33,507
Additions during the period / year	-	266,959
Transfers to operating fixed assets	-	(254,262)
Closing balance	<u>-</u>	<u>46,204</u>
Breakup of capital work in progress:		
- Building	21,333	4,851
- Plant and machinery	52,644	35,845
- Electric installation	6,079	5,508
	<u>80,056</u>	<u>46,204</u>
10 Intangible assets and goodwill		
Software	38,106	39,289
Brand value	1,582,147	1,582,147
Customer relationships	230,573	245,919
Goodwill	1,070,207	1,070,206
	<u>2,921,033</u>	<u>2,937,561</u>

- 10.1** The recoverable amount of goodwill including intangible assets (brand value and customer relationships) acquired through a business combination has been tested for impairment as at 30 June 2020 considering the fact of COVID-19 pandemic, by allocating the amount of goodwill and intangible assets to respective assets on which it arose, based on value in use in accordance with IAS 36 "Impairment of Assets". The recoverable amount was calculated on the basis of five years business plan approved by the Board of Directors which includes a comprehensive analysis of existing operational deployments of the Company along with strategic business plans and business growth. The value in use calculations are based on cash flow projections derived from aforesaid business plan, which have been extrapolated beyond five years, by using a steady 3.00% growth rate. The cash flows are discounted using a discount rate of 9.40% (goodwill) and 11.30% (intangibles) for use in calculation of value in use which is sensitive to discount rate and local inflation rates. Based on this calculation no impairment is required to be accounted for against the carrying amount of goodwill and other intangible assets.

11 Trade debts

- 11.1** This includes balance amounting to Rs. 725.79 million (31 December 2019: Rs. 663.99 million) and Rs. 693.63 million (31 December 2019: Rs. 932.44 million) receivable from Electronic Marketing Company (Private) Limited and Waves Marketing Company (Private) Limited respectively, wholly owned subsidiaries of the Company.

12 Advances, deposits, prepayments and other receivables

- 12.1** This include balance amounting to Rs. 286.88 million (31 December 2019: Rs. 311.41 million) and Rs. 697.06 million (31 December 2019: Rs. 559.72 million) receivable from Electronic Marketing Company (Private) Limited and Waves Marketing Company (Private) Limited respectively, wholly owned subsidiaries of the Company 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) 30 June 2020	(Un-audited) 30 June 2019
	(Rupees in '000)	
13 Net revenue		
Sales		
- local	3,969,767	7,309,640
- export	19,993	18,160
Sales return	(41,916)	(19,641)
	<u>3,947,844</u>	<u>7,308,159</u>
Sales tax	(567,282)	(758,152)
Trade discount	(274,990)	(2,027,544)
	<u>(842,272)</u>	<u>(2,785,696)</u>
	<u><u>3,105,572</u></u>	<u><u>4,522,463</u></u>

	(Un-audited) 30 June 2020	(Un-audited) 30 June 2019
	(Rupees in '000)	
14 Taxation		
Current:		
- for the year	51,416	3,768
- prior year	-	-
	<u>51,416</u>	<u>3,768</u>
Deferred:		
- group taxation - for the year	90,822	(45,731)
- group taxation - prior year	-	20,871
- other - for the year	(59,530)	48,158
- other - prior year	(17,400)	-
	<u>13,892</u>	<u>23,298</u>
	<u>65,308</u>	<u>27,066</u>

14.1 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit:

Profit before tax	<u>104,073</u>	<u>155,497</u>
Tax at the applicable tax rate of 29% (2019: 29%)	30,181	45,094
Tax effect of permanent differences:		
- In respect of differential under normal and final / minimum tax regime	652	(1,201)
- Exempt income due to group taxation	(37,990)	(104,400)
- Other permanent differences	(163)	-
Change in tax rate	-	43,103
Prior year tax charge	73,422	20,871
Others	(794)	23,599
	<u>65,308</u>	<u>27,066</u>

	(Un-audited) 30 June 2020	(Audited) 31 December 2019
	(Rupees in '000)	
15 Cash and cash equivalents		
Cash and bank balances	131,479	116,344
Short term running finance - secured	(1,322,954)	(1,496,360)
	<u>(1,191,475)</u>	<u>(1,380,016)</u>

Transactions with related parties

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

Name of the Company	Relationship	Nature of transactions	(Un-audited) 30 June 2020	(Un-audited) 30 June 2019
i. Subsidiary Company				
Waves Marketing (Private) Limited	Wholly owned subsidiary	Sale of inventory - gross	-	4,334,964
		Expenses incurred / paid on behalf of subsidiary	-	383,973
		Dividend income	-	360,000
		Mark-up charged on receivable from subsidiary	111,531	66,392
Electronics Marketing Company (Private) Limited	Wholly owned subsidiary	Sale of inventory - gross	255,656	774,238
		Expenses incurred / paid on behalf of subsidiary	-	50,198
		Mark-up charged on receivable from subsidiary	20,309	90,744
ii. Associated Undertakings				
Poseidon Synergies (Private) Limited	Shareholding and common directorship	Repayment of loan during the period	-	35,000
Employee's Provident Fund	Post employee contribution plan	Contribution for the period	14,565	12,459
Employee's Gratuity Fund	Post employee benefit plan	Contribution for the period	-	800
Directors	Employees	Fee for meetings	-	120
Key management personnel	Remuneration	Remuneration	56,910	51,366

17 Financial risk management and fair value of financial instruments

17.1 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.

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

		30 June 2020 (Unaudited)			
		Carrying amount		Fair value	
		Financial assets at amortized cost	Other financial liabilities	Total	Level 1 Level 2 Level 3
<i>Note</i>		Rupees in '000			
Financial instruments					
<u>Financial assets - amortised cost</u>					
Security deposits		31,792	-	31,792	-
Trade debts		4,280,795	-	4,280,795	-
Deposit and other receivables		989,688	-	989,688	-
Cash and bank balances		131,479	-	131,479	-
	17.3	5,433,754	-	5,433,754	-
<u>Financial liabilities - amortised cost</u>					
Lease liabilities		-	233,429	233,429	-
Long term loans - secured		-	2,408,395	2,408,395	-
Trade and other payables		-	853,043	853,043	-
Employee retirement benefit		-	16,888	16,888	-
Short term borrowings - secured and unsecured		-	3,897,490	3,897,490	-
Mark-up accrued on borrowings		-	224,361	224,361	-
	17.3	-	7,633,606	7,633,606	-

		31 December 2019		Fair value		
		Carrying amount				
		Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2 Level 3
		Rupees in '000				
<i>Note</i>						
Financial instruments						
<u>Financial assets - amortised cost</u>						
Security deposits		27,535	-	27,535	-	-
Trade debts		3,239,794	-	3,239,794	-	-
Deposit and other receivables		1,171,427	-	1,171,427	-	-
Cash and bank balances		116,344	-	116,344	-	-
17.3		4,555,100	-	4,555,100	-	-
<u>Financial liabilities - amortised cost</u>						
Long term loans - secured		-	1,732,271	1,732,271	-	-
Lease liabilities		-	263,148	263,148	-	-
Employee retirement benefit		-	23,088	23,088	-	-
Trade and other payables		-	1,196,130	1,196,130	-	-
Mark-up accrued on borrowings		-	216,566	216,566	-	-
Short term borrowings - secured and unsecured		-	4,113,581	4,113,581	-	-
17.3		-	7,544,784	7,544,784	-	-

17.3 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, building and plant and machinery		
Revalued Property, plant and equipment	31 December 2019	
Investment property	31 December 2019	

Valuation approach and inputs used

The valuation model for land and building 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 valuation for plant and machinery is based on present operational condition and age of plant and machinery. The fair valuation of land, building and plant and machinery 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.

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

	30 June 2020 (Un-audited)					
	Liabilities					
	Short term borrowings	Long term loans	Lease liabilities	Mark-up accrued on borrowings	Unpaid dividend	Total
	Rupees in '000					
Balance as at 01 January 2020	4,113,581	1,732,271	263,148	216,566	1,457	6,327,023
<u>Cash flows</u>						
Short term borrowings repaid net of receipts	532,715	-	-	-	-	532,715
Dividend paid	-	-	-	-	(153)	(153)
Long term loans availed	-	111,343	-	-	-	111,343
Finance cost paid	-	-	-	(490,749)	-	(490,749)
Repayment of lease rentals	-	-	(53,258)	-	-	(53,258)
	532,715	111,343	(53,258)	(490,749)	(153)	99,898
<u>Non-cash changes</u>						
Changes in running finance	(173,406)	-	-	-	-	(173,406)
Assets acquired on lease	-	-	6,103	-	-	6,103
Finance cost	-	-	17,436	498,544	-	515,980
Deferred grant	-	(10,619)	-	-	-	(10,619)
	(173,406)	(10,619)	23,539	498,544	-	338,058
Balance as at 30 June 2020	4,472,890	1,832,995	233,429	224,361	1,304	6,764,979

	30 June 2019 (un-audited)					
	Liabilities					
	Short term borrowings	Long term loans	Lease liabilities	Mark-up accrued on borrowings	Unpaid dividend	Total
Balance as at 01 January 2019	2,995,286	1,013,521	65,528	97,338	1,517	4,173,190
<u>Cash flows</u>						
Short term borrowings repaid net of receipts	1,520,011	-	-	-	-	1,520,011
Dividend paid	-	-	-	-	(108,055)	(108,055)
Long term loans repaid net of receipts	-	(140,625)	-	-	-	(140,625)
Finance cost paid	-	-	-	(244,926)	-	(244,926)
Repayment of lease rentals	-	-	(54,109)	-	-	(54,109)
	1,520,011	(140,625)	(54,109)	(244,926)	(108,055)	972,296
<u>Non-cash changes</u>						
Changes in running finance	(15,294)	-	-	-	-	(15,294)
Dividend approved	-	-	-	-	203,918	203,918
Assets acquired on lease	-	-	11,280	-	-	11,280
Finance cost	-	-	-	338,570	-	338,570
	(15,294)	-	11,280	338,570	203,918	538,474
Balance as at 30 June 2019	4,500,003	872,896	22,699	190,982	97,380	5,683,960

19 Corresponding figures

Corresponding figures have been re-arranged and re-classified, where necessary, for the purpose of comparison and better presentation as per reporting framework. However, no significant reclassification has been made.

20 Date of authorization of issue

These unconsolidated financial statements were authorised for issue by the Board of Directors in their meeting held on 25-August,2020.

kmw

Lahore


Director


Chief Executive Officer


Chief Financial Officer