WAVES

Annual Report 2022

Waves Corporation Limited

Table of Contents

CORPORATION INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

1.	Mr. Tajammal Hussain Bokharee	Chairman/Independent Director
2.	Mr. Moazzam Ahmad Khan	Member/Non-Executive Director
3.	Mrs. Nighat Haroon Khan	Member/Non-Executive Director
4.	Mr. Ahmad Bilal Zulfiqar	Secretary

HR & REMUNERATION COMMTTEE

1.	Mr. Muhammad Zafar Hussain	Chairman/Independent Director
2.	Mr. Khalid Azeem	Member/Non-Executive Director
3.	Mr. Moazzam Ahmad Khan	Member/Non-Executive Director
4.	Mr. Haroon Ahmad Khan	Member/ Executive Director
5.	Mr. Ahmad Bilal Zulfiqar	Secretary

CHIEF FINANCIAL OFFICER

Mr. Arslan Shahid Butt

COMPANY SECRETARY

Mr. Ahmad Bilal Zulfiqar

HEAD OF INTERNAL AUDITOR

Mr. Usman Khalid

LEGAL ADVISOR

Law Wings Advocates & Solicitors

EXTERNAL AUDITORS

RSM Avais Hyder Liaquat Nauman
Chartered Accountants

SHARE REGISTRAR

Corplink (Private) Limited

RESISTERED OFFICE/PLANT

Factory: 9-KM Multan Road, Lahore
PH. No. 042-35415421-5, 35421502-4
UAN: 042-111-31-32-33

COMPANY REGISTRATION NO.

CUIN 0001286
Email: cs@waves.net.pk
Website: www.waves.net.pk

BANKERS

Al Baraka Bank (Pakistan) Limited	National Bank of Pakistan
Askari Bank Limited	Pak Brunei Investment Company Limited
Bank Al Falah Limited	Pak Libya Holding Company Limited
Dubai Islamic Bank Pakistan Limited	Pak Oman Investment Company Limited
Faysal Bank Limited	Samba Bank Limited
First Prudential Modaraba	Silkbank Limited
Habib Bank Limited	Sindh Bank Limited
Habib Metropolitan Bank Limited	The Bank of Khyber
Industrial & Commercial Bank of China	The Bank of Punjab

Contact Information:

Registered Office:	042-35415421-5, 042-35421502-4
Email:	cs@waves.net.pk
Web Site:	www.waves.net.pk

Chairman's Review

On behalf of the Board of Directors of Waves Corporation Limited (WAVES or the Company), Annual Report for the year ended 31 December 2022 (Consolidated and Standalone) is presented to our stakeholders.

We extend our appreciation to our partners, bankers, shareholders, strategic alliances, human capital and other stakeholders in our business who have shown continued trust in our Company. WAVES has a well-diversified and experienced Board members that have core competencies, knowledge, skills and experience relevant to the Company's businesses, that follows best practices relating to corporate governance and other related regulatory requirements. The Board held meetings during the year to review and approve periodic financial statements, annual business plan, demerger of home appliances business and other matters requiring Board attention. The committees also held regular sessions to perform their duties assigned under their respective terms of references by the Board. The detail of these meetings is stated in this Annual Report. The performance of the outgoing and incoming Board members has been commendable and together we steered the Company towards another year of success and good governance, despite the challenging post-pandemic economic environment.

The global Russia-Ukraine conflict that has substantially impacted economies in terms of high interest rates, energy prices, inflation etc., across the world including Pakistan. However, despite of these challenges, the Company's wholly owned subsidiary Waves Marketplace Limited (WML), formerly Electronic Marketing Company Limited has continued showing growth. The revenues of home appliances business undertaken by the Company's subsidiary Waves Home Appliances Limited (WHALE), showed slight dip as compared to previous year as the whole appliances industry was under pressure due to restrictions on import of its raw materials. However, WHALE was able to position itself to substantially rely on the local manufactured material vis-à-vis its competitors thus reducing production risks. Shifting to local raw material paved the way for growth of the local industry with new employment opportunities and reducing reliance on foreign exchange reserves. The Company' real estate development plans has been updated to include substantial commercial portion, which results in increased revenues and bottom line. Accordingly, the new timeline of soft launch fits well with the shifting of appliances operations to the new factory premises.

Over the years, WAVES leadership has strived to adapt a transparent and conducive business environment, by demonstrating respect and fairness in all our efforts. As we reflect, it is commendable the swiftness with which WAVES has adapted to the macro and micro economic challenges during the year 2022. We expect this trend to continue in the years to come. We would like to conclude by extending our gratitude and thanks to the Directors for their energy, knowledge, advice, and earnest contributions towards the advancement of the Company to achieve new heights in a socially responsible and ethical manner.

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Chairman

Directors Report to Shareholders

Overview

On behalf of the Board of Directors of Waves Corporation Limited, formerly Waves Singer Pakistan Limited (WAVES or the Company), we are obliged to submit the Directors' report and audited financial statements of your Company for the year ended 31 December 2022, together with the Auditors' report thereon. Alhamdullilah, demand for WAVES branded products continues to be strong as our vision is to make a difference by producing high quality, market oriented and innovative products.

During the year, the world observed multitude of events that slowed down the economy such as increase in the geopolitical tensions on account of Russia-Ukraine conflict, intensifying of climate change impacts, energy crises and supply chain disruptions. These have articulated the most difficult set of global challenges impacting Pakistan by soaring food and fuel prices, leading to highest inflation since past decades which was further intensified by high interest rates to curb inflation. The unparalleled floods and delay in IMF staff level agreement only added further challenges. Amid all the challenging economic conditions it yet opened up new avenues of growth and opportunities for WAVES Group. The Company remained committed to growth and expansion with a vision to contribute to Pakistan's GDP.

The business model of the Company remained resilient owing to the timely decisions and strategies. The wholly owned subsidiary Waves Marketplace Limited (WAVES Plus) continued with its growth pattern, whereas the business model for real estate development was improved to include sizeable commercial portion, that increases its top and bottom line. The home appliances business undertaken by the Company's subsidiary Waves Home Appliances Limited (WHALE) faced challenges as the whole appliances industry was under pressure due to restriction on import of raw material. However, WHALE was able to position itself to substantially rely on locally manufactured material vis-à-vis its competitors thus reducing production risks. Resultantly it has not only provided competitive edge to WAVES but also paved the way for growth of local industry with rising employments while reducing reliance on foreign exchange. The completion of state-of-the-art purpose-built owned factory by WHALE is continuing but at a compact pace in line with current economic environment. The shifting of appliance manufacturing to new factory in expected in second half of FY23 which fits well with the soft-launch of the real estate project of the Company.

The Company's Consolidated Revenues are PKR 11,989 million with net profit of PKR 366 million (10% increase) as compared to previous years of PKR 12,321 million, whereas net profit of PKR 327 million. It is commendable that this was achieved in a challenging business environment where all macro indicators had been lower as compared to previous years. Continued improvement in knowledge management, operational management, cost rationalization, process re-engineering and strategical measures taken during the whole year etc., helped the Company in its sustenance. Further analysis is given separately in this Annual Report.

Going forward, the global growth is projected to decelerate before rising again, impacted by geopolitical tensions and tight financial conditions. Pakistan's government is implementing measures to correct fiscal and current account imbalances and control inflation, leading to improved domestic conditions. The Government aims to secure an IMF deal, and it is anticipated that the Rupee will appreciate and monetary policy will ease.

Looking ahead we remain optimistic and confident about the future of the Company. We have a coherent team of management, staff & workforce, brand name, excellent product line, and a nationwide distribution and after sales service network which allows us to reach customers and provide them service both in urban & rural areas at the best possible terms. We would like to thank all our Shareholders and the Board of Directors for their immense support. The Company's accomplishments and present standing could not have been possible without the commitment and efforts of our employees who deserve full compliments. We are confident that the team will continue to grow and constantly deliver on the expectations of all stakeholders.

Financial Highlights

Financial highlights are presented as hereunder for consolidated financial statements, wherein financial results of standalone financial statements are also provided in this report:

Consolidated Operating Results

	FY22	FY21
	Rs. in '000	Rs. in '000
Gross Sales	**11,988,936**	**12,321,443**
Gross Profit	**1,957,467**	**2,282,366**
Admin, Marketing, selling and distribution Expenses	(1,526,305)	(1,577,958)
Other Expenses	(92,899)	(122,423)
Operating Profit	**338,263**	**581,985**
Finance Costs (net of earned carrying charges)	(60,431)	(316,813)
Other Income	109,758	249,967
Profit for the year before taxation	**387,590**	**515,139**
Taxation	(21,508)	(187,252)
Profit after taxation	**366,082**	**327,887**
Earnings Per Share	1.25	1.13

The Board has considered and is providing operating results and business performance for consolidated financial results as it better reflects the performance of the Company as a holding entity. The individual standalone operating results of the Company (after demerger of the home appliances business to WHALE) are also given.

Consolidated Operating Performance

During the year the Company on consolidated basis achieved revenues of PKR 11,989 million as compared to PKR 12,321 million last year, whereas the Net Profit increased to PKR 366 million from PKR 327 million last year. The slight dip in sales resulted in a lower Gross Profit of PKR 1,957 million as compared to 2,282 million last year. The earning per share for the year is PKR 1.25 as compared to PKR 1.13 of previous year. With the improvement in the economic conditions coupled with increase in urbanization and growing metropolitan areas on the back of rural population migrating towards the cities for employment, better life style we expect results to improve. The financial analysis is given separately in this Report.

Investments in Subsidiaries

The **standalone** financial statements of the Company in which investments in subsidiaries are accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investees. The Consolidated financial statements of the Company are prepared and presented separately.

The Company has the following investments in the subsidiary companies:

	FY 2022	FY 2021
Waves Home Appliances Limited	74.5%	74.5%
Waves Marketplace Limited	100.0%	100.0%
Waves Builders & Developers (Private) Limited	100.0%	100.0%

Standalone Results of the Company

The standalone results of the Company are given hereunder:

	FY22 Rs. in '000	FY21 Rs. in '000
CONTINUING OPERATIONS		
Operating Profit	**177,420**	**63,052**
Finance Cost	-	(152,333)
Profit/(Loss) before Taxation	**177,420**	**(89,281)**
Taxation – continued operations	**-**	**-**
Profit for the Year – Continuing Operations*	**177,420**	**(89,281)**
DISCONTINUED OPERATIONS		
Profit before Tax	-	373,419
Taxation – discontinued operations	76,334	(110,186)
Profit for the Year – Discontinued Operations**	**76,334**	**263,233**
Profit for the Year – Continued & Discontinued Operations	**253,754**	**173,952**
Earnings Per Share – Continued & Discontinued Operations***	0.90	0.62

* The continued operations consist of fair value gain on investment property, interest on loan to subsidiary, markup on receivables from subsidiary, rental income and amortization of deferred income as the case may be

** The discontinued operations represent operations for eight months period ended 31 August 2021, thereafter, the operations are transferred to WHALE.

*** Further details on EPS are given in the notes of the audited financial statements

Based on the financial results in view of the tough current economic and political conditions the Board of Directors do not recommend any pay-out to the shareholders of the Company. The brief information on the subsidiary companies is given in the section History of this Annual Report.

Business Overview – Activities and Development

WAVES or the Company is listed on Pakistan Stock Exchange Limited (PSX). The Company has recently gone under a Scheme of Arrangement (the Scheme) wherein the home appliances business is demerged and merged into Waves Home Appliances Limited, formerly Samin Textiles Limited (WHALE), while retaining the real estate development business and retail shop network for consumer appliances and other consumer goods. The Scheme was sanctioned by the honorable Lahore High Court, Lahore on 27 May 2022. The effective date of Scheme is 31 August 2021. WHALE is now a subsidiary company of the Company. The retail business is currently undertaken by Waves Market Place Limited, whereas a project company Waves

Builders & Developers (Private) Limited to undertake the real estate project. WHALE is predominantly involved in manufacturing, assembling, and distributing a variety of home appliances and other light engineering products. WAVES has a vast range of product lines which were sold through dealer networks spread all over Pakistan and also via retail outlets owned and operated by the Company. WHALE's product line includes:

Waves Brand

- Deep Freezers
- Visi Coolers
- Refrigerators
- Air Conditioners
- Washing Machines
- Microwaves
- Water Dispensers

Singer Brand

- Deep Freezers
- Refrigerators
- Air Conditioners
- Washing Machines
- Microwaves
- Water Dispensers
- Sewing Machines
- Water Heaters
- Instant Geysers
- Cooking Ranges

Waves Home Appliances Limited (WHALE)

Waves Home Appliances Limited (formerly Samin Textiles Limited) was incorporated in Pakistan on 27 November, 1989 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at 15/3 Block A, Model Town, Lahore, which is now being shifted to 9-KM, Multan Road, at the same premises where the existing Registered office of the Company exists. WHALE is currently listed on Pakistan Stock Exchange. The principal business of the Company was trading, import and export of appliances and other textile related products. Consequent to approval of scheme of arrangement, the principal line of business has been amended to include manufacturing, assembly and wholesale of domestic consumer appliances and other light engineering products. The appliances' manufacturing plant is being moved to a new purpose-built larger factory for which land has already been purchased and construction is already underway. Progress on construction of the new factory premises is expected to be completed in the second half of calendar year 2023.

WAVES is operating a nationwide set-up of warehouses in cities such as Karachi, Lahore, Gujranwala, Peshawar, Multan, etc., a network of around 1,500 + dealers, approx. 16 after-sales -- service centers and 509 service workshops spread nationwide. The Company's sales infrastructure is comparable to any other leading Home Appliance Company operating within Pakistan.

	FY22 Rs. in '000	FY21* Rs. in '000
Gross Revenues	8,956,449	2,425,840
Gross Profit	1,454,318	501,633
Net Profit	48,873	36,496

**Represents mainly four months operations from 31 August 2021 to 31 December 2021 (post demerger). For further details on the results for the FY22, please see consolidated annual report of WAVES for the year 2022.*

In view of recent policy changes in allowing import of materials/components by the home appliances industry, the L/C opening process by the commercial banks is expected to go slow. Consequently, dependence on foreign sources of materials is continuing to be challenging, therefore, WHALE has been making arrangements for achieving major import substitution in order to ensure uninterrupted continuity of operations. In these circumstances market sizes of domestic appliances may not reach the expected levels, therefore deferral of capital expenditure is necessitated. Accordingly, WHALE has substantially switched to local source of materials, which will ensure less dependence on imports and inhouse development of certain imported components through WHALE's vendors. In addition, shift to the new premises in second-half of FY2023 instead of FY2022 allowing deferral of capital expenditure on construction of new factory. There is a huge potential of deep freezers and vizi-coolers corporate sales not only to Coca Cola but for the whole frozen food and beverages industry. Insha Allah, continuity of operations shall be fully focused during ongoing difficult times.

Waves Marketplace Limited (WML)

Waves Marketplace Limited which was previously named as Electronic Marketing Company Limited (EMCL), is a wholly owned subsidiary of the Company is a pioneer of retail sales of home appliances, offering cash and installment sales to its treasured customers to shop with convenience at 135 nationwide spread outlets in rural and urban areas of Pakistan. WML has shown robust growth and in order to fund its expansion plans, the Board in principle decided that it may be listed on Pakistan Stock Exchange Limited (PSX) at an appropriate time when market is conducive for listing. However, due to the current tough political and economic conditions, the pace for listing preparation is slowed, until market sentiments are improved. The Gross revenues have increased, whereas the net profit has decreased owing to the high interest cost during the year.

	FY22 Rs. in '000	FY21 Rs. in '000
Net Revenues	3,340,835	2,607,815
Gross Profit	512,387	491,330
Net Profit	40,389	65,379

The management in parallel is also considering alternate options of funds arrangement for growth by way of securitization of receivables and/or strategic equity investors/partners. With high interest rates, growing population and high rate of urbanization, the business model of Buy Now Pay Later (BNPL) has immense growth potential similar to other parts of the developed economies. However, WAVES Plus will focus on a balance sales mix between Installment Sales and Cash Sales keeping in view the risk and rewards. Waves network has a potential to grow its sales multifold on the same network in line with the industry averages.

Waves Builders and Developers (Private) Limited (WBDL)

The Company is undertaking a real estate project through Waves Builders and Developers (Private Limited) which is currently a wholly owned subsidiary of the Company. In line with the recommendations of research and marketing/sales advisers of real estate, it is decided to revise the real estate construction plan by converting its sizeable part into commercial activities.

Being near to city center and on a commercially declared road, close to Lahore's entry point i.e., Thokar Niaz Baig, the commercial usage of the Project will enable optimum land utilization while substantially improving its revenues and profitability. This coincides well with revised timeline for shifting of manufacturing operations to new site.

	FY22 Rs. in '000	FY21 Rs. in '000
Net Revenues	-	69,022
Gross Profit	-	7,444
Net Profit/(Loss)	(285)	34,235

WBDL is earmarked for real estate project, whereas the previous year revenues reflected trading business. All the real estate project development activities are currently undertaken by the holding company WAVES. Therefore, accounts of WBDL are prepared on going concern basis.

Scheme of Arrangement

During the year the honorable Lahore High Court, Lahore sanctioned the Scheme of Arrangement by and between WAVES and WHALE wherein home appliances business was carved out into WHALE, while retaining the retail and real estate business. This will provide several benefits including unique identities of individual companies, more focused business, customer base, supervision and controlling the business/direction of WHALE, while the management of WHALE can operate and manage the business of WHALE on a regular day-to-day basis. Accordingly, 199,724,956 ordinary shares were issued to WAVES by WHALE out of the total issue of 256,006,196 ordinary shares pursuant to the Scheme, which resulted in becoming WHALE as a subsidiary of the Company. In addition, as a Settlement Consideration WHALE also issued 56,281,240 shares of WHALE to the shareholders of WAVES. The balance of PKR 2 billion cash is to be settled within two (2) years of the Sanction of the Scheme. No profit/mark-up shall accrue on such outstanding amount if the said amounts is settled within two (2) years of the sanction of the Scheme. For further details please refer the paragraphs at the start of the Notes to the Annual Financial Statements.

Economic and Industry Analysis

The global growth is projected to decelerate to 2.9% in 2023 before rising to 3.1% in 2024 (Source: World Economic Outlook –January 2023). While the outlook for 2023 is 0.2% points higher than the previous forecasts, it still falls below the historical average of 3.8%. This slower growth is being attributed to rising interest rates and the ongoing Russia-Ukraine conflict, which are weighing on economic activity. However, China's recent reopening enabled a faster-than-expected recovery and is expected to positively impact global growth in the coming years. Global inflation is anticipated to decline from 6.6% in 2023 to 4.3% in 2024, but it is still projected to remain above pre-pandemic levels. The Global Trade Update from United Nations Conference on Trade and Development (UNCTAD) projects that the slowdown in global trade which began in the second half of the year, will continue to worsen in 2023. This is mainly due to the persistence of geopolitical tensions and tight financial conditions. Several factors, such as geopolitical shocks, globalization, climate action, and technology, are also expected to have a significant impact on trade and investments in coming year.

The global macro-economic instability has impacted on the Country's economy resulting in high inflation and also increase in the current account deficit of the Country resulting in high interest rates and currency devaluation. The Consumer Prince Index (CPI) measure for Inflation stands at 27.6% on a YoY basis, which is higher than 24.5% the previous month and13% in January 2022. Inflation is anticipated to remain high in the coming months before easing out gradually. It is expected that inflation will remain around 28 to 30% in coming months. The key reasons are uncertain political and economic environment, pass through of currency depreciation, recent rise in energy prices and increase in administered prices. Although, SBP has been enacting contractionary monetary policy, but the inflationary expectation would take some time to settle. However, the federal government, in liaison with provincial governments, is closely monitoring the demand supply gap of essential items and taking necessary measures to stabilize their prices. It is hoped that resumption of economic stabilization program will help achieve economic stability leading to exchange rate stabilization and provide an opportunity to reap the benefit of falling international commodity prices. This will also help contain cost push inflation and provide a cushion to the government to pass through the lower commodity prices to domestic consumers.

The Import restriction has substantially reduced trade deficit. During the first nine months of the current fiscal year trade deficit has shrunk to US% 20.4 billion compared to US$ 38 billion in the same period of the last fiscal year. During January to March 2023 quarter, current account balance turned positive with surplus of US$ 388 million, bringing down overall Current Account Deficit (CAD) during July to March 2023 to US$ 3.37 billion compared to US$ 13.01 billion, showing a significant reduction of 74%. During the first nine months of current fiscal year, workers' remittances declined to US$ 20.5

billion, which is approximately 10.8% lesser than US$ 23.2 billion in the same period of last year. Constant devaluation of Pak rupee, coupled with supply chain disruptions, has adversely affected business activity and is fueling inflation. (Source: Business Recorder)

During April 2023, the consumer price index (CPI) inflation increased to 36.4% on year-on-year (YoY) basis, compared to 35.4% in the previous month. The “Food & Non-alcoholic Beverages”, having a 34.58% weightage in CPI, witnessed inflation of 48.07% on YoY basis in April 2023. Similarly, “Housing, Water, Electricity, Gas & Fuels” (carrying 23.63% weightage) increased by 16.94%. The Large-scale manufacturing sector (LSM) has shown a decline of 5.56% during July-February of FY 2023 compared to the same period of last year.

The latest GDP estimates, issued by the IMF, forecast a sluggish growth of 0.5% in FY 2023. On the fiscal front, during the first nine months of current FY, there was a primary surplus of Rs. 781 billion compared to Rs. 399 billion in the same period of last year. Despite year on year 18% growth in tax revenues and 35% in non-tax levies, the financial resources have yet to cope up to meet growing debt servicing needs. Further, despite a noticeable improvement in tax collections, the overall performance is still lower than the target set for the first nine months of the current fiscal year, The stalled IMF program is adding to the fiscal challenges. (Source: Business Recorder)

FUTURE OUTLOOK / FORWARD LOOKING STATEMENTS

Our primary objective is to provide high-quality and effective home appliance products. We remain committed to enhancing shareholder value while balancing profitability and investments into projects of long-term significance.

The Pakistan Bureau of Statistics (PBS) has reported increase in the refrigerators production, air conditioners and deep freezers in past years. However, those companies that have home appliances products such as Television, Air-Conditioners etc., which have substantial foreign component will face challenges. With the changes in the overall weather conditions surges in refrigeration and air conditioning will be experienced. Since much of the Pakistan’s Economy is still un-documented for which efforts are make them document, the money circulation and spending power in this economy is also fueling the inflation. High spending habits out of such un-documented economy shall continue the demand of consumable and durable products in the local market.

With the settlement of political and economic challenges, the low household penetration (well below world average) of appliances in Pakistan will provide opportunities for companies to extend their reach. Expansion of modern retail and exclusive company outlets across regions is expected to increase the penetration of Home Appliances. Appliances are expected to post strong growth even in non-metro cities (tier two & three cities & rural areas). Other factors creating positive impact on growth of consumer appliances are rise in double-income nuclear families, easy availability of credit, changing lifestyles, introduction of new models, and increasing consumer awareness. Rapidly shrinking replacement cycle for consumer durables is also expected to continue and therefore fuel demand for consumer electronics.

Amongst the unfavorable circumstances such as economic shocks, Pakistan Government is taking various measures to correct fiscal and current account imbalances and controlling inflation. The current policy stance has enabled the Government to increase expenditures on vulnerable segments of society through BISP and poverty alleviation fund. On the revenue side, despite slowdown in economic activity, tax and non-tax collection have improved. Particularly, FBR tax collection have maintained its growth trajectory. Encouragingly, domestic tax collection, in particular direct taxes are growing at rapid pace indicating effective implementation of administrative and enforcement measures. Although risks to domestic resource mobilization efforts persist due to economic activity and growth slowdown.

Inflation is anticipated to remain high in the coming months before easing out gradually. The key reasons are uncertain political and economic environment, pass through of currency depreciation, recent rise in energy prices and increase in administered prices. Although, SBP has been enacting contractionary monetary policy, but the inflationary expectation would take some time to settle. However, the federal government, in liaison with provincial governments, is closely monitoring the demand supply gap of essential items and taking necessary measures to stabilize their prices. It is hoped that resumption of economic stabilization program will help achieve economic stability leading to exchange rate stabilization and provide an opportunity to reap the benefit of falling international commodity prices. This will also help contain cost push inflation and provide a cushion to the government to pass through the lower commodity prices to domestic consumers.

Going forward, the Government is putting in all efforts to secure IMF deal which as per the current Prime Minister is at the final stage. This will help the Country in over the next few quarters in the form of stabilized reserves, controlled fiscal balance and sustainable economic growth. However, while the current political temperature is increasing, the fast-paced implementation of energy pass-through and tight fiscal/monetary policy will have its impact in the short term. As the current account deficit is curtailed and political and social sentiments improve, we fully expect the Rupee to appreciate and monetary policy shall be eased. This will be a starting point for recovery and sustainable growth in coming years

As one of the leading consumer brand entity, WAVES endeavors persistently in its quest to solve some of the most pressing issues of our time, relating to energy, inflation, supply-chain and human development. We will continue to contribute towards enabling the recovery of our economy at this pivotal juncture. This ambition in our overall strategy will continue as we envision to create value addition in our portfolio by augmenting synergy in the Group's overall performance and profitability. Our people continue to be our key driving force. WAVES success is built on their skills and creativity, and we are committed to human development ensuring that we have the best possible talent, from all backgrounds, driving our growth and ambition. We remain committed to further developing an empowered learning organization.

RISKS, UNCERTAINTIES AND MITIGATIONS

The Company recognizes that risk is an integral part of business and is committed to managing the risks proactively and efficiently. The Company periodically assesses risks, in the internal and external environment and incorporates risk mitigation plans in its strategy and business/operational plans. Every risk is carefully looked into, as in some of the cases post-analysis it may lead to a new business opportunity. The Company has a well-defined risk management framework in place. The risk management framework works at various levels from top to bottom across the enterprise. These levels form the strategic defense cover of the Company's risk management. The Company's Risk Management Committee monitors and reviews the risk mitigation plan.

Key Business Risks	Mitigants
Operational excellence – These are risks associated with internal factors, administrative and operational procedures like employee turnover, supply chain disruption, IT system shutdowns or control failures.	• Your Company has initiated vendor rationalization, emphasis on in-house manufacturing and scorecard evaluation of vendors has been put in place. • Your Company has put in place a quality and process improvement program across the Company, including strategic vendors, during the year with progress being tracked at regular Management reviews.
Branding/Innovation Risk – Risk that applies to innovative areas of your business such as product research and to cope up with latest market trends and product innovation.	• Your Company has put in place a centralized marketing structure during the year, thereby strengthening its consumer insight process and filling up competency gaps in the concerned function. • Company's research and development department has been strengthened and is continuously looking

	into and implementing product innovation strategies.
Organization Excellence – Ability to attract and retain the right talent may lead to your Company's inability to achieve organization's goals.	• Your Company has put in place Succession Planning framework mapping career development and progression opportunities for suitable employees and thereby ensuring talent retention
Liquidity Risk- is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset	• Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans
Credit Risk- Credit risk represents the risk of a loss if the counterparties fail to perform as contracted.	• The risk is mitigated by applying individual credit limits and by securing the majority of trade debts against bank guarantees and inland letter of credit. The credit risk arising on account of acceptance of these bank guarantees is managed by ensuring that the bank guarantees are issued by banks of reasonably high credit ratings as approved by the Board of Directors.
Price Risk- with new entrants in the market, there is a likelihood of price competition which might squeeze margins.	• The Company is constantly sourcing competitive suppliers, improving its technology, efficiency and productivity. Also, since WAVES has in-house capability to develop products with fast turnaround time, that by itself obviates possibilities of competition affecting WAVES.
Competitive Risk- Increasing entrants making their way into the plastic industry.	• WAVES's diversified product line and unique dealer plus retail sale structure and technical expertise makes it adequately prepared to face these challenges.
Regulatory Risk- Imposition/enhancement of duties, taxes, levies and other conditions may adversely affect the operations.	• New levies go across the board, so we stay competitive

ENVIRONMENT, HEALTH & SAFETY

We are committed to achieve excellence in health, safety, and the environment across our business. We prioritize the safety of our employees and work hard to provide a positive environment, good health, and safety culture, particularly at our manufacturing facilities while vigilantly fulfilling our environmental duties and responsibilities. Our company gives importance to the occupational safety and health of our workers. We maintain a safe working environment and takes responsibility for the health and wellbeing of our staff and stakeholders.

The Company actively trains all employees to ensure their safety at both the workplace and beyond. Besides, our manufacturing, distribution, and retail operations have developed SOPs that seek to reduce the risk of accidents.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

We believe in collective effort and therefore, have created a strong organizational culture that extends benefits to all employees and stakeholders. We embrace social responsibility as one of our core values and it is shared by every member of the group. Sustainable and responsible development is not only binding by local laws on corporate entities, but it is more about moral obligation which needs to be followed and practiced with the best spirit. We strongly believe that improving its environmental and social performance is inevitable for its financial success. The Company always emphasizes a culture of excellence, good governance, transparency, integrity, and accountability. WAVES has been consistently running the following diverse CSR initiatives each fulfilling in achieving our goals towards our CSR vision.

INVESTMENT IN HUMAN CAPITAL

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

Human Assets

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

Learning & Organizational Development

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

Adequacy of Internal Financial Controls

The internal control framework has been effectively implemented through an in-house Internal Audit function established by the Board which is independent of the External Audit function. The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy. The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company, and the shareholders' wealth at all levels within the Company. The Internal Audit function has carried out its duties under the charter defined by the Audit Committee. The Audit Committee has reviewed material Internal Audit findings, took appropriate action or brought the matters to the Board's attention where required. Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

BEST PRACTICS OF CORPORATE GOVERNANCE

Our Code of Conduct lists Ethics as one of our core values, therefore Waves Corporation Limited has a zero-tolerance policy towards any form of discrimination and harassment. Similarly, honesty and open communication is also expected on the reporting front, we care how we get results. We believe it is essential for everyone associated with Waves Corporation Limited to embrace this culture and live by the highest standards of integrity and accountability.

The Board of directors adopted the Code of Conduct for Directors and employees and the same has been circulated to board members and employees in terms of requirement of the Listed Companies (Code of Corporate Governance) Regulations, 2019. The code of conduct is also placed on the Company's website.

Directors' Statement

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

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

Statement of Compliance

The Company adheres to the best practices of governance. The Company has issued a "Statement of Compliance with the Code of Corporate Governance" as stipulated in listed Companies (Code of Corporate Governance) Regulations 2019, which has also been reviewed and certified by the Auditors of the Company.

Meetings and Activities during the Financial Year

During the year under review, six (6) meetings of the Board of Directors were held, which were presided over by the Chairman. The Chief Financial Officer and Company Secretary also attended the meetings to the extent required.

Board of Directors:

No.	Name	Designation	Meetings	Attended
1	Mr. Adnan Afaq [1]	Director	6	6
2	Mr. Shoaib Dastgir [2]	Director	6	6
3	Mr. Muhammad Zafar Hussain	Director	6	6
4	Mr. Haroon Ahmad Khan	Director/CEO	6	6
5	Mr. Tajammal Bukharee[3]	Director	6	6
6	Mrs. Nighat Haroon Khan	Director	6	6
7	Mr. Moazzam Ahmad Khan	Director	6	6

[1] Mr. Adnan Afaq resigned as director during the year and Mr. Hamza Ahmad Khan was appointed as Director subsequent to the year end.

[2] Mr. Shoaib Dastgir resigned as director during the year and Mr. Khalid Azeem was appointed as Director subsequent to the year end.

[3] Mr. Nadeem Mahmood Butt, Director has ceased to be the Director of the Company during the year and Mr. Tajammal Hussain Bukharee was appointed as Director in his place.

Audit Committee

An Audit Committee of the Board has been in existence since the enforcement of the Code of Corporate Governance. It comprises of three (3) members. The Chairman is an Independent Director. Other members include two (2) Non-Executive Directors. Four (4) meetings of the Audit Committee were held during the year. Attendance of each Member is given hereunder: –

No.	Name of the Director	Designation in the Company	Meeting Available During Tenure	Meetings Attended
1	Mr. Shoaib Dastgir*	Independent Director	4	4
2	Mrs. Nighat Haroon Khan	Non-Executive Director	4	4
3	Mr. Moazzam Ahmad Khan	Non-Executive Director	4	4

* Mr. Shoaib Dastgir resigned and Mr. Tajammal Bukharee was appointed as a Chairman of Audit Committee in his place subsequent to the year end.

The Audit Committee has adopted its terms of reference as provided in the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Human Resource and Remuneration Committee

The Human Resource & Remuneration Committee comprises of Four (4) members out of which one (1) member is independent and there are one (1) Executive Directors and two (2) Non-Executive Directors. One meeting of the Human Resource and Remuneration Committee was held during the year. Attendance of each Member is given hereunder –

No.	Name of the Director	Designation	Meeting Held	Attended
1	Mr. Shoaib Dastgir*	Chairman/Independent	1	1
2	Mr. Moazzam Ahmad Khan	Non-Executive Director	1	1
3	Mr. Muhammad Zafar Hussain*	Non-Executive Director	1	1
4	Mr. Haroon Ahmad Khan	Executive Director	1	1

* Mr. Shoaib Dastgir resigned and Mr. Muhammad Zafar Hussain was appointed as a Chairman of Audit Committee since he was acting as an Independent Director. Mr. Khalid Azim was appointed as a member in place of Mr. Muhammad Zafar Hussain as a Non-Executive Director. Mr. Nadeem Mehmood Butt resigned during the year.

The Human Resource and Remuneration Committee has adopted its terms of reference as provided in the Listed Companies (Code of Corporate Governance) Regulations, 2019

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

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019, a formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board, and of its committees against pre-determined operational and strategic goals. Effective boards make sound collective decisions to meet the company's strategic objectives and provide oversight and support on key matters to management for optimal operational performance.

A well-conducted evaluation helps the board and its committees to perform to their maximum capabilities, crucial for the continuing success and growth in the long-term sustainable value of the Company.

Notice of Annual General Meeting

The notice of Annual General Meeting is also attached to this Report.

Pattern of Shareholding

The total number of the Company's shareholders as of 31 December 2022 were 8,053 in numbers.

The pattern of Shareholding of the Company as of 31 December 2022, along with a pattern of shareholding of certain classes of shareholders whose disclosure is required under the reporting framework as well as the statement of purchase and sale of shares by Directors, executives, and their spouses including minor children (if any) during financial year 2022 is given in the report.

Directors' Remuneration

The Board of Directors has duly approved the policy and procedure for remuneration of the Directors for attendance of Board and Committee meetings in compliance with the requirements of the Company's Article of Association, Companies Act, 2017 and the listed companies (Code of Corporate Governance) Regulations, 2019.

The remuneration is determined by the level of responsibility and expertise, to attract and retain the best talent while ensuring that their independence is not compromised in any manner. Its main features include that Independent Directors are entitled to meeting fees as remuneration for attending meetings of the Board of Directors and other committees of the Board.

Details of the remuneration paid to Directors during the year is given in relevant Note of the Consolidated Financial Statements.

Investor Relations & Website

We want our investors, shareholders, and customers to be well informed about us and our operations so we can continue to build lasting and mutually beneficial relationships. We are determined to service our Shareholders and Stakeholders by delivering material information as soon as the same are available for circulation.

As a practice, we will regularly publish all material communiqués on the official website of the company (www.waves.net.pk) such as the Company's financial, operational performance, a pattern of shareholding, material disclosures, and any other information deemed essential for the investors.

Our investor(s) complaint section also covers detail of the person to contact in case of investor grievances so that your concerns may be duly addressed.

EXTERNAL AUDITORS

The Audit Committee has recommended the reappointment of M/s. RSM Avais Hyder Liaquat Nauman (Chartered Accountants, house no. 136B, Street No. 43, Sector F-10/4, Islamabad) as Statutory Auditors of the Company for the year ending 31 December 2023, at a fee to be mutually agreed upon.

The Audit Committee and Board have endorsed this recommendation.

ACKNOWLEDGEMENTS

We would like to thank all our stakeholders, especially our valued customers, suppliers, business partners, financial institutions, regulators, who have positioned their trust in us. The Company's accomplishments and present standing could not have been possible without the unswerving commitment, hard work, immense support, and efforts of our management team and other employees who deserve a full compliment. We are confident that the team will continue to grow and constantly deliver on the expectations of all stakeholders.

The Board would also like to place its appreciation for the Securities & Exchange Commission of Pakistan, State Bank of Pakistan, and the management of the Pakistan Stock Exchange for their continued support and cooperation. We would also like to extend our sincerest gratitude to our shareholders for the confidence and trust they have reposed in us and for their unwavering support.
For and on behalf of the Board:

-Sd-	-Sd-
Director	Director

Lahore

CORPORATE VALUE STATEMENT

Vision Statement	To be an innovative company that is driven by modern ideas, committed to constantly strive for surpassing customer expectations in Quality and Value for Money and to be a leading Group engaged in home appliances, real estate and retail business in Pakistan.
Mission Statement	To inspire the Consumer with our innovative products & designs through R&D, improve the standard of life by offering high-quality products and services at affordable prices and create the Future.

CORE VALUES

CODE OF CONDUCT

Waves Corporation Limited has committed itself to conduct its business in an honest, ethical and legal manner. The Company wants to be seen as a role model in the community by its conduct and business practices. All this depends on the Company's personnel, as they are the ones who are at the forefront of Company's affairs with the outside world.

This statement in general is in accordance with Company goals and principles that must be interpreted and applied within the framework of laws and customs in which the Company operates. This code will be obligatory for each director and employee to adhere to. Waves Group endeavors for implementation of similar code in other companies that it controls.

RESPECT, HONESTY AND INTEGRITY

Directors and employees are expected to exercise honesty, objectivity and due diligence in the performance of their duties and responsibilities. They are also directed to perform their work with due professionalism.

COMPLIANCE WITH LAWS, RULES AND REGULATIONS

The Company is committed to comply and take all reasonable actions for compliance with all applicable laws, rules and regulations of state or local jurisdiction in which the Company conducts business. Every director and employee, no matter what position he or she holds, is responsible for ensuring compliance with applicable laws.

FULL AND FAIR DISCLOSURE

Directors and employees are expected to help the Company in making full, fair, accurate, timely and understandable disclosure, in compliance with all applicable laws and regulations, in all reports and documents that the Company files with, furnishes to or otherwise submits to, any governmental authorities in the applicable jurisdiction and in all other public communications made by the Company. Employees or directors who have complaints or concerns regarding accounting, financial reporting, internal accounting control or auditing matters are expected to report such complaints or concerns in accordance with the procedures established by the Company's Board of Directors.

PREVENT CONFLICT OF INTEREST

Directors and employees, irrespective of their function, grade or standing, must avoid conflict of interest situations between their direct or indirect (including members of immediate family) personal interests and the interest of the Company. Employees must notify their direct supervisor of any actual or potential conflict of interest situation and obtain a written ruling as to their individual case. In case of directors, such ruling can only be given by the Board and will be disclosed to the shareholders.

TRADING IN COMPANY SHARES

Trading by directors and employees in the Company shares is possible only in accordance with the more detailed guidelines issued from time to time by corporate management in accordance with applicable laws. This also includes shares of the companies that are directly/indirectly controlled by the Company.

INSIDE INFORMATION

Directors and employees may become aware of information about Company that has not been made public. The use of such non-public or "inside" Directors and employees becoming aware of information which might be price sensitive with respect to the Company's shares have to make sure that such information is treated strictly confidential and not disclosed to any colleagues or to third parties other than on a strict need-to know basis. Potentially price sensitive information pertaining to shares must be brought promptly to the attention of the Management, who will deliberate on the need for public disclosure. Only the Management will decide on such disclosure. In case of doubt, seek contact with the Company Secretary and/or the Chief Financial Officer.

MEDIA RELATIONS AND DISCLOSURES

To protect commercially sensitive information, financial details released to the media should never exceed the level of detail provided in Quarterly and Annual Reports or official statements issued at the presentation of these figures. As regards topics such as financial performance, acquisitions, divestments, joint ventures and major investments, no information should be released to the press without prior consultation with the Management. Employees should not make statements that might make third parties capable of "insider trading" on the stock market.

COMPETITION AND FAIR DEALING

The Company seeks to outperform its competition fairly and honestly. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent or inducing such disclosures by past or present employees of other companies is prohibited. Each director and employee are expected to deal fairly with Company's customers, suppliers, competitors and other employees. No one is to take unfair advantage of anyone through manipulation, abuse of privileged information or any other unfair practice.

The Company is committed to selling its products and services honestly and will not pursue any activity that requires to act unlawfully or in violation of this Code. Bribes, kickbacks and other improper payments shall not be made on behalf of the Company in connection with any of its businesses. However, tip, gratuity or hospitality may be offered if such act is customary and is not illegal under applicable law. Any commission payment should be justified by a clear and traceable service rendered to the Company. The remuneration of agents, distributors and commissioners cannot exceed normal business rates and practices. All such expenses should be reported and recorded in the Company's books of accounts.

EQUAL EMPLOYMENT OPPORTUNITY

The Company believes in providing equal opportunity to everyone around. The Company laws in this regard have to be complied with and no discrimination upon race, religion, age, national origin, gender or disability is acceptable. No harassment or discrimination of any kind will be tolerated; directors and employees need to adhere standards with regard to child labor and forced labor.

WORK ENVIRONMENT

All employees are to be treated with respect. The Company is highly committed to providing its employees and directors with a safe, healthy and open work environment, free from harassment, intimidation or personal behavior not conducive to a productive work climate. In response the Company expects consummate employee allegiance to the Company and due diligence in his job. The Company also encourages constructive reasonable criticism by the employees of the management and its policies. Such an atmosphere can only be encouraged in an environment free from any prospects of retaliation due to the expression of honest opinion.

PROTECT HEALTH, SAFETY AND SECURITY

The Company intends to provide each director and employee with a safe work environment and comply with all applicable health and safety laws. Employees and directors should avoid violence and threatening behavior and report to work in fair condition to perform their duties.

RECORD KEEPING

The Company is committed to compliance with all applicable laws and regulations that require the Company to maintain proper records and accounts which accurately and fairly reflect the Company's transactions. It is essential that all transactions be recorded and described truthfully, timely and accurately on the Company's books. No false, artificial or misleading transactions or entries shall be reflected or made in the books or records of the Company for any reason. Records must always be retained or destroyed according to the Company's record retention policies.

PROTECTION OF PRIVACY AND CONFIDENTIALITY

All directors and employees, both during and after their employment, must respect the exclusivity and trade secrets of the Company, its customers, suppliers and other colleagues and may not disclose any such information unless the individual or firm owning the information properly authorizes the release or disclosure. All the Company's assets (processes, data, designs, etc.) are considered as certified information of the Company. Any disclosure will be considered as grounds, not only for termination of services/employment, but also for criminal prosecution, legal action or other legal remedies available during or after employment with the Company to recover the damages and losses sustained.

PROTECTION & PROPER USE OF COMPANY ASSETS / DATA

Each director and employee are expected to be the guardian of the Company's assets and should ensure its efficient use. Theft, carelessness and waste have a direct and negative impact on the Company's profitability. All the Company assets should be used for legitimate business purposes only. The use, directly or indirectly, of Company funds for political contributions to any organization or to any candidate for public office is strictly prohibited. Corporate funds and assets will be utilized solely for lawful and proper purposes in line with the Company's objectives.

GIFT RECEIVING

Directors and employees will not accept gifts or favors from existing or potential customers, vendors or anyone doing or seeking to do business with the Company. However, this does not preclude giving or receiving gifts or entertainment, which are customary and proper in the circumstances, provided that no obligation could be or be perceived to be, expected in connection with the gifts or entertainment.

COMMUNICATION

All communications, whether internal or external, should be accurate, forthright and where ever required, confidential. The Company is committed to conduct business in an open and honest manner and provide open communication channels that encourage candid dialogue relative to employee concerns. The Company strongly believes in a clean desk policy and expects its employees to adhere to it not only for neatness but also security purposes.

EMPLOYEE RETENTION

High quality employee's attraction and retention is very important. The Company will offer competitive packages to the deserving candidates. The Company strongly believes in personnel development and employee training programs are arranged regularly.

INTERNET USE / INFORMATION TECHNOLOGY

As a general rule, all Information Technology related resources and facilities are provided only for internal use and/or business-related matters. Information Technology facilities which have been provided to employees should never be used for personal gain or profit, should not be misused during work time and remain the property of the Company. Disclosure or dissemination of confidential or proprietary information regarding the Company, its products or its customers outside the official communication structures is strictly prohibited.

COMPLIANCE WITH BUSINESS TRAVEL POLICIES

The safety of employees while on a business trip is of vital importance to the Company. The Company encourages the traveler and his/her supervisor to exercise good judgment when determining whether travel to a high-risk area is necessary and is for the Company's business purposes. It is not permitted to combine business trips with a vacation or to take along spouse, relative or friend without the prior written authorization from Management.

COMPLIANCE

It is the responsibility of each director and employee to comply with this code. Failure to do so will result in appropriate disciplinary action, including possible warning issuance, suspension and termination of employment, legal action and reimbursement to the Company for any losses or damages resulting from such violation. Compliance also includes the responsibility to promptly report any apparent violation of the provisions of this code. Any person meeting with difficulties in the application of this code should refer to the Management.

CORPORATE OBJECTIVES AND STRATEGIES

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

History of Waves Corporation Limited (WAVES)

Waves Corporation history has its legacy from the Singer's brand where Singer's history dates back to 1850, when Isaac Merritt Singer manufactured the first ever sewing machine in Boston, USA. I. M Singer & Company was duly incorporated during the same year. The name changed to Singer Manufacturing Company during 1853 when the factory of the Company was also relocated to New York, USA. Singer established its presence in the Indian sub-continent during 1877. Over the years, and after the independence of Pakistan, Singer continued its business of sewing machines in the country, but also started dealing in domestic consumer appliances, besides manufacturing and assembling light engineering products. In 1985, the Company became a public listed company. Later with global restructuring of Singer, the local Singer company was sold out to professional team having expertise in home appliances and light engineering businesses. Under Singer brand, the Company manufactured variety of consumer appliances including refrigerators, air conditioners, LED TVs, washing machines, microwave ovens, in addition to its more traditional offerings of sewing machines, water heaters and gas ovens etc. In addition, it had an extensive retail network in Pakistan that covered mostly small towns and metropolitan cities of the country.

Later the Company acquired WAVES brand through a merger sanctioned by the honorable high court, wherein Cool Industries (Private) Limited (owner of Waves brand) and Link Wel (Private) Limited were merged with and into the Company and the name of the Company was changed from Singer Pakistan Limited to Waves Singer Pakistan Limited. With the growth in business, the management felt prudent to demerge home appliances business into a separate entity Waves Home Appliances Limited, formerly Samin Textiles Limited (WHALE), while retaining the real estate development business and retail shop network for consumer appliances and other consumer goods. Accordingly, with the sanction of honorable Lahore High Court, pursuant to a scheme of arrangement (the Scheme) between the Company and WHALE, the home appliances business was demerged into WHALE and the name of the Company was changed to Waves Corporation Limited (WAVES) to act as a holding company of WHALE. The retail business is currently undertaken by the Company's wholly owned subsidiary Waves Marketplace Limited (WML), whose name is being changed to Waves Marketplace Limited, whereas a project company Waves Builders & Developers (Private) Limited is incorporated to undertake the real estate project.

The Company was in discussion with Singer International since year 2021 in respect of relinquishment of Singer brand used by the Company. During the first quarter of year 2022, the deal with the Singer International was not conclusive. Efforts are still in pipeline for re-negotiation of royalty to Singer International. However, in order to avoid legal complication, the Company halted the use of Singer brand and its related production. Accordingly, the name of the Company was also changed to exclude the word "Singer" from the name of the Company.

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

Timeline

1877
First Singer sewing machine goes into sales in the Indian subcontinent

1985
Singer gets listed on the Karachi Stcok Exchange (Now Pakistan Stock Exchange)

2006
Singer broadends its product portfolio and launces retail stores with brand name “ Singer Plus “

2007
Singer Retail Academy was launched for human resources development

2009
LCD Television product is launched

2010
A new assembly line for split ACs is luanched and silar water geysers go on sale

2011
The company introduces its Refregerator products to the market

2016
Singer (Pakistan) B.V Netherlands divests its entire shareholding in Sinsger Pakistan Limted. A wholly owned subsidiary Elentronic Marketing Company (Pvt) Limited incorporated to deal in distribution and wholesale business of electronic appliances and its components

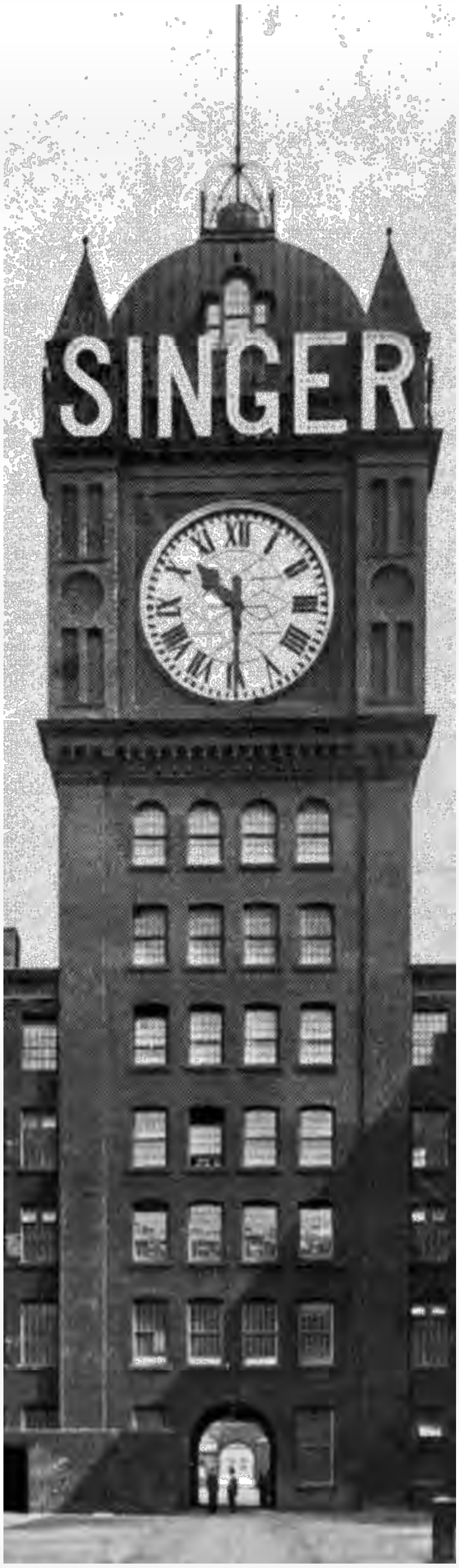
2017
Glass door refrigerator and Inverter ACs launched in the market

2018
Singer merged with Cool Industries Limited (Waves), creating Waves – Singer Pakistan Limited.

2019
Glass Door Alpha Deep Freezer launched in the market

2020
Singer branded Instant Water Heater developed and Introduced

2022
Demerged Home Appliances business to its subsidiary company Waves Home Appliances Limited (WHALE)



Independent Review Report of Auditors

To the Members of Waves Corporation Limited

Review report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Waves Corporation Limited ("the Company") for the year ended 31 December 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, of its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2022.

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

Reference		Description
i.	Paragraph 9	As required under clause 19 (1)(i) of the regulations, it is encouraged that by 30 June 2021 at least 5 directors (75%) of the directors on their boards have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the commission and approved by it. Majority of the directors have completed their DTP except one director during the year.
ii.	Paragraph 19	As required under clause 10 (3)(v) of the Regulations, the Board shall ensure that a formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and of its committees. The Board has devised the mechanism however annual evaluation has not been carried out during the year

-Sd-

RSM Avais Hyder Liaqat Nauman
Chartered Accountants

Statement of Compliance for Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of the Company: Waves Corporation Limited (
Year ended: 31 December 2022

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are Seven (7) as per the following:
    a. a. Male: Seven (6)
    b. b. Female: One (1)

2. The composition of the Board is as follows:

Category	Composition
Independent Directors	2
Executive Director	2
Non-Executive Directors	2
Female director (non-Executive)	1

During the year 6 Board meetings were held

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Company.

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations approved.

9. The Company had 6 directors out of 7 directors who completed their Directors' Training Program (DTP). The Company is in the process of arranging formal DTP training for remaining director. However, periodic in-house training to apprise them with the changes in laws, rules & regulations along with their duties and responsibilities etc., to keep them updated.

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment are complied with relevant requirements of the Regulations.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

Audit Committee

No.	Name of the Director
1	Mr. Tajammal Hussain Bokharee (Chairman)*
2	Mrs. Nighat Haroon Khan
3	Mr. Moazzam Ahmad Khan

* Mr. Shoaib Dastgir resigned and Mr. Tajammal Bukharee was appointed as a Chairman of Audit Committee in his place subsequent to the year end.

HR and Remuneration Committee

No.	Name of the Director
1	Mr. Muhammad Zafar Hussain (Chairman)*
2	Mr. Moazzam Ahmad Khan
3	Mr. Khalid Azeem
4	Mr. Haroon Ahmad Khan

* Mr. Shoaib Dastgir resigned and Mr. Muhammad Zafar Hussain was appointed as a Chairman of Audit Committee since he was acting as an Independent Director. Mr. Khalid Azim was appointed as a Non-Executive Director.

13. The updated terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

    The Board has not formed the 'Nomination Committee' and 'Risk Management Committee' as responsibilities of these committees are being taken care of at the Board level as and when required. Therefore, a need for the separate formation of these committees is not required at current stage.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

Meetings	Frequency
Audit Committee	4
HR & Remuneration Committee	1

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

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouses, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations 3, 6, 7, 8, 27, 32, 33, and 36 of the regulations have been complied with.

19. As required under clause 10 (3)(v) of the Regulations, the Board has devised the mechanism however annual evaluation has not been carried out as the Company was in the process of completing post-demerger formalities.

On behalf of the Board

-Sd-
Chairman

THE COMPANIES ACT, 2017
Form 34
Section 227(2)(f)
PATTERN OF SHAREHOLDING

1.1 Name of the Company: Waves Corporation Limited

2.1 Pattern of holding of shares held by the shareholders as at: **31 December 2022**

2.2	No. of Shareholders	------Shareholdings------ From	To	Total Shares Held
	466	1	100	12,359
	1,033	101	500	430,418
	1,139	501	1,000	1,075,360
	2,786	1,001	5,000	8,000,686
	1,060	5,001	10,000	8,487,207
	399	10,001	15,000	5,214,409
	267	15,001	20,000	4,950,223
	193	20,001	25,000	4,512,363
	116	25,001	30,000	3,325,489
	61	30,001	35,000	2,019,087
	68	35,001	40,000	2,611,150
	31	40,001	45,000	1,345,433
	75	45,001	50,000	3,694,706
	26	50,001	55,000	1,367,812
	25	55,001	60,000	1,460,670
	20	60,001	65,000	1,263,395
	17	65,001	70,000	1,160,500
	17	70,001	75,000	1,258,737
	11	75,001	80,000	872,500
	10	80,001	85,000	828,250
	11	85,001	90,000	974,355
	4	90,001	95,000	372,750
	29	95,001	100,000	2,887,054
	8	100,001	105,000	829,000
	6	105,001	110,000	653,000
	7	110,001	115,000	785,750
	7	115,001	120,000	826,882
	9	120,001	125,000	1,105,664
	6	125,001	130,000	772,000
	2	130,001	135,000	268,000
	8	135,001	140,000	1,107,000
	3	140,001	145,000	426,117
	4	145,001	150,000	599,000
	3	150,001	155,000	458,000
	5	155,001	160,000	787,750
	4	160,001	165,000	655,500
	1	165,001	170,000	170,000
	4	170,001	175,000	694,500

5	175,001	180,000	891,500
2	180,001	185,000	368,280
4	185,001	190,000	752,500
4	195,001	200,000	799,000
2	200,001	205,000	409,000
1	205,001	210,000	206,500
1	210,001	215,000	213,500
2	215,001	220,000	432,500
2	220,001	225,000	450,000
1	230,001	235,000	230,500
1	235,001	240,000	239,500
3	240,001	245,000	725,134
3	245,001	250,000	748,000
2	255,001	260,000	510,800
1	260,001	265,000	263,500
2	265,001	270,000	538,500
4	270,001	275,000	1,092,500
1	275,001	280,000	280,000
1	280,001	285,000	285,000
1	285,001	290,000	289,500
2	290,001	295,000	584,500
3	295,001	300,000	898,000
1	300,001	305,000	300,697
4	305,001	310,000	1,232,500
1	325,001	330,000	330,000
1	330,001	335,000	333,500
1	340,001	345,000	341,500
1	345,001	350,000	350,000
1	360,001	365,000	363,000
3	370,001	375,000	1,125,000
1	400,001	405,000	405,000
1	410,001	415,000	415,000
1	415,001	420,000	415,418
1	420,001	425,000	421,000
1	425,001	430,000	427,500
1	440,001	445,000	444,750
1	485,001	490,000	486,500
1	490,001	495,000	493,512
2	495,001	500,000	1,000,000
1	510,001	515,000	513,750
1	515,001	520,000	518,500
1	535,001	540,000	539,327
1	545,001	550,000	550,000
1	620,001	625,000	624,000
1	645,001	650,000	647,694
1	690,001	695,000	695,000
3	695,001	700,000	2,100,000
2	720,001	725,000	1,447,000
1	730,001	735,000	731,500
1	735,001	740,000	739,500
1	745,001	750,000	750,000
1	750,001	755,000	751,000
1	890,001	895,000	895,000
1	915,001	920,000	919,500
1	1,000,001	1,005,000	1,001,012
1	1,115,001	1,120,000	1,120,000
1	1,195,001	1,200,000	1,198,500

1	1,295,001	1,300,000	1,300,000
1	1,320,001	1,325,000	1,322,500
1	1,495,001	1,500,000	1,500,000
1	1,595,001	1,600,000	1,598,500
1	1,690,001	1,695,000	1,690,361
1	1,705,001	1,710,000	1,706,500
1	1,710,001	1,715,000	1,711,657
1	1,760,001	1,765,000	1,763,500
1	1,795,001	1,800,000	1,799,803
1	2,090,001	2,095,000	2,090,500
1	2,390,001	2,395,000	2,391,657
1	2,770,001	2,775,000	2,773,525
1	3,170,001	3,175,000	3,173,190
1	3,255,001	3,260,000	3,258,315
1	3,790,001	3,795,000	3,792,159
1	7,510,001	7,515,000	7,511,024
1	9,670,001	9,675,000	9,670,274
1	20,410,001	20,415,000	20,414,887
1	40,245,001	40,250,000	40,250,000
1	67,590,001	67,595,000	67,590,286
8,053			**281,406,088**

WAVES CORPORATION LIMTIED
Categories of Shareholding required under Code of Corporate Governance (CCG)
As at 31 December 2022

S. No.	NAME	Shares	% AGE
A	**Directors, CEO, their Spouse and Minor Children**		
1	Mr. Haroon Ahmad Khan	107,840,286	38.3219
2	Mrs. Nighat Haroon Khan	28,132,411	9.9971
3	Mr. Moazzam Ahmad Khan	1,825	0.0006
4	Mr. Hamza Ahmad Khan	244,134	0.0868
5	Mr. Khalid Azeem	55	0.0000
6	Mr. Muhammad Zafar Hussain	1,705	0.0006
7	Mr. Tajammal Hussain Bokharee	500	0.0002
	Sub-Total	136,220,916	48.4072
B	**Associated Companies**	0	0.0000
C	**Executives**	5,000	0.0018
D	**NIT & ICP**	29,052	0.0103
E	**Financial Institutions**	2,193,000	0.7793
F	**Insurance Companies**	2,356,750	0.8375
G	**Pension Funds**		
H	**Investment Companies**	89,500	0.0318
I	**Modaraba and Mutual Funds**	1,826,250	0.6490
J	**Joint Stock Companies**	19,662,907	6.9874
K	**Other Companies**	367,627	0.1306
L	**General Public**	118,655,086	42.1651
	Sub-Total	145,185,172	51.5928
	Total	**281,406,088**	**100**

	Shareholders holding more than 5% of the capital		
1	Mr. Haroon Ahmad Khan	107,840,286	38.2319
2	Mrs. Nighat Haroon Khan	28,132,411	9.9970
	Total		

WAVES CORPORATION LIMTIED

All trades in the shares of the listed company, carried out by its Directors, CEO, CFO, Company Secretary and their Spouses and minor children during FY 2022

No.	Name	Designation	Opening Balance	Purchase	Sale	Closing Balance
1	Mr. Adnan Afaq [1]	Director	50,750			50,750
2	Mr. Shoaib Dastgir [2]	Director	50,750			50,750
3	Mrs. Nighat Haroon Khan	Director	27,925,911	206,500		28,132,411
4	Mr. Moazzam Ahmad Khan	Director	1,825			1,825
5	Mr. Tajammal Bukharee	Director	500			500
6	Mr. Haroon Ahmad Khan	CEO	107,840,286			107,840,286
7	Mr. Hamza Ahmad Khan	Director	244,134			244,134
8	Mr. Khalid Azeem	Director	-	55		55
9	Mr. Muhammad Zafar Hussain	Director	1,705			1,705
10	Mr. Arslan Shahid	CFO	5,000			5,000
11	Mr. Ahmad Bilal Zulfiqar [3]	CS	-			-

[1] Mr. Adnan Afaq resigned as director during the year and Mr. Hamza Ahmad Khan was appointed as Director subsequent to the year end. He held 244,134 shares as of 31 December 2022.

[2] Mr. Shoaib Dastgir resigned as director during the year and Mr. Khalid Azeem was appointed as Director subsequent to the year end. He held Nil shares as of 31 December 2022.

[2] Mr. Wasif Ali Rana resigned as Company Secretary during the year and Mr. Ahmad Bilal Zulfiqar was appointed as Company Secretary in his place. He held NIL shares as of 31 December 2022.

Notice of Annual General Meeting

WAVES CORPORATION LIMITED

Notice is hereby given that the Annual General Meeting (AGM) of the shareholders of Waves Corporation Limited (WAVES or the Company) will be held on Monday, 29 May 2023 at 12:30 p.m. at the Registered Office, 9-Km Multan Road, Lahore (Waves Factory Premises) physically as well electronically to transact the following businesses:

Ordinary Businesses

1. To receive, consider and adopt audited consolidated and standalone financial statements of the Company for the year ended 31 December 2022, together with the Directors' Report and Chairman's Review thereon.
2. To appoint Statutory Auditors of the Company for the year ending 31 December 2023 and to fix their remuneration. The Board and Audit Committee have recommended the name of M/s RSM Avais Hyder Liaqat Nauman, Chartered Accountants, located at H. No. 136-B, Street No. 43, Sector F-10/4, Islamabad, the retiring auditors, for appointment as Auditors of the Company.

Special Businesses

3. To consider and if deemed fit pass the following ordinary resolutions with or without modifications:

   "Resolved that the approval be and is hereby given to allow the Company to circulate the annual audited financial statements to its members/shareholders through Quick Response (QR) enabled code and weblink instead of through CD/DVD/USB, subject to the requirements of Notification No. S.R.O. 389(I)/2023 of the Securities and Exchange Commission of Pakistan dated 21 March 2023"

4. To consider and if deemed fit pass the following special resolutions with or without modifications:

   "Resolved that the transactions carried out by the Company with Waves Home Appliances Limited, Waves Marketplace Limited and Employees' Pension/Gratuity/Provident Fund as the case may be, during the financial year 31 December 2022 as given in the related party note of the Annual Audited Financial Statements of the Company for the year ended 31 December 2022, be and hereby are approved."

   "**Resolved further that** the Board of Directors of the Company is authorized to approve all related party transactions to be carried out on case-to-case basis during the financial year 31 December 2023. These transactions shall be deemed to be approved by the shareholders and shall be placed before the shareholders in the next AGM for their formal ratification/approval"

By the order of the Board

Ahmad Bilal Zulfiqar — 08 May 2023
Company Secretary — Lahore

Notes:

1. The share transfer Books of the Company will remain closed from 19 May 2023 to 29 May 2023 (both days inclusive). Transfers received in order at the office of our Share Registrar M/s Corplink

(Private) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore at the close of business on 18 May 2023 will be treated in time for the purposes of entitlement to the transferees.

2. A Member entitled to attend and vote at the Meeting may appoint another Member as his/her Proxy to attend, speak and vote at the Meeting on his/her behalf. Instrument appointing Proxy must be deposited at the Head Office of the Company not less than 48 hours before the time of holding the meeting. Proxy form is available at the Company's website i.e., www.waves.net.pk However, in case of electronic attendance, the relevant procedure given in the precedent paragraph may be followed.

3. CDC Accounts Holders will further have to follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan:

   a. For attending the meeting:

      i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting
      ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

   b. For appointment proxies:

      i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
      ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC Numbers shall be mentioned on the form.
      iii. Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
      iv. The proxy shall produce his / her original CNIC or original Passport at the time of the meeting.
      v. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company

4. Shareholders are requested to notify the Company's Share Registrar if there is any change in their registered postal addresses.

5. Electronic Voting:

   a. In accordance with the Companies (Postal Ballot) Regulation, 2018 (the Regulations) the right to vote by post shall be provided to members of every listed company for, inter alia, all businesses classified as special business under the Companies Act, 2017 in the manner and subject to conditions contained in the Regulations.

   b. Detail of the E-Voting facility will be shared through email with those members of the Company who have valid cell numbers/e-mail addresses available in the Register of Members of the Company by the end of business on 19 May 2023 by Corplink (Private) Limited being the E-Voting service provider.

   c. The identity of the members intending to cast vote through E-Voting shall be authenticated through electronic signature or authentication for login.

d. Members shall cast vote online from 26 May 2023 9.00 a.m. till 28 May 2023 at 05:00 p.m. Voting shall close on 28 May 2023 at 05:00 p.m. Once the vote on the resolution has been casted by a Member, he/she shall not be allowed to change it subsequently.

6. Procedure of Voting through Postal Ballot:

   a. Members may alternatively opt for voting through postal ballot. For convenience of the members, Ballot Paper is annexed to this notice and the same is also available on the Company's website (www.waves.net.pk) for download

   b. The members must ensure that the duly filled and signed Ballot Paper along with a copy of the Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post at the Company's Registered Office, 9-KM, Multan Road, Lahore, (WAVES Factory Premises) or email at cs@waves.net.pk, at least one day before the date of AGM i.e., on 28 May 2023 before 05:00 p.m. A postal ballot received after this time shall not be considered for voting. The signature on the Ballot Paper should match with the signature on the CNIC

7. The shareholders of the Company interested to participate in the general meeting through video link are requested to send their particulars (as given below) along with a valid copy of their CNIC (both sides)/passport, attested copy of the board resolution / power of attorney (in case of corporate shareholders) through email at cs@waves.net.pk (or through post/courier) with the subject similar to "Registration for AGM 31 December 2022 of WHALE" at least 48 hours before the holding of the general meeting. The original signed documents are required to be sent to the Company separately through courier or post, for record purposes.

Name of Shareholder	CNIC No.	Folio No.	Cell/WhatsApp No.	Email Address

** Where applicable, please also give the above particulars of proxy-holder or nominee of shareholder*

The video link and login credential will be shared with only those members whose emails, containing all the required particulars are received well within time. This notice of video link shall also cover providing vide link facility to the members holding 10% or more shareholding (in aggregate) in the Company, residing at a geographical location.

8. Pursuant to SECP's Circular No 10 dated 21 May 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location other than the city of the Meeting, to participate in the meeting through video conference at least 07 (seven) days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. In this regard, please fill the following and submit to Head Office address of the Company at least 07 (seven) days before the date of general meeting.

I/We ________ of _________, being member(s) of Waves Corporation Limited holder of___________ Ordinary share(s) as per Register Folio No. _____ hereby opt for video conference facility at ________.

9. The Company can transmit annual financial statements through email for which shareholders may provide their relevant information to Share Registrar or the Company Secretary by filling the Standard Request Form available on the Company's website. The shareholders can submit their request for minutes of the previous general meetings at the Registered Office of the Company.

10. Shareholders, who for any reason, could not claim their dividends/shares, if any, are advised to contact our Share Registrar Office M/s. Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore, to enquire about their unclaimed dividends/shares.

11. The Annual Audited Financial Statements along with relevant Reports/Reviews will be available at Company's website at www.waves.net.pk. These accounts are also available for inspection during the office hours at the registered office of Company.

12. In compliance with the requirements of Section 72 of the Companies Act, 2017 every existing listed company shall be required to replace his/her physical shares with book entry form in a manner as may be specified and from the date notified by the SECP, within a period not exceeding four years from the commencement of the Companies Act, 2017 that is, 30 May 2017. Members having physical share certificates are requested to convert their shares from physical form into book entry form as early as possible. It would facilitate the Members in many ways including safe custody of shares, no loss of shares, avoidance of formalities required for issuance of duplicate shares and readily available for sale and purchase in open market at better rates.

13. Pursuant to the approval of the shareholders in the previous AGM, the notice of AGM, annual accounts and the proxy form shall be sent through DVD/USB/CD to the shareholders of the Company and shall also be available on the Company's website. Any shareholder who requires the copy of the annual accounts in the hard copy, may write (or send email) to the Company Secretary, who shall provide the same without any costs to the shareholders.

14. For any query / clarification / information, the shareholders may contact the Company at email cs@waves.net.pk and/or the Share Registrar of the Company at email akbar@corplink.com.pk.

Statement of Material Facts in respect of the Special Businesses

Agenda Item No. 3 – Approval of circulation of the Annual Audited Accounts of the Company

The Securities and Exchange Commission of Pakistan (SECP) through its Notification No. S.R.O. 389(I)/2023 dated 21 March 2023 has allowed the companies to circulate the annual audited financial statements to its members/shareholders through Quick Response (QR) enabled code and weblink instead of through CD/DVD/USB. The notice of meeting shall be dispatched to members as per requirements of the Act, on their registered address, containing the QR code and the weblink address to view and download the annual audited financial statements together with the reports and documents required to be annexed thereto under the Act. The companies shall circulate the annual audited financial statements through email in case email address has been provided by the member to the company and the consent of member to receive the copies through email is not required.

The copy of the subject notification from, SECP is placed before the members of the meeting for inspection. The contents of the notification shall be complied with by the Company. The Annual Financial Statements of the Company for the financial year ended 31 December 2022 shall be available on the Company's website www.waves.net.pk.

Agenda Item No. 4 – Approval of Related Party Transactions during the Financial Year ended 31 December 2022 and to authorize the Board to approve Related Party Transactions during the Financial Year ended 31 December 2023

The Company has undertaken related party transactions with the following entities which includes holding and associated companies/undertakings as the case may be.

a. Waves Home Appliances Limited (WHALE), a wholly owned subsidiary
b. Waves Marketplace Limited (WMPL), a wholly owned subsidiary
c. Employee's Provident Fund / Employees' Pension Fund / Employees' Gratuity Fund

All the transactions with related parties during financial year are entered into by the Company in the ordinary course of business and at arm's length basis, under the policy of the Company for related party transactions. All transactions entered into with related parties require the approval and recommendation of the Audit Committee of the Board. Upon recommendation of the Audit Committee, such transactions are placed before the Board of Directors for approval. All transactions with the related parties are disclosed in the relevant note of the audited financial statements for the year ended 31 December 2022. The transactions with WHALE include transactions which are arising out of the implementation process of the Scheme and results in inter-company balances appearing in the financial statements, till such time the implementation process pursuant to the Scheme is fully complete. The nature of these relationships is also disclosed in the relevant note .

The Company shall be conducting transactions with the related parties during the year ending 31 December 2023 in the ordinary course of business and at arm's length basis under the policy of the Company for related party transactions. All transactions entered into with related parties require the approval of the Audit Committee of the Board. Upon recommendation of the Audit Committee, such transactions shall be placed before the Board of Directors for approval. The transactions with WHALE may include transactions which are arising out of the implementation process of the Scheme and results in inter-company balances appearing in the financial statements, till such time the implementation process pursuant to the Scheme is fully complete.

In order to promote transparent business practices, the shareholders are recommended to authorize the Board of Directors of the Company to approve transactions with the related parties from time-to-time on case-to-case basis for the year ending 31 December 2023, which transactions shall be deemed to be approved by the shareholders. These transactions shall be placed before the shareholders in the next AGM for their formal ratification/approval. The Directors are interested in the resolutions only to the extent of their common directorship in such related parties.

Interest of Directors

The Company has only one class of members. The effect of resolutions on the interests of directors of the Company does not differ from the effect of interest of other members except stated herein and the Directors are interested in the resolution only to the extent of their common directorship in such related parties and that the directors of the Company and the related parties performing full time executive functions are also interested to the extent of remunerations, benefits and allowances as per the respective policies of the Company and the related parties, therefore may be regarded as interested to that extent in the resolutions.

Material Information

All material information in respect of the special business including MOA/AOA, , SECP's notification regarding annual accounts, financial statements, related party transactions and record, minutes of the previous general meetings, shareholding of directors of Company and related parties along with their interest (if any), Scheme of Arrangement sanctioned by honorable Lahore High Court, Lahore, information on further issue of new shares, extract of the related party note separately copied and placed for the information of the shareholders, Statement of Material Facts and other necessary documents in respect of the notice of AGM are kept at the registered office of the Company and shall be available for inspection from the date of this notice till the conclusion of the AGM and also placed to the extent required on the Company's website www.waves.net.pk.

Proxy Form

The Proxy Form is attached with the notice of Notice of Annual General Meeting.

Postal Ballot Form

The Postal Ballot Form is attached with the notice of Notice of Annual General Meeting.

WAVES CORPORATION LIMITED

Formerly Waves Singer Pakistan Limited

FORM OF PROXY

The Company Secretary
Waves Corporation Limited
9 KM, Multan Road, **Lahore**

I/ We ____
of ____
being a member of **Waves Corporation Limited** hereby appoint
____
of____
or failing him ____
of ____
as my proxy in my absence to attend, speak and vote for me on my behalf at the Annual General Meeting of the Company to be held on Monday, 29 May 2023 at 12:30 p.m. and at any adjournment thereof.

As witness my / our hand this _______day of _________.

Rs. 5/- Revenue Stamp

Witness No.1
Name : ______________________________
Address : ______________________________
____
CNIC No.: ______________________________

____
Signature of Member(s)

Witness No. 2
Name : ______________________________
Address : ______________________________
____
CNIC No.: ______________________________

(Name in Block letters)

Folio No. __________________
Participant ID No. ___________
No. of shares _______________
Account No. in CDC _________

Important:

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

WAVES CORPORATION LIMTIED
BALLOT PAPER FOR VOTING THROUGH POST

For poll at the Annual General Meeting of Waves Corporation Limited (WAVES or the Company) to be held on Monday, 29 May 2023 at 12:30 p.m. at the Registered Office of the Company. The designated email address for Chairman at which the duly filled in ballot paper can be sent at cs@waves.net.pk

Name of shareholder/joint shareholders	
Registered Address	
Folio No. / CDC Participant / Investor ID with sub-account No	
Number of shares held (shall be taken as of book closure in notice)	
CNIC, NICOP/Passport No. (for foreigner) (Copy to be attached)	
Additional Information ((In case of representative of body corporate, corporation and Federal Government.)	
Name of Authorized Signatory:	
CNIC, NICOP/Passport No. (In case of foreigner) of Authorized Signatory - (Copy to be attached)	

Special Business: Resolution 3

1/we hereby exercise my/our vote in respect of the following resolutions through postal ballot by conveying my/our assent or dissent to the following resolution by placing tick (✓) mark in the relevant box below or may write "Approve" or "Disapprove"

"**Resolved that** the approval be and is hereby given to allow the Company to circulate the annual audited financial statements to its members/shareholders through Quick Response (QR) enabled code and weblink instead of through CD/DVD/USB, subject to the requirements of Notification No. S.R.O. 389(I)/2023 of the Securities and Exchange Commission of Pakistan dated 21 March 2023"

No.	Resolution Information	I/We approve Resolution	I/We disapprove the Resolution
1	Special Business: Resolution 3	For:	Against:

Special Business: Resolution 4

1/we hereby exercise my/our vote in respect of the following resolutions through postal ballot by conveying my/our assent or dissent to the following resolution by placing tick (✓) mark in the relevant box below or may write "Approve" or "Disapprove"

"**Resolved that** the transactions carried out by the Company with Waves Home Appliances Limited, Waves Marketplace Limited and Employees' Pension/Gratuity/Provident Fund, during the financial year 31 December 2022 as given in the related party note of the Annual Audited Financial Statements of the Company for the year ended 31 December 2022, be and hereby are approved."

"**Resolved further that** the Board of Directors of the Company is authorized to approve all related party transactions to be carried out on case-to-case basis during the financial year 31 December 2023. These transactions shall be deemed to be approved by the shareholders and shall be placed before the shareholders in the next AGM for their formal ratification/approval"

No.	Resolution Information	I/We approve Resolution	I/We disapprove the Resolution
1	Special Business: Resolution 4	For:	Against:

Signature of Shareholder
Place and Date

Notes:

1. Dully filled postal ballot should be sent to Chairman of the Company, at 9-KM, Multan Road, Lahore (Waves Factory Office) along with the copy of CNIC, NICOP/Passport (for foreigner). The form should reach the Chairman till 05:00pm by 19 May 2023. The Signature on the postal ballot should match with the signatures on the CNIC, NICOP/Passport.
2. Incomplete, unsigned, incorrect, defaced, torn, mutilated, overwritten, expired identification copy shall be rejected.

WAVES Consolidated FS 2022

Along with Auditors' Report to the Members

WAVES Standalone FS 2022

Along with Auditors' Report to the Members

RSM Avais Hyder Liaquat Nauman
Chartered Accountants

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Sector F-10/4,
Islamabad - Pakistan

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WAVES CORPORATION LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed Consolidated financial statements of **Waves Corporation Limited ("the Company") and its subsidiaries ("the Group")**, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and *of* its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Other Offices at:

Lahore	92 (42) 3587 2731-3
Karachi	92 (21) 3565 5975/6
Faisalabad	92 (41) 854 1165, 854 1965
Peshawar	92 (91) 527 8310/5277205
Quetta	92 (81) 282 9809
Kabul	[illegible]

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1.	**Impairment of intangible assets** Refer to note 4.2 and 20 to the consolidated financial statements. The Group annually tests the carrying value of goodwill and intangible assets. The testing is subject to estimates and judgments made by the management of the Group with respect to future sales growth and profitability, cash flow projection and selection of appropriate discount rate. We identified the impairment testing of separately identifiable intangible assets and goodwill as a key audit matter because significant degree of management judgement is involved in making the above assessment and in forecasting the future cash flows which are inherently uncertain.	**Our audit procedures, amongst others, included the following:** • Assessing the appropriateness of the Group's accounting policy for impairment testing of intangible assets and goodwill and compliance of the relevant accounting policy as referred to in the consolidated financial statements; • discussing with the Group's management key assumptions used in valuation model and testing the mathematical accuracy of the model; • assessing the significant estimates, assumptions and judgements applied in the valuation of intangible assets and goodwill, including discount rate, growth rate, terminal value and attrition rate, with reference to available market information; • growth rate, terminal value and attrition rate, with reference to available market information; • assessing the ability of the Group to accurately forecast through comparison of previous forecasts with actual results; • comparing the recoverable amount with the goodwill and intangible assets recognized to identify impairment, if any; and • assessing the adequacy of disclosure made in the consolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards.
2.	**Revenue** Refer to note 4.11 and 27 to the consolidated financial statements. The Group principally generates revenue from manufacturing and assembly of domestic consumer appliances along-with retailing and trading of the same.	Our audit procedures, amongst others, included the following: • obtaining an understanding of and testing the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period;

	We identified revenue as a key audit matter because it is one of the key performance indicators of the Group and gives rise to a risk that sale may be recognized without transferring of control.	• assessing the appropriateness of the Company's accounting policy for revenue recognition and compliance with applicable accounting standard; • comparing a sample of sale transactions recorded before and after the year-end with the sales orders, sales invoices, delivery challans and other relevant underlying documentation to assess if the sale was recorded ; • inspecting credit notes issued to record sales returns subsequent to year end, if any; and scanning for any manual journal entries relating to sales recorded during and near the period end which were considered to be material or met other specific risk based criteria for inspecting underlying documentation.
3.	**First year audit** We have been engaged to perform the audit of the Group for the first time i.e., for the year ended 31 December 2022. Initial audit engagement involves a number of considerations not associated with recurring audits. Additional planning activities and considerations necessary to establish an appropriate audit strategy and audit plan include gaining an initial understanding of the Group and its business including its control environment and information systems sufficient to make audit risk assessment and develop the audit strategy and plan, obtaining sufficient appropriate audit evidence regarding the opening balances including the selection and application of accounting principles, and communicating with the previous auditors.	We performed various procedures to obtain sufficient appropriate audit evidence regarding opening balances including the following: • We reviewed significant work papers of the predecessor auditor that may affect our audit in the current period. Accordingly, we evaluated the results of our review of the predecessor auditor's work papers ; • We evaluated the key accounting position and audit matters from prior years; • We assessed the overall control environment of the Group including communication with members of those charged with governance and other key executives; and We evaluated whether accounting policies reflected in the opening balances have been consistently applied in the current year's financial statements, and whether changes in accounting policies have been appropriately accounted for and adequately presented and disclosed in accordance with the applicable financial reporting framework.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 31 December 2022, but does not include the consolidated and unconsolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

RSM

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matter

The financial statements of the Group for the year ended 31 December 2021, were audited by previous who expressed an unmodified opinion on those financial statements on August 18, 2022.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Nauman Mahmood, FCA

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Lahore

RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

Date: May 8, 2023

UDIN: AR202210379mkHZRVvW5

Waves Corporation Limited

Consolidated Statement of Financial Position

As at 31 December 2022

EQUITY AND LIABILITIES	Note	2022	2021
		----- (Rupees in '000) -----	
Share Capital and Reserves			
Authorised capital 300,000,000 (2020: 300,000,000) ordinary shares of Rs. 10 each	*5*	**3,000,000**	3,000,000
Issued, subscribed and paid-up capital	*5*	**2,814,062**	2,814,062
Share premium reserve	*6*	**5,009,250**	5,025,661
Capital reserve		**5,000**	5,000
Revenue reserve - unappropriated profit		**716,756**	318,322
Surplus on revaluation of property, plant and equipment - *net of tax*	*7*	**528,895**	561,698
Equity attributable to owners of the Company		**9,073,963**	8,724,743
Non-controlling interests		**1,563,509**	1,549,553
		10,637,472	10,274,296
Non-current liabilities			
Long term loans - *secured*	*8*	**789,415**	1,103,098
Lease liabilities			
-Building under right of use - unsecured	*9*	**41,687**	51,041
-Other assets under right of use - secured	*9*	**55,189**	84,794
Employee retirement benefits	*10*	**13,553**	36,586
Deferred income	*11*	**6,477**	7,779
Deferred tax liability - *net*	*12*	**434,546**	467,266
		1,340,867	1,750,564
Current liabilities			
Trade and other payables	*13*	**3,260,192**	2,297,179
Mark-up accrued on borrowings	*14*	**400,468**	184,229
Short term borrowings - *secured*	*15*	**4,955,965**	5,188,205
Loan from Directors - *unsecured*	*16*	**119,497**	115,300
Unpaid dividend		**1,179**	1,179
Current portion of long term liabilities	*17*	**524,412**	990,181
		9,261,713	8,776,273
Contingencies and commitments	*18*		
		21,240,052	20,801,133

ASSETS	Note	2022	2021
		----- (Rupees in '000) -----	
Non-current assets			
Property, plant and equipment	*19*	**8,855,926**	6,289,556
Intangible assets and goodwill	*20*	**2,848,133**	2,878,385
Trade debts - long term	*23*	**-**	19,230
Long term deposits	*21*	**25,669**	13,894
		11,729,728	9,201,065
Current assets			
Stores, spares and loose tools		**44,143**	45,723
Stock-in-trade	*22*	**3,288,148**	4,167,736
Trade debts	*23*		
- Retail		**1,457,687**	1,344,456
- Wholesale		**3,979,667**	5,351,398
- Corporate		**138,960**	160,038
Advances, deposits, prepayments and other receivables	*24*	**100,781**	132,750
Taxation - *net*		**385,124**	243,643
Cash and bank balances	*25*	**114,344**	152,854
		9,508,854	11,598,598
Non current assets held for sale	*26*	**1,470**	1,470
		9,510,324	11,600,068
		21,240,052	20,801,133

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

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Lahore

Director **Director** **Chief Financial Officer**

Waves Corporation Limited
Consolidated Statement of Profit or Loss
For the year ended 31 December 2022

	Note	2022	2021
		(Rupees in '000)	
Revenue - net of sales return		**11,988,936**	12,321,443
Sales tax and trade discount on invoices		**(2,050,268)**	(1,882,433)
Revenue - net	27	**9,938,668**	10,439,010
Cost of sales	28	**(7,981,201)**	(8,156,644)
Gross profit		**1,957,467**	2,282,366
Marketing, selling and distribution costs	29	**(961,878)**	(1,020,257)
Administrative expenses	30	**(564,427)**	(557,701)
Other expenses	31	**(92,899)**	(122,423)
Other income	32	**109,758**	249,967
		(1,509,446)	(1,450,414)
		448,021	831,952
Earned carrying charges		**332,020**	388,202
Finance costs	33	**(392,451)**	(705,015)
		(60,431)	(316,813)
Profit before taxation		**387,590**	515,139
Taxation	34	**(21,502)**	(187,252)
Profit for the year		**366,088**	327,887
Attributable to:			
Owners of the Group		**351,391**	318,620
Non-controlling interests		**14,697**	9,267
		366,088	327,887
Earnings per share - basic and diluted *(Rupees)*	35	**1.25**	1.13

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The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

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

Waves Corporation Limited
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2022

	2022	2021
	(Rupees in '000)	
Profit for the year	**366,088**	327,887
Other comprehensive (loss) / income		
Item that will not be reclassified to profit and loss:		
- Surplus on revaluation of property, plant and equipment	**-**	326,976
- Related deferred tax on surplus	**-**	(77,287)
- Actuarial gain/(loss) on employee retirement benefits	**19,099**	6,674
	19,099	256,363
Total comprehensive income for the year	**385,187**	584,250
Attributable to:		
Owners of the Group	**365,632**	574,726
Non-controlling interests	**19,556**	9,524
	385,187	584,250

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

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

Waves Corporation Limited
Consolidated Statement of Changes in Equity
For the year ended 31 December 2022

	Attributable to Owners of the Company							
		Capital reserve			Revenue Reserve			
	Issued, subscribed and paid-up capital	**Share premium reserve**	**Other capital reserve**	**Surplus on revaluation of land, building and Plant and machinery**	**Unappropriated profit**	**Total**	**Non-controlling interest**	**Total**
	(Rupees in '000)							
Balance as at 01 January 2021	1,876,041	4,581,063	5,000	338,171	1,660,149	8,460,424	-	8,460,424
Total comprehensive income for the year								
Profit after taxation	-	-	-	-	318,620	318,620	9,267	327,887
Other comprehensive income for the year								
Surplus on revaluation of property plant and and equipment				326,976		326,976		326,976
Related deferred tax on revaluation surplus				(77,287)		(77,287)		(77,287)
Remeasurement of defined benefit obligation	-	-	-	-	6,416	6,416	258	6,674
	-	-	-	249,688	325,036	574,725	9,525	584,250
Surplus transferred to accumulated profits								
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	-	(26,162)	26,162	-	-	-
	-	-	-	(26,162)	26,162	-	-	-
Issue of ordinary shares	938,021	468,914	-	-	-	1,406,935	-	1,406,935
Incremental cost of issuance of shares	-	(24,316)	-	-	-	(24,316)	-	(24,316)
	938,021	444,598	-	-	-	1,382,619	-	1,382,619
under scheme of arrangement	-		-	-	(1,364,472)	(1,364,472)	-	(1,364,472)
Change in ownership interest								
NCI of subsidiary	-	-	-	-	-	-	1,540,028	1,540,028
Difference arising on the consideration paid and the capital of the subsidiary	-	-	-	-	(328,553)	(328,553)	-	(328,553)
Balance as at 31 December 2021	2,814,062	5,025,661	5,000	561,698	318,322	8,724,743	1,549,553	10,274,296
Total comprehensive income for the year								
Profit after taxation	-	-	-	-	**351,391**	**351,391**	**14,697**	**366,088**
Other comprehensive loss for the year								
Remeasurement of defined benefit obligation	-	-	-	-	**14,241**	**14,241**	**4,859**	**19,099**
	-	-	-	-	**365,632**	**365,632**	**19,556**	**385,187**
Surplus transferred to accumulated profits								
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	-	**(32,803)**	**32,803**	-	-	-
Shares capital issuance expenses	-	**(16,411)**	-	-	-	-	**(5,600)**	**(22,011)**
Balance as at 31 December 2022	**2,814,062**	**5,009,250**	**5,000**	**528,895**	**716,756**	**9,090,375**	**1,563,509**	**10,637,472**

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

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Lahore

Director

Director

Chief Financial Officer

Waves Corporation Limited

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Note	2022	2021
		(Rupees in '000)	
Cash flows from operating activities			
Profit before taxation		**387,590**	515,139
Adjustments for non-cash items:			
Depreciation on property, plant and equipment	19.1.4	**339,594**	374,204
Amortisation of intangible asset	20.3	**42,634**	47,015
Finance costs	33	**392,451**	705,015
Gain on sale of property, plant and equipment	32	**(14,840)**	(2,047)
Liabilities no longer payable written back	32	**-**	(121,669)
Workers' Profit Participation Fund		**6,889**	21,791
Amortisation of deferred income	32	**(9,006)**	(24,010)
Provision for slow moving and damaged stock		**-**	(5,504)
Workers Welfare Fund		**9,419**	8,889
Reversal of loss allowance against trade debts		**(21,751)**	(35,465)
Unrealised exchange loss		**68,137**	56,576
Provision for employee retirement benefits- net		**1,112**	8,747
Profit before working capital changes		**1,202,229**	1,548,681
Effect on cash flows due to working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		**1,580**	(11,960)
Stock-in-trade		**879,588**	(1,199,187)
Trade debts		**1,298,808**	(954,941)
Advances, deposits, prepayments and other receivables		**31,969**	(26,909)
(Decrease) / increase in trade and other payables		**909,412**	666,079
		3,121,357	(1,526,918)
Cash used in operations		**4,323,585**	21,763
Income tax - *net*		**(141,481)**	(150,147)
Workers' Profit Participation Fund paid		**(21,954)**	(14,367)
Workers' Welfare Fund paid		**(8,889)**	(5,522)
Employee retirement benefits (refund) / paid		**(12,222)**	(4,097)
Long term deposits - *net*		**(11,775)**	6,960
Net cash used in operating activities		**4,127,264**	(145,410)
Cash flows from investing activities			
Capital expenditure		**(2,921,723)**	(815,924)
Proceeds from disposal of property, plant and equipment		**58,150**	14,021
Net cash flows used in investing activities		**(2,863,573)**	(801,903)
Cash flows from financing activities			
Lease rentals paid		**(61,393)**	(114,978)
Loan from sponsors		**4,197**	-
Proceeds from the issue of right shares - net off transaction cost and adjustment of loan from sponsor		**-**	1,002,119
Shares capital issuance expenses paid		**(22,011)**	-
Finance costs paid		**(176,212)**	(699,202)
Dividend paid		**-**	(97)
Short term finances availed / (paid) - *net*		**(1,752,100)**	1,104,510
Long term loans repaid		**(814,542)**	(464,131)
Net cash flows generated from financing activities		**(2,822,060)**	828,221
Net (decrease) / increase in cash and cash equivalents		**(1,558,369)**	(119,092)
Cash and cash equivalents at beginning of the year		**(1,190,686)**	(1,071,594)
Cash and cash equivalents at end of the year	36	**(2,749,055)**	(1,190,686)

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

Lahore

Director | Director | Chief Financial Officer

1 Status and nature of business

1.1 The Group comprises of:

Holding Company

- Waves Corporation Limited (formerly, Waves Singer Pakistan Limited)

	2022	2021
	(Holding percentage)	
Subsidiary Companies		
- Waves Builders and Developers (Private) Limited (formerly, Waves Marketing (Private) Limited)	**100**	100
- Waves Marketplace Limited (formerly, Electronics Marketing Company (Private) Limited	**100**	100
- Waves Home Appliances Limited (formerly, Samin Textile Limited)	**74.56**	74.56

Waves Corporation Limited (formerly, 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 Group are located at:

- 9-K.M, Hanjarwal, Multan Road, Lahore.
- Dina Nath, Mouza Rakh Serai Cheenba, Tehsil Pattoki, District Kasur.
- Mouza Mustafabad,41-KM Ferozepur Road, Off 2-KM Rohi Nala Road, Tehsil & District Kasur

Waves Builders and Developers (Private) Limited (formerly Waves Marketing (Private) Limited)- Subsidiary Company

Waves Builders and Developers (Private) Limited (formerly Waves Marketing (Private) Limited) 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 previously was sale, distribution and marketing of consumer appliances being a trading concern, however during the year the principal line of business had been changed to carry on business of any or all type of real estate. In-line with these plans, during the Board meeting held on 19 March 2021, the name of the subsidiary company was changed from Waves Marketing (Private) Limited to Waves Builders and Developers (Private) Limited. The company is currently in process of undertaking a real estate development project.

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The subsidiary company has not made any significant sales during the year. The business during the year represented revenue earned from sale of products that was in stock since last year. The management currently is in the process of envisaging a mega real estate project but financial arrangement and regulatory approvals for the same are pending.

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.

Waves Home Appliances Limited (formerly Samin Textiles Limited)- Subsidiary Company

Waves Home Appliances Limited (WHAL) (formerly as Samin Textiles Limited) was incorporated in Pakistan on November 27, 1989 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at 15/3 Block A, Model Town, Lahore. The Company is currently listed on Pakistan Stock Exchange. The principal business of the Company previously was trading, import and export of textile products. Consequent to approval of scheme of arrangement, the principal line of business shall be amended to include manufacturing, assembly and wholesale of domestic consumer appliances and other light engineering products.

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 Group during the lock down period. However, as per relaxation given by Authorities, the Group continued its operations during the 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 including effects of new variants.

1.3 During the year ended 31 December 2021, the Holding Company, Waves Corporation Limited (WCL), acquired WHAL (formerly Samin Textiles Limited) as a subsidiary Company through a scheme of arrangement. As per the term of the scheme, WCL 'Carved out / seperated home appliances business by transferring certain assets, liabilities, obligations, contracts and undertakings to the subsidiary Company as of the effective date of 01 September 2021.

The Honourable Lahore High Court (the Court) through its Order dated 22 June 2022, has approved the Scheme of Arrangement as proposed and granted sanction order for the carving out of home appliances business from the Holding Company and amalgamation of the same into the subsidiary Company, WHAL.

The Board of Directors of the Holding Company and subsidiary Company, in their meetings held on 23 December 2021, approved and resolved to present the Scheme of Arrangement before the shareholders of the Company for their approval.

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After approval by the BOD, the said scheme was submitted to Court for approval. As per requirments, the Holding Company subsequently obtained approval of the Scheme of Arrangement from its shareholders and secured creditors of the Holding Company.

On account of consideration under the scheme of arrangement, 56,281,240 shares of the subsidiary company were issued and allotted to shareholders of Holding Compnay in the swap ratio of 20 shares for every 100 shares held in parent compnay at the date of acquisition. The consideration also included issue of 199,724,956 shares to WCL and Rs. 2 billion in cash (interest free) payable over the period of 2 years but these have no impact on these consolidated financial statements.

The Group expects several benefits after this merger including the synergies of operations, allowing them to become leading suppliers / service providers, resulting in greater revenue. Furthermore, by separating the business segments (as contemplated in this Scheme), the individual companies shall have unique identities, a more focussed business and customer base.

If the acquisition of WHAL had occurred on 01 January 2021, the management estimates that there would not have been any material changes to the revenue and profits of the Group as WHAL was a dormant entity.

However, this scheme of arrangement/group restructuring does not have any material impact on these consolidated financial statements.

2 Basis of preparation

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for land, buildings and plant and machinery which are stated at revalued amounts less subsequent depreciation and impairment losses as referred to in note 19, recognition of lease liability and certain employee retirement benefits as referred to in note 9 and 10 at present value respectively.

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2.3 Functional and presentation currency

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

2.4 Basis of consolidation

These consolidated financial statements comprise the financial statements of the Holding Company and its subsidiary companies as at 31 December 2022. These consolidated financial statements have been prepared from the information available in the audited separate financial statements of the Holding Company for the year ended 31 December 2022 and the audited financial statements of the subsidiaries for the year ended 31 December 2022.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Holding Company obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiary companies have been consolidated on a line-by-line basis and the carrying values of the investments held by the Holding Company have been eliminated against the shareholders' equity in the subsidiary companies. The financial statements of the subsidiaries are prepared for the same reporting year as of the Holding Company, using consistent accounting policies.

Intra - Group balances and transactions, and any unrealized income and expenses arising from intra - group transactions, are eliminated in full.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Any goodwill that arises is tested annually for impairment.

Non-controlling interest

Non-controlling interest is that part of net results of operations and of net assets of the subsidiaries which are not owned by the Holding Company either directly or indirectly. Non-controlling interest is presented as a separate item in the consolidated financial statements. The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transaction.

RSM

Loss of control

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in consolidated statement of profit or loss. In addition, any amounts previously recognized in other comprehensive income in respect of that subsidiary are reclassified to the consolidated profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee, joint venture or as an available for sale financial asset depending on the level of influence retained.

3 Use of estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the Group's financial statements or where judgment was exercised in application of accounting policies are as follows:

		Note
-	Residual value, market values and useful lives of property, plant and equipment	*4.1*
-	Estimates of Useful lives and recoverable amount of intangible assets and goodwill	*4.2*
-	Provision for employee retirement benefit plans	*4.5*
-	Stock in trade and stores and spares and loose tools at net realizable value / net of impairment losses	*4.6 & 4.7*
-	Provisions	*4.10*
-	Taxation	*4.12*
-	Impairment of financial and non-financial assets	*4.15*

4 Significant Accounting Policies

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

4.1 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any, except for the land which is stated at revalued amount less impairment loss, if any, and buildings and plant and machinery which are stated at the revalued amounts less accumulated depreciation and impairment losses, if any. Cost includes expenditure directly attributable to the acquisition of an asset.

RSM

Land, Buildings and Plant and Machinery are revalued by professionally qualified valuer with sufficient regularity to ensure that the net carrying amount does not differ materially from the fair value (market value). In case of revalued assets, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount restated at the revalued amount of the asset.

Increase in the carrying amount arising on revaluation of property, plant and equipment is recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the consolidated statement of profit or loss, and depreciation based on the asset's original cost is transferred to retained earnings. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to retained earnings. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred tax.

Useful lives are determined by the management based on expected usage of assets, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

Depreciation is charged to the consolidated statement of profit or loss applying the straight-line method whereby the depreciable amount of an asset is depreciated over its estimated useful life. Depreciation on additions is charged from the month in which the asset is available for use and up to the month of disposal. The rates of depreciation are stated in note 19.1 to these consolidated financial statements.

The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant. The Group's estimate of the residual value of its property, plant and equipment as at reporting date has not required any adjustment as its impact is considered insignificant.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. Normal repairs and maintenance are charged to the consolidated statement of profit or loss as and when incurred. Gains and losses on disposal of assets are taken to the consolidated statement of profit or loss.

Capital work in progress

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

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

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4.2 Intangible assets and goodwill

Goodwill

Goodwill arising on the acquisition of business represents future economic benefits arising from assets that are not capable of being individually identified and separately recognized. Goodwill is initially recognized at cost which is determined as the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquire. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is annually tested for impairment.

Other Intangible asset

Other intangible assets, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets such as brand value that have infinite lives are measured at cost less accumulated impairment losses, if any.

Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight-line basis over their estimated useful lives and is generally recognized in profit or loss. The rates of amortization are stated in note 20.1 to these consolidated financial statements.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Gain or loss from derecognition of intangible assets is recognized in the consolidated statement of profit or loss.

The Group assesses at each reporting date whether there are any indications that the intangible assets may be impaired. If such indications exists then the recoverable amount is determined. (Refer note 4.15 for impairment of non-financial assets).

4.3 Business combination

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

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

RSM

4.4 Investment property

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

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

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

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

4.5 Employee retirement and other service benefits

Defined benefit plans

The Group operates a funded defined benefit pension scheme for the eligible executives and managers (old Singer Pakistan Limited employees) and a funded gratuity scheme for all of its eligible employees (old Singer Pakistan Limited's employees). The Group also operates an unfunded gratuity scheme for its eligible field staff. Benefits under the scheme are payable to staff on the completion of prescribed qualifying period of service. Provisions / contributions are made in the consolidated financial statements to cover obligations on the basis of actuarial valuation carried out annually under the Projected Unit Credit Method.

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

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

RSM

__Defined contribution plan__

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

__Staff Compensated absences__

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

4.6 Stores, spares and loose tools

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

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

4.7 Stock-in-trade

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

Cost comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated cost necessary to be incurred to make the sale.

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

4.8 Cash and cash equivalents

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

4.9 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Account balances are classified as current liabilities if payment is due within one year or less (or in the normal operating cycles of business if longer). If not, they are classified as non-current liabilities.

RSM

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

4.10 Provisions

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

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

4.11 Revenue Recognition

- Revenue represents the fair value of consideration received or receivable for sale of goods, net of sales tax, sales returns and related discounts. Revenue is recognized when or as performance obligation is satisfied by transferring control of promised goods or services to a customer and control either transfers overtime or point in time.

- Earned carrying charges representing the difference between the cash sale price and hire purchase price are recognized in the consolidated statement of profit or loss using the effective interest rate method over the period of the sale under the hire purchase arrangement.

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

4.12 Taxation

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

The Holding Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, contingent liabilities and contingent assets.

The Holding Company has opted for Group Taxation under section 59AA of the Income Tax Ordinance, 2001. The Group and two subsidiaries Waves Builders and Developers (Private) Limited and Wavess Marketplace Limited are part of the Group Taxation Under this approach, the Group is accounting for the related taxes under standalone taxpayer approach. Under this approach, current and deferred taxes are recognized as if the entity was taxable in its own right. Following companies are part of group taxation:

-Waves Builders and Developers (Private) Limited

- Waves Marketplace Limited

- Waves Corporation Limited

Waves Home Appliances Limited is not part of group taxation.

RSM

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred

Deferred tax is accounted for using the balance sheet method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The carrying amount of all deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized. Deferred tax is charged or credited in the consolidated statement of profit or loss, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

4.13 Borrowings

All interest bearing borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing borrowings are subsequently measured at amortized cost using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional / contractual right to defer settlement of the liability for at least twelve months after the reporting date.

Finance cost are accounted for on an accrual basis and are included in accrued finance cost to the extent of the remaining amount unpaid.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in the consolidated statement of profit or loss in the period in which they are incurred.

4.14 Financial instruments

Recognition and initial measurement

All financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instruments.

RSM

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through consolidated other comprehensive income (FVOCI), fair value through consolidated statement of profit or loss (FVTPL) and in case of an equity instrument it is classified as FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a 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 the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the consolidated statement of profit or loss. Any gain or loss on derecognition is recognized in the consolidated statement of profit or loss.

Financial assets measured at amortized cost comprise of cash and bank balances, deposits, trade debts and other receivables.

Debt Instrument - FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

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

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the consolidated statement of profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to consolidated statement of profit or loss. However, the Group has no such instrument at the reporting date.

RSM

Equity Instrument - FVOCI

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in the consolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and these investments are never reclassified to statement of profit or loss. However, the Group has no such instrument at the reporting date.

Fair value through statement of profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in statement of profit or loss. The Group has no such investments at the reporting date.

Financial assets – Business model assessment

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the consolidated statement of profit or loss.

RSM

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, while the interest expense and foreign exchange gains and losses are recognized in the consolidated statement of profit or loss. Any gain or loss on derecognition is also recognized in the consolidated statement of profit or loss.

The Group's financial liabilities comprise trade and other payables, long and short term borrowings, lease liabilities, accrued markup and dividend payable.

Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group might enter into transactions whereby it transfers assets recognized in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the consolidated statement of profit or loss.

Offsetting of financial assets and financial liabilities

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

4.15 Impairment

Financial assets

The Group recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities, bank balances and other receivables for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

RSM

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The Group has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group reviews the recoverability of its trade debts, deposits, advances and other receivables to assess amount of loss allowance required on an annual basis. Impairment of cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Non - Financial assets

The carrying amount of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

RSM

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

4.16 Foreign currency transactions and translation

<u>Transactions and balances</u>

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the reporting date. Exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to profit or loss. Non-monetary assets and liabilities denominated in foreign currency that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences are generally included in the consolidated statement of profit or loss.

4.17 Dividends and appropriations to reserves

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

4.18 Earnings per share

As required under International Accounting Standard 33 Earnings Per Share, basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. The Group is not exposed to the dilutive effect on EPS.

4.19 Common control transactions

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

4.20 Deferred income

<u>Grant in aid</u>

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

RSM

Government grant

The Group recognizes the benefit of a government loan at a below-market rate of interest as Government grant. The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received and is presented as deferred grant. The recognition of government grants in profit or loss is done on a systematic basis over the periods in which the expenses for which the grants are intended to compensate.

4.21 Leases

At the inception of a contract, the Group assesses whether a contract is or contains lease. 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. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

The Group 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 which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct cost incurred less any lease incentive received. The right of use asset is subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability, if any. The right of use assets is depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or cost of the right of use asset reflects that the Group will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. Right of use asset is disclosed in the property, plant and equipment as referred to in 19.1 of the 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 Group's incremental borrowing rate. The Group has used it incremental borrowing rate as the discount rate for leases where rate is not readily available. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made.

The lease liability is measured at amortized cost using the effective interest method. 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, if there is change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in statement of profit or loss if the carrying amount of the right of use asset has been reduced to zero. Refer note 9 to these financial statements for disclosure of lease liability.

Short term leases and leases of low value assets

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

Sale and lease back

Where the sale and lease back transactions result in a lease liability, any excess of sale proceeds over the carrying amount is deferred and amortized over the lease term. However, sale proceeds less than the carrying value is immediately recognised in the consolidated statement of profit or loss.

RSM

4.22 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Holding Company that makes the strategic decisions. These consolidated financial statements are prepared on the basis of single reportable segment as the Board of Directors views the Group's operations as one reportable segment.

4.23 Changes in accounting standards, interpretations and pronouncements:

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on January 1, 2022. However, these do not have any significant impact on the Company's financial reporting.

4.23.1 Standards and amendments to approved accounting standards that are not yet effective:

There are certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after January 1, 2023. However, these are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

		Note	2022	2021	2022	2021
			(Number of shares)		(Rupees in '000)	
5	**Share capital**					
5.1	Authorized share capital	5.1.1	**300,000,000**	300,000,000	**3,000,000**	3,000,000

5.1.1 The authorized share capital stands at Rs. 3,000 million, divided into 300,000,000 shares of Rs. 10 each, according to the Memorandum and Articles of Association the Company.

5.2 Issued, subscribed and paid-up capital

Fully paid-up ordinary shares of Rs. 10 each	2022	2021	2022	2021
	(Number of shares)		(Rupees in '000)	
Issued for cash	**105,263,597**	105,263,597	**1,052,636**	1,052,636
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
	281,406,089	281,406,089	**2,814,061**	2,814,061

5.3 Reconciliation of ordinary shares

	2022	2021	2022	2021
Balance as at 01 January	**281,406,089**	187,604,060	**2,814,061**	1,876,041
Ordinary shares issued as fully paid bonus shares		93,802,029		938,020
Balance as at 31 December	**281,406,089**	281,406,089	**2,814,061**	2,814,061

5.4 During the year 2021, the Holding Company has issued 93,802,029 ordinary shares in the ratio of 1 right share for every 2 ordinary shares at the rate of Rs. 15 per share (including share premium of Rs. 5 per share). The same has been approved by Board of Directors ("the Board") in their meeting held on 19 March 2021.

RSM

The primary purpose of the right issue was to finance the purchase of new property, construction of buildings at the said property and meeting the working capital requirements of the Holding Company's operations and activities for effectively implementing its business plan to enhance the profitability of the Holding Company.

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

	2022	2021	2022	2021
	(Percentage held)		(Number of shares)	
*Poseidon Synergies (Private) Limited	**3.70%**	3.80%	**10,421,274**	10,680,183
Chief Executive Officer and his spouse and minor children				
- Haroon Ahmad Khan (CEO)	**38.32%**	25.55%	**107,840,286**	71,893,524
- Nighat Haroon Khan (Wife of CEO)	**10.00%**	7.33%	**28,132,411**	20,617,274
	52.02%	36.67%	**146,393,971**	103,190,981

* Owned by Chief Executive Officer and his wife.

5.6 Pursuant to Scheme of Arrangement, approved by Honorable Sindh High Court through its Order dated 22 May 2018, Singer Pakistan Limited was merged and combined with Cool Industries (Private) Limited and Link Wel (Private) Limited. The Holding Company issued 96,450,000 shares to the shareholders of Cool Industries (Private) Limited and Link Wel (Private) Limited pursuant to the same scheme.

5.7 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 Holding Company.

6 Share premium

This includes excess of market value over the face value of shares issued under the scheme of arrangement amounting to Rs. 4,581 million. This reserve can only be utilized by the Group for the purpose specified in Section 81(2) of the Companies Act, 2017.

7 Surplus on revaluation of property, plant and equipment - net of tax

	Note	2022	2021
		(Rupees in '000)	
Revaluation Surplus - as on 01 January		**763,453**	473,141
Surplus on revaluation arisen during the year		**-**	326,976
Incremental depreciation transferred to equity		**(46,201)**	(36,664)
		717,252	763,453
Deferred tax liability - as on 01 January		**(201,756)**	(134,970)
Deferred tax on revaluation arisen during the year		**-**	(77,287)
Tax effect on transfer of incremental depreciation to retained earnings		**13,398**	10,502
Adjustment resulting from change of tax rate		**-**	-
Deferred tax liability		**(188,357)**	(201,756)
	7.1 & 7.2	**528,895**	561,698

7.1 Balance as at 31 December includes surplus on land of Rs. 57.152 million (2021: 57.152), building on freehold land of Rs. 191.43 million (2021: Rs. 225.17 million) and plant and machinery of Rs. 280.315 million (2021: Rs. 306.31 million).

7.2 The Group revalued its freehold land, building on freehold land and plant and machinery during the financial year 2017, 2019 and 2021. The latest revaluation was carried out on 31 August 2021. This was conducted by M/s Asif Associates (Private) Limited. Freehold land was revalued on the basis of current market value whereas other assets were revalued on the basis of depreciated market values. The most significant input into this valuation approach is price per kanal for land, price per square foot for buildings and present operational condition and age of plant and machinery.

RSM

8 Long term loans - *Secured*

	Note	2022	2021
		(Rupees in '000)	
Long term loans - Banking Company	*8.1*	**265,588**	1,168,574
Long term loans - Non-banking Company	*8.2*	**998,799**	874,127
Less: Deferred grant	*8.3*	-	(36,228)
Current maturity presented under current liabilities	*17*	**(474,972)**	(903,375)
		789,415	1,103,098

8.1 Long term finances utilized under mark-up arrangements from banking and non banking companies are composed of:

Bank Name	Facility	2022 Rupees	2021 Rupees	Mark-up as per Agreement	Tenure and basis of principal repayment	Security
Sindh Bank Limited	Term Finance	**161,958**	324,458	3 Months KIBOR plus 3% per annum, payable quarterly.	Balance payable in two equal instalments payable on 16 March 2023 and 16 September 2023.	This facility is secured by way of First pari passu charge of Rs.215.944 Million on present and future fixed assets of the Company with 25% margin, exclusive charge of Rs. 300 million on shops of the Company and personal guarantees of the directors of the Company. This facility has been obtained to meet long term working capital requirements of the Company.
The Bank of Punjab	Term Finance	-	345,383	N/A	N/A	N/A
The Bank of Khyber - note *8.3*	SBP Salary Refinance Scheme	**28,630**	98,733	SBP rate plus 3% per annum, payable quarterly.	This balance became due on 31st December 2022 and paid subsequently.	This facility is secured by way of ranking charge of Rs. 29.52 million over present and future fixed assets of the Company with 25% margin.
Dubai Islamic Bank Limited	Term Finance	**75,000**	400,000	3 Months KIBOR plus 2% per annum, payable quarterly.	Balance payable in three quarterly instalments starting from January 2024 and ending on October 2024.	This facility is secured by way of joint pari passu charge of Rs. 534 million on present and future fixed assets of the Holding Company and Cross corporate guarantees of group concerns of the Holding Company. This facility has been obtained to meet long term working capital requirements and balance sheet re-profiling of the Holding Company.
		265,588	1,168,574			

RSM

8.2 Long term finances utilized under mark-up arrangements from non banking companies are composed of:

Bank Name	Facility	2022 Rupees	2021 Rupees	Mark-up as per Agreement	Tenure and basis of principal repayment	Security
Pak Brunei Investment Company Limited	Term Finance	**305,518**	207,813	3 Months KIBOR plus 2.5%-3% per annum, payable quarterly.	Balance payable in quarterly/monthly instalments starting from 19th January 2023 and ending on 31st January 2027.	This facility is secured by way of joint parri passu charge of Rs. 407.36 million on present and future fixed assets with 25% margin of the Company, ranking charge of Rs. 407.36 million on current assets with 25% margin and joint pari pasu charge of 407.36 million on immovable properties of the Company with 25% margin and personal guarantees of the directors of the Company. This facility has been obtained to meet long term working capital requirements and balance sheet re-profiling of the Company.
Pak Oman Investment Company Limited	Term Finance	**225,000**	281,250	3 Months KIBOR plus 2.5% per annum, payable quarterly.	Balance payable in 12 quarterly instalments starting from 6 march 2023 and ending on 06 September 2025.	This facility is secured by way of first parri passu charge of Rs. 300 million on fixed assets of the Company (including land, building and machinery) with 25% margin over the financing amount and personal guarantees of the directors of the Company. This facility has been obtained to meet long term working capital requirements and CAPEX for shifting of existing manufacturing unit to new place.
Pak Libya Investment Company Limited - *note 8.3*	SBP Salary Refinance Scheme	**14,281**	100,064	SBP rate plus 3% per annum, payable quarterly.	Balance payable subsequently in the month of February.	This facility is secured by way of joint pari passu charge of Rs. 264 million on present and future fixed assets of the Holding Company.
Pak Libya Investment Company Limited	Term Finance	**454,000**	285,000	6 & 3 Months KIBOR plus 2.5% & 2.75%% per annum, payable quarterly.	Balance payable in 31 quarterly instalments starting from 4th January 2023 ending on 17th Novemebr 2027.	This facility is secured by way of joint pari passu charge of Rs. 605.33 million on present and future fixed assets of the Company along with ranking equitable mortgage of Rs 334 million on Company's land and building and personal guarantees of the sponsor of the Company. This facility has been obtained to finance the expansion of production facility.
		998,799	874,127			

8.3 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, WCL has availed financing of Rs. 197.46 million from Bank of Khyber. Loans obtained were utilized against salaries for the months from April 2020 to September 2020. These facilities have 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.

8.4 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. 1,732 million by 12 to 18 month, provided that the Holding 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.

8.5 As per the financing arrangements, the Holding Company is required to comply with certain financial covenants and other conditions imposed by the providers of finance.

RSM

9 Lease liabilities	Note	2022	2021
		(Rupees in '000)	
Building under right of use - *unsecured*	9.1	71,037	89,714
Other assets under right of use - *secured*	9.2	73,977	122,798
		145,014	212,512
Current maturity		(48,138)	(76,678)
		96,876	135,835

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

	2022			2021		
	Minimum lease payments	Finance cost	Present value of minimum lease payments	Minimum lease payments	Finance cost	Present value of minimum lease payments
	(Rupees in '000)					
9.1 Building under right of use - *unsecured*						
Not later than one year	35,883	6,532	29,350	45,264	6,591	38,673
Later than one year and not later than five years	52,110	10,423	41,687	56,290	5,249	51,041
	87,993	16,956	71,037	101,554	11,840	89,714

The Company has recognized lease buildings on account of warehouses rented out to the Company. The remaining tenure of contracts ranges from 2 to 60 month payable monthly, quarterly and annually. Lease liability is calculated at discount rate ranging from 8.93% to 17.07%.

	2022			2021		
	Minimum lease payments	Finance cost	Present value of minimum lease payments	Minimum lease payments	Finance cost	Present value of minimum lease payments
9.2 Other assets under right of use - *secured*	(Rupees in '000)					
Not later than one year	28,416	9,628	18,788	49,303	11,299	38,004
Later than one year and not later than five years	64,339	9,150	55,189	103,708	18,914	84,794
	92,755	18,778	73,977	153,011	30,213	122,798

The above represents leases entered into with certain financial institution for plant and machinery and vehicles. Monthly payments of leases carry mark-up rates at KIBOR plus 2.5% to 3% per annum. KIBOR is one, three and six months average ask side. At the year-end the applicable rates range between 10.21% to 19.08% per annum. Ttile to the assets acquired under the leasing arrangements are transferrable to the Company upon payment of entire lease obligations.

10 Employee retirement benefits	Note	2022	2021
		(Rupees in '000)	
Classified under non-current liabilities			
Employee retirement benefits			
- Pension fund	10.2	(16,092)	467
- Gratuity fund - permanent employees	10.2	9,943	13,553
- Gratuity - field staff	10.2	19,702	22,566
		13,553	36,586

10.1 Pension scheme is available to permanent full-time employees in the executive and manager grades including the full-time working directors but excluding persons working as temporary, trainees or apprentice employees. Minimum years of service for qualifying to pension is 15 years. Employees are entitled to Pension on retirement at 57 years of age. Gratuity to the permanent employees is payable on normal retirement at the age of 57 years, natural death, etc. and is payable only on the minimum completion of 5 years of service with the Group. Both of these benefits relate only to old employees of former Singer Pakistan Limited (before the effective date of amalgamation) and this benefit has been freeze at the level that existed as at 31 May 2019. Employees who have not completed the term, their related charge was reversed. On freeze date gratuity is payable to field staff only on completion of minimum 5 years of service with the Group.

The details of employee retirement benefits based on actuarial valuations carried out by an independent actuary as at 31 December 2022 under the Projected Unit Credit method are given below.

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

		Pension Fund		Gratuity			
				Permanent employees (funded)		Field staff (unfunded)	
		2022 (%)	2021 (%)	2022 (%)	2021 (%)	2022 (%)	2021 (%)
1)	Discount rate per annum	14.5	10.5	15.5	10.5	14.5	11.75
2)	Expected per annum rate of increase in future salaries / commission	Nil	Nil	-	-	11.5	8.75
3)	Expected rate of increase in pension	Nil	Nil				
4)	Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1	SLIC (2001-05)-1	SLIC (2001-05)-1	SLIC (2001-05)-1	SLIC (2001-05)-1
5)	Rate of employee turnover	Heavy	Heavy	Heavy	Heavy	Heavy	Heavy

RSM

	Note	Pension Fund		Gratuity Permanent employees		Gratuity Field staff (unfunded)		Total	
		2022	2021	2022	2021	2022	2021	2022	2021
		(Rupees in '000)							
10.2 Amounts recognised in consolidated statement of financial position									
Present value of defined benefit obligation	10.4	**47,480**	64,191	**10,132**	13,996	**19,702**	22,566	**77,314**	100,753
Fair value of plan assets	10.5	**(63,572)**	(63,724)	**(189)**	(443)	**-**	-	**(63,760)**	(64,167)
Liability / (asset) on the reporting date	10.3	**(16,092)**	467	**9,943**	13,553	**19,702**	22,566	**13,553**	36,586
10.3 Movement in net defined benefit liability recognised in consolidated statement of financial position									
Net (asset) / liability as at 01 January		**467**	3,355	**13,553**	16,311	**22,566**	18,944	**36,586**	35,255
(Income) / cost recognised in profit or loss for the year	10.6	**47**	312	**1,382**	1,547	**-**	6,888	**1,429**	8,435
Refund / (contribution) during the year		**-**	-	**(2,498)**	(831)	**-**	(3,266)	**(2,498)**	(4,097)
Total amount of remeasurements recognised in other comprehensive income (OCI) - actuarial loss / (gain)	10.7	**(16,606)**	(3,200)	**(2,494)**	(3,474)	**-**	-	**(19,099)**	(6,674)
Net liability / (asset) as at 31 December		**(16,092)**	467	**9,943**	13,553	**22,566**	22,566	**16,418**	32,919
10.4 Movement in present value of defined benefit obligations									
Liability for defined benefit obligation at 01 January		**64,191**	68,528	**13,996**	16,757	**22,566**	18,944	**100,753**	104,229
Benefits paid		**(7,135)**	(4,811)	**(2,539)**	(846)	**(2,547)**	(3,266)	**(12,222)**	(8,923)
Current service cost		**-**	-	**-**	-	**(317)**	6,888	**(317)**	6,888
Past service cost		**-**	-	**-**	-	**-**	-	**-**	-
Interest cost		**6,547**	6,498	**1,433**	1,465	**-**	-	**7,980**	7,963
Re-measurements - actuarial loss / (gain) on obligation								**-**	-
- Change in financial assumptions		**(11,859)**	(3,312)	**(1,700)**	(415)	**-**	-	**(13,559)**	(3,727)
-Change in demographic assumptions		**-**	(540)	**-**	113			**-**	(427)
- Change in experience adjustments		**(4,264)**	(2,172)	**(1,059)**	(3,078)	**-**	-	**(5,322)**	(5,250)
Liability for defined benefit obligation at 31 December		**47,480**	64,191	**10,132**	13,996	**19,702**	22,566	**77,314**	100,753
10.4.1 Analysis of present value of defined benefit obligation									
Vested / non-vested									
- Vested Benefits		**47,480**	64,191	**10,132**	13,996	**-**	-	**57,612**	78,187
- Non Vested Benefits		**-**	-	**-**	-	**-**	-	**-**	-
		47,480	64,191	**10,132**	13,996	**-**	-	**57,612**	78,187
Benefit obligation by participant status/ cadre									
- Active / Management		**6,683**	13,104	**-**	-	**-**	-	**6,683**	13,104
- Retirees / Union		**40,797**	51,087	**-**	-	**-**	-	**40,797**	51,087
		47,480	64,191	**-**	-	**-**	-	**47,480**	64,191
Type of benefits earned to date									
- Accumulated benefit obligation		**47,480**	68,528	**10,132**	16,757	-	-	**10,132**	16,757
- Amounts attributed to future salary increase		**-**	-	**-**	-	-	-	**-**	-
		47,480	68,528	**10,132**	16,757	-	-	**10,132**	16,757

RSM

		Pension Fund		Gratuity Permanent employees		Gratuity Field staff (unfunded)		Total	
	Note	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
		(Rupees in '000)							
10.5 Movements in the fair value of plan assets									
Fair value of plan assets - at 01 January		**63,724**	65,173	**443**	446	**-**	-	**64,167**	65,619
(Refund) / contribution during the year		**-**	-	**2,498**	831	**-**	-	**2,498**	831
Benefits paid		**(7,135)**	(4,811)	**(2,539)**	(846)	**-**	-	**(9,675)**	(5,657)
Expected return on plan assets		**6,500**	6,186	**51**	(82)	**-**	-	**6,551**	6,104
Re-measurements on assets - actuarial loss									
- Change in experience adjustments		**483**	(2,824)	**(265)**	94	**-**	-	**218**	(2,730)
Fair value of plan assets - at 31 December	*10.9*	**63,572**	63,724	**189**	443	**-**	-	**63,760**	64,167
10.6 Expense recognised in consolidated statement of profit or loss									
Current service cost		**-**	-	**-**	-	**(317)**	6,888	**(317)**	6,888
Past service cost		**-**	-	**-**	-	**-**	-	**-**	-
Interest cost net of expected return on plan assets		**47**	312	**1,382**	1,547	**-**	-	**1,429**	1,859
		47	312	**1,382**	1,547	**(317)**	6,888	**1,112**	8,747
The expense is recognised in the following line items in the statement of profit or loss:									
Cost of sales		**31**	203	**899**	988	**-**	-	**930**	1,191
Marketing, selling and distribution costs		**12**	78	**137**	179	**(317)**	6,888	**(168)**	7,145
Administrative expenses		**5**	31	**346**	380	**-**	-	**351**	411
		47	312	**1,382**	1,547	**(317)**	6,888	**1,112**	8,747
10.7 Actuarial loss / (gain) recognised in other comprehensive income during the year									
Actuarial loss / (gain) on obligation		**(16,123)**	(5,484)	**(2,758)**	(3,493)	**-**	-	**(18,881)**	(8,977)
Actuarial loss on plan assets		**(483)**	2,824	**265**	(94)	**-**	-	**(218)**	2,730
Total actuarial loss / (gain) recognised in OCI		**(16,606)**	(2,660)	**(2,494)**	(3,587)	**-**	-	**(19,099)**	(6,247)

Net actuarial gain on pension fund and funded gratuity amounts to Rs. 19.09 million (2021: Rs. 6.67 million) which has been taken to other comprehensive income.

	Pension Fund		Gratuity Permanent employees		Gratuity Field staff (unfunded)		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	(Rupees in '000)							
10.8 Return on plan assets								
Actual return on plan assets	**6,983**	3,362	**(214)**	12	**-**	-	**6,769**	3,374

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	Pension Fund		Gratuity			
			Permanent employees		Field staff (unfunded)	
	2022	2021	2022	2021	2022	2021
10.9 Composition of plan assets	(Rupees in '000)					
Cash and cash equivalents	13,572	1,197	189	443	-	-
Debt instruments - Government Bonds / Securities						
- Term Deposit Receipts	50,000	62,527	-	-	-	-
i) Pakistan Investment Bonds	-	-	-	-	-	-
ii) Special Savings Certificates	-	-	-	-	-	-
iii) Treasury bills	-	-	-	-	-	-
iv) Current liabilities	-	-	-	-	-	-
Total fair value of plan assets	63,572	63,724	189	443	-	-

10.10 Historical information	31 December				
	2022	2021	2020	2019	2018
Pension fund	(Rupees in '000)				
Present value of the defined benefit obligation	47,480	64,191	68,528	63,394	69,324
Fair value of plan assets	(63,572)	(63,724)	(65,173)	(66,782)	(79,284)
(Surplus) / deficit in the plan	(16,092)	467	3,355	(3,388)	(9,960)
Financial assumptions arising on plan liabilities	(11,859)	(3,312)	6,508	9,932	(23,496)
Demographic assumptions arising on plan liabilities	-	(540)	-	-	-
Experience adjustments arising on plan liabilities	(4,264)	(2,172)	(579)	(6,204)	(653)
Experience adjustments arising on plan assets	483	(2,824)	(1,175)	(5,993)	(4,437)
Gratuity - funded					
Present value of the defined benefit obligation	10,132	13,996	16,757	25,043	47,178
Fair value of plan assets	(189)	(443)	(446)	(1,955)	(4,698)
Deficit in the plan	9,943	13,553	16,311	23,088	42,480
Financial assumptions arising on plan liabilities	(1,700)	(415)	966	1,525	1,301
Experience adjustments arising on plan liabilities	(1,059)	(3,078)	(1,074)	(9,370)	1,855
Experience adjustments arising on plan assets	(265)	94	(147)	(194)	(1,359)
Gratuity - unfunded					
Present value of the defined benefit obligation	19,702	22,566	18,945	18,124	19,343

10.11 Sensitivity analysis on significant actuarial assumptions

		31 December 2022			
		Pension		Gratuity	
Actuarial liability	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5%	46,329	48,692	9,951	10,320
Salary increases	0.5%	-	-	-	-

The weighted average of plan duration for pension is 4.97 years (2021: 6.54 years) while for funded gratuity is 3.64 years (2021: 3.84 years). R.

10.12 Maturity profile of the defined benefit obligation - undiscounted payments

	Time in years					
	1	2	3	4	5	6-10
	(Rupees in '000)					
Distribution of timing of benefit payments						
- Pension	3,782	7,630	7,706	7,484	7,248	33,765
- Gratuity-funded	1,101	3,031	2,327	694	1,329	7,920
	4,883	10,661	10,032	8,177	8,577	41,685

10.13 Expected charge to statement of profit or loss for post employment funded gratuity and pension plans for the year ending 31 December 2023 are Rs. 1.39 million and Rs. 2.18 million respectively.

	Pension	Gratuity permanent staff	Gratuity field staff
10.14 Number of employees covered in the scheme	47	23	557

RSM

11 Deferred income	Note	2022	2021
		(Rupees in '000)	
Sale and lease back	11.1	-	-
Grant in aid	11.2	6,477	7,639
Government grant	11.3	-	140
		6,477	7,779

11.1 Sale and lease back

Details of the movement in the balance

	Note	2022	2021
Gross balance:			
Balance as at 01 January		36,576	36,576
Balance at 31 December		36,576	36,576
Accumulated amortization:			
Balance as at 01 January		(35,454)	(30,966)
Amortization for the year	32	(1,122)	(4,488)
Balance at 31 December		(36,576)	(35,454)
Carrying amount:			
Balance at 31 December		-	1,122
Current portion of deferred income	17	-	(1,122)
Balance as at 31 December	11.2.1	-	-

11.1.1 The Holding Company had entered in sale and lease back arrangements of specific items of plant and machinery resulting in a deferred income (representing excess of sale proceeds over the carrying amount of respective assets). The deferred income has been amortized and recognized in the consolidated statement of profit or loss over the lease term.

11.2 Grant in aid	Note	2022	2021
		(Rupees in '000)	
Gross balance:			
Balance as at 01 January		13,953	13,953
Balance at 31 December		13,953	13,953
Accumulated amortization:			
Balance as at 01 January		(5,152)	(4,206)
Amortization for the year	32	(1,162)	(946)
Balance at 31 December		(6,314)	(5,152)
Carrying amount:			
Balance at 31 December		7,639	8,801
Current portion	17	(1,162)	(1,162)
Balance as at 31 December	11.2.1	6,477	7,639

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

11.3 Government grant	Note	2022	2021
		(Rupees in '000)	
Balance as at 01 January		7,984	26,560
Recognized during the year	8	(7,844)	-
Amortization during the year	32	-	(18,576)
Unamortized balance of deferred grant		140	7,984
Current maturity	17	(140)	(7,844)
Balance as at 31 December	8.3	-	140

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12 Deferred tax liability - *net*

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

	Note	Balance as at 01 January 2021	Recognized in statement of profit or loss	Recognised in equity / OCI	Balance as at 31 December 2021	Recognized in statement of profit or loss	Recognised in equity	Balance as at 31 December 2022
		(Rupees in '000)						
Taxable temporary difference								
- accelerated tax depreciation		524,250	5,346	-	529,596	17,880	-	**547,476**
- surplus on revaluation of property, plant and equipment	7	134,970	(10,502)	77,287	201,755	(13,398)	-	**188,357**
		659,220	**(5,156)**	**77,287**	**731,351**	**4,482**	-	**735,833**
Deductible temporary difference								
- provision for defined benefit plans		(5,610)	(841)	-	(6,451)	2,521	-	**(3,930)**
- other provisions		(156,376)	10,675	-	(145,701)	37,821	-	**(107,880)**
- minimun tax		(179,269)	67,336	-	(111,933)	(77,544)	-	**(189,477)**
- tax losses	12.2	(21,091)	21,091	-	-		-	-
		(362,346)	**98,261**	-	**(264,085)**	**(37,202)**	-	**(301,287)**
Deferred tax liability - *net*		**296,874**	**93,105**	**77,287**	**467,266**	**(32,720)**	-	**434,546**

12.1 Deferred tax has been recognised at rates enacted at the reporting date at which these are expected to be settled / realized.

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

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13	Trade and other payables	Note	2022	2021
			(Rupees in '000)	
	Trade creditors		**2,078,221**	1,207,083
	Bills payable		**163,705**	336,871
	Accrued liabilities		**118,488**	233,962
	Contract liabilities		**103,507**	10,275
	Security deposits from dealers		**13,987**	14,836
	Provisions in respect of warranty obligations	*13.1*	**7,423**	8,118
	Sales tax and excise duty - net		**262,641**	41,071
	Retention from employees	*13.2*	**142,249**	127,428
	Workers' profits participation fund	*13.3*	**6,889**	21,954
	Workers' welfare fund		**9,419**	8,889
	Advance from employees against vehicle		**30,152**	25,329
	Income tax deducted at source		**235,955**	142,845
	Payable to the provident fund	*37*	**4,348**	5,532
	Payable to ex-employees	*13.4*	**-**	3,634
	Others	*13.5*	**83,209**	109,352
			3,260,192	2,297,179

13.1 These amounts are not kept in a separate bank account as required by section 217 of the Companies Act, 2017.

13.2 This represents deposits of employees held by the Group and is paid at the time of final settlement.

13.3	Workers' profits participation fund	Note	2022	2021
			(Rupees in '000)	
	Balance as at 01 January		**21,954**	14,530
	Add: Allocation for the year	*31*	**6,889**	21,791
	Add: Interest on funds utilized by Group	*33*	**-**	163
			28,843	36,484
	Less: Payment made during the year		**(21,954)**	(14,530)
	Balance as at 31 December		**6,889**	21,954

13.4 It includes bonus payable to ex-directors and ex-executives of Waves Home Appliances Limited (formerly Samin Textile Limited) amounting to Nil (2021: Rs. 1.21 million.)

13.5 Included in other liabilities are provisions aggregating to Rs. 27.87 million (2021: Rs 27.89 million) in respect of probable loss from pending litigation of the Group against Income tax, Sales tax and Custom Authorities (the authorities). The above provisions have been made as per the management's best estimate against various demands raised by the authorities that are being contested by the Holding Company at various forums as explained in note 18.

14	Mark-up accrued on borrowings	2022	2021
		(Rupees in '000)	
	Mark-up based borrowings from banking companies		
	- Long term loans - *secured*	**16,145**	20,602
	- Short term borrowings - *secured*	**325,850**	120,169
	Mark-up based borrowings from non-banking companies		
	- Long term loan from financial institution	**36,483**	22,239
	Islamic mode of borrowings		
	- Short term borrowings - *secured*	**21,990**	21,219
		400,468	184,229

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15	Short term borrowings - *secured*	Note	2022	2021
			(Rupees in '000)	
	From banking companies			
	Running finance under mark-up arrangements	*15.2*	**2,863,400**	1,343,540
	Finance against trust receipt	*15.3*	**1,796,224**	2,568,459
	Short term borrowings under Murahaba arrangement	*15.4*	**296,341**	351,523
			4,955,965	4,263,522
	From non banking companies - unsecured			
	Commercial Papers	*15.5*	-	924,683
			4,955,965	5,188,205

15.1 Particulars of borrowings

	2022	2021
Interest / mark-up based borrowings	**4,659,624**	4,836,682
Islamic mode of borrowings	**296,341**	351,523
	4,955,965	5,188,205

15.2 Short term running finance

This represents utilized amount of short term running finance facilities under mark-up arrangements availed from various commercial banks aggregating to Rs. million (2021: Rs. 1,343.35 million). These facilities are secured by way of equitable mortgage charge on building on freehold land of the Holding Company, charge over all current assets and fixed assets of the Holding Company and personal guarantees of the directors of the Holding Company and carry mark-up ranging from 11.89% to 18.77% (2021: 9.01% to 10.45%) per annum, payable monthly and quarterly in arrears and advance. These facilities are expiring on various dates between Dec 2022 and maximum by July 2023.

15.3 Finance against trust receipt

This represents Finance Against Trust Receipt (FATR) available from commercial banks aggregating to Rs. 1796.22 million (2021: 2,568.46 million). These facilities are secured against charge over current assets of the Holding Company and personal guarantees of the directors of the Holding Company and carries mark-up rate ranging between 9.42% to 19.56% (2021: 9.09% to 13.25%) per annum payable on maturity, monthly and quarterly in arrears. These borrowings are repayable on different dates between June 2022 and June 23.

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15.4 Islamic mode of borrowings

This represents utilized amount of Murabaha / Istisna borrowings available from banks aggregating to Rs. 296 million (2021: Rs. 352 million). These facilities are secured against charge over all current assets and fixed assets of the Holding Company and personal guarantees of the directors of the Holding Company and carrying mark-up rates ranging from 10.09% to 19.56% (2021: 9.06% to 10.09%) per annum payable quarterly in arrears. These borrowings are repayable between Jan 2022 to May 2023.

15.5 Commercial Paper Loan

Commercial Paper loan were issued to finance the working capital requirements of the Company. The total issue comprises of 10,000 certificates of Rs. 100,000 each. The issue was made at discount at the start of November 2021, during year 2022 principle has been redeemed after expiry of 270 days following receipt of principal i.e start of month of August 2022.

15.6 Unavailed credit facilities

The facilities for opening of letter of credits and guarantees as at 31 December 2022 amounted to Rs. 6,432.10 million of which remaining unutilized amount was Rs. 3,100.18 million.

15.7 As per the financing arrangements, the Holding Company is required to comply with certain financial covenants and other conditions imposed by the providers of finance.

16 Loan from Directors - *unsecured*

	Note	2022	2021
		(Rupees in '000)	
Loan 1	*16.1*	**119,497**	115,300
		119,497	115,300

16.1 These represent interest free loans from ex-members of the Waves Home Appliances Limited (formerly, Samin Textiles Limited) novated to major shareholder and CEO of the Group to meet financing requirements. These loan are designated interest free and are repayable at the discretion of the Company.

17 Current portion of long term liabilities

	Note	(Rupees in '000)	
Long term loans - *secured*	*8*	**474,972**	903,375
Lease liabilities	*9*	**48,138**	76,678
Deferred income	*11*	**1,302**	10,128
		524,412	990,181

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18 Contingencies and commitments

18.1 Contingencies - Holding Company

18.1.1 The Holding Company has filed a Constitutional petition before the Honorable Sindh High Court at Karachi, challenging the vires of Rule 58T of the Sales Tax Special Procedure Rules relating to 2% extra sales tax on certain home appliances. This is based on the view that the said vires are not applicable on the Company. The case is pending before the Honorable Sindh High Court. An interim order was received in favour of the Company. The Company is confident that no liability is expected to occur. Amount involved is Rs. 84.80 million as of 31 December 2020 against which no provision has been made as the Company, based on the opinion of legal advisor's advice, is confident of a favourable decision.

During the financial year 2014, the Holding Company received a show cause notice from the Federal Board of Revenue (FBR) in respect of short payment of 2% extra sales tax under the Sales Tax Procedures Rules, 2007 as amended by SRO. 896(I)/2013 dated 4 October 2013 and deduction of input tax more than the limit defined under section 8 read with chapter IV of Sales Tax Rules, 2006. The tax authority in the said notice raised a demand of Rs. 19.91 million and Rs. 11.15 million respectively for the period from 1 January 2014 to 30 September 2014. The Company after consultation with its tax advisors has replied and submitted explanation with the tax authorities along with revised workings for the apportionment of input tax which in the case of the Company for the above period was Rs. 0.52 million. Since then, no further action has been initiated by the tax authorities.

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

18.1.2 Income tax assessments of the Holding Company have been finalized up to and including the tax year 2007. The Company had applied for Income tax refund for the tax years from 2006 to 2011. Income tax refund orders were earlier determined for the tax years 2009, 2010 and 2011. Income tax refund was released for the tax year 2009. However, the Additional Commissioner Inland Revenue (ACIR) amended the deemed assessed orders under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax years from 2009 to 2012 and raised additional income tax demand of Rs. 19.98 million. However, the Company had filed an application for the rectification of orders after which the net tax additional demand was reduced to Rs. 2.02 million (after the adjustment of the refund of related years) under section 221 of the Income Tax Ordinance, 2001. Appeals have been filed to Commissioner Inland Revenue - Appeals (CIR-A) against these orders.

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The Holding Company has received appellate orders for the tax years from 2009 to 2012, dated 29 June 2015, where the CIR-A has set aside certain issues for reassessment, deleted certain items and maintained certain disallowances. The financial impact of the items set aside for reassessment and continued disallowances amount to Rs. 43.72 million. Appeal has been filed with Appellate Tribunal Inland Revenue (ATIR) against these issues. The Holding Company based on the merits of matters is of the view that ultimate decisions are expected in its favour. However, adequate provision is held in the unconsolidated financial statements in respect of the above balance.

18.1.3 The Finance Act, 2017 introduced a tax under section 5A of the Income Tax ordinance, 2001 on every pubic Company other than a scheduled bank or Modaraba, that derives profit for the tax year and does not distribute at least 40% of the after tax profit within six months of the end of said tax year through cash or bonus issue. Under the earlier section tax was not mandatorily leviable in case the Company's reserves were not in excess of the paid up capital (which was the case with the Company as it had accumulated losses). Provision for the above referred tax amounting to Rs. 9.35 million has not been paid as the Holding Company's management is of the view that the amendment was made after the closure of Company's financial year ended 31 December 2016 and for certain other legal reasons. The Holding Company has filed a Constitutional petition before the Honorable Sindh High Court at Karachi challenging the vires of Section 5A of the Income Tax Ordinance, 2001 and a stay order has been granted against any coercive action against the Holding Company under the newly inserted Section 5A.

18.1.4 The Deputy Commissioner Inland Revenue (DCIR), via order dated 30 April 2014, under section 161(1) and 205(3) of the Income Tax Ordinance, 2001 for the tax year 2014 raised a tax demand of Rs. 0.83 million for non deduction of advance income tax for the period from 01 November 2013 to 30 April 2014 under section 236(G) and 236(H) of the aforesaid Ordinance. The Holding Company filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A) which was remanded back to DCIR. The Company filed an appeal against the order of CIR-A in Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication. However, adequate provision is held in the unconsolidated financial statements in respect of the above balance.

18.1.5 During the financial year 2014, the Holding Company received a notice by Commissioner Inland Revenue - Zone I for selection of audit under section 214C for the tax year 2012. The Company filed an appeal against the said notice before Honorable Lahore High Court which was decided against the Company and audit proceedings were initiated. The Deputy Commissioner Inland Revenue issued an amended assessment order under section 122(1) and 122(5) through which certain additions were made and demand order was raised amounting to Rs. 48.10 million. Being aggrieved, the Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A), who vide his order no. 9 dated 04 April 2019 deleted certain additions. Being aggrieved with the order of CIR-A the Company filed an appeal before the honorable Appellate Tribunal Inland Revenue, which is pending adjudication.

18.1.6 During the financial year 2014, the Assistant Commissioner Inland Revenue imposed penalty vide order dated 27 April 2014 under section 182(1) of the Income Tax Ordinance, 2001 amounting Rs. 0.91 million for the tax year 2013 for the late filling of income tax return under section 114 of the Income Tax Ordinance, 2001.The Holding Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) against the above order. The CIR-A decided the matter against the Company vide order dated 25 March 2014. The Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A which is pending adjudication. However, adequate provision is held in the unconsolidated financial statements in respect of the above balance.

RSM

18.1.7 During the financial year 2015, the Additional Commissioner Inland Revenue (ACIR), vide order dated 30 April 2015, under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2010, raised an amended demand of Rs. 7.85 million after disallowing certain expenses amounting to Rs. 29.15 million. The Holding Company filed an appeal for the rectification of order before Commissioner Inland Revenue - Appeals (CIR-A) who vide its order dated 30 December 2015 deleted certain items amounting to Rs. 19.94 million. ACIR has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A which is pending adjudication. However, adequate provision is held in the unconsolidated financial statements in respect of the above balance.

18.1.8 During the financial year 2017, the Additional Commissioner Inland Revenue (ACIR) amended the deemed assessed return vide its order dated 19 June 2017 under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2011. The ACIR disallowed certain expenses amounting to Rs. 9.58 million and raised the additional income tax demand of Rs. 1.02 million. The Holding Company filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A). The CIR-A vide order no. 19 dated 21 September 2020 decided the appeal partially in favour of the Company by deleting the additions amounting to Rs. 4.62 million under the head financial charges and directed the ACIR to verify the said contention and adjust the refund of Rs. 1.02 million if still available to the Company for adjustment in the current year. Being aggrieved with of the CIR-A order, the Company preferred an appeal before the Honorable Appellate Tribunal Inland Revenue, Lahore, which is still pending for adjudication. However, adequate provision is held in the unconsolidated financial statements in respect of the above balance.

18.1.9 During the financial year 2018, the Holding Company received a show cause notice issued by Deputy Commissioner Inland Revenue under section 161 for the tax year 2017 on non deduction of withholding tax amounting to Rs. 6.03 million on payments against purchase of plant and machinery, packing material and other miscellaneous payments. The Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) where the case was remanded back to the Department. Being aggrieved, the Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication.

18.1.10 During the financial year 2018, the Taxation Officer, after conducting audit under section 177 of the Income Tax Ordinance, 2001 (the Ordinance) for the tax year 2014, passed an amended assessment order under section 122 of the Ordinance raising tax demands of Rs. 25.29 million alleging that the Holding Company suppressed its sales and adjusted inadmissible expenses. Being aggrieved, the Company has filed appeal before Commissioner Inland Revenue - Appeals (CIR-A). CIR-A vide order, deleted certain additions amounting to Rs. 80 million and the rest of the additions amounting to Rs. 26 million were confirmed. 'Hence there is no outstanding amount payable against the Company. The department filed an appeal before Income Tax Appellate Tribunal (ITAT) which is pending for adjudication and a favourable outcome is expected.

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18.1.11 During the financial year 2016, the Deputy Commissioner Inland Revenue raised an order under section 161/205 of the Income Tax Ordinance, 2001 for non-deduction of tax amounting Rs. 6.45 million and Rs. 3.76 million for tax years 2009 and 2010 respectively. The Company filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A) which was decided against the Company. The Company filed an appeal against the order of CIR-A in Appellate Tribunal Inland Revenue (ATIR), which is pending for adjudication. However, adequate provision is held in the unconsolidated financial statements in respect of the above balance.

Based on the opinion of the legal and tax advisors handling the above litigations, the management believes that the Company has strong legal grounds against each case and that no financial liability is expected to accrue. Accordingly, no provision (in addition to already held in respect of certain cases of the Company) has been made in these unconsolidated financial statements.

18.2 Contingencies - Subsidiary Company

18.2.1 Contingencies arising after scheme of arrangement

18.2.1.1 During the financial year 2019, the Company received a show cause notice from Collector of Customs dated 05 April 2019 and respective order dated 17 October 2019 in which the Company was directed to deposit an amount of Rs. 24,118,794 for the consignment of Polymethylene polyphenylene isocynate which was cleared through erroneous application of SRO 659/2007 dated 30 June 2007. The Company has filed an appeal against the order which is in progress. There is likelihood that matter will be resolved in favour of the Company. Accordingly, no provision/liability is required in these financial statements.

18.2.1.2 The Company received a show cause notice from Collector of Customs and respective order dated 14 December 2017 in which the Company was directed to deposit an amount of Rs. 10,449,214 for the consignment of Polymethylene polyphenylene isocynate which was cleared through erroneous application of SRO 659/2007 dated 30 June 2007. The Company has filed an appeal against the order which is in progress. There is likelihood that matter will be resolved in favour of the Company. Accordingly, no provision/liability is required in these financial statements.

The reference of the Company is under adjudication. There is likelihood that matter will be resolved in favour of the Company. Accordingly, no provision/liability is required in these financial statements.

18.2.2 Contingencies related to Samin Textile Limited before scheme of arrangement

18.2.2.1 A petition for execution of decree of the Civil Court relating to land of the Company situated in village Rousa, Kasur which has been sold last year is pending before Civil Judge, Kasur.

18.2.2.2 An appeal effect order u/s 124 for Tax Year 2008 in the light of direction given in the CIR(A)-II dated 16-04-2014 where total losses amounting to Rs. 128,915,283 has been determined and a demand of Rs. 28,482,019 has been vacated. However, the Company and tax department have approached ATIR against the order of CIR(A)-II, which is pending adjudication till date. There is likelihood that matter will be resolved in favour of the Company. Accordingly, no provision/liability is required in these financial statements.

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18.2.2.3 An order u/s 122(5A) for Tax Year 2009 on 27 October 2014 has been passed by Additional Commissioner Inland Revenue (Add. CIR) raising demand of Rs. 4.8 million. Appeal was filed before CIR-Appeals, who provided partial relief whereas interest on WPPF & on short term borrowings was disallowed against export sale, whereas, the Subsidiary Company has approached ATIR on 17 May 2015 against the order of CIR-Appeals which is pending adjudication till date. 'There is likelihood that matter will be resolved in favour of the Subsidiary Company. Accordingly, no provision/liability is required in these consolidated financial statements.

18.2.2.4 An order u/s 122(5A) for Tax Year 2010 on 31-10-2012 has been passed by Add. CIR reducing the Income Tax Refunds to Rs. 521,334 by imposing minimum tax u/s 113 @ 0.5% on local sales amounting to Rs. 4,412,674. Appeal was filed before CIR Appeals who upheld the stance of Add. CIR. Appeal against the Order of CIR Appeals has been filed on 04-072013 before the Appellate Tribunal Inland Revenue (ATIR), Appeal was heard on 11-04-2019 where the ATIR upheld the decision of CIR. The Company has approached Honorable High Court, Lahore against such order. Orders for Tax Year 2010 u/s 122(5A) dated 16-09-2015 and 26-11-2015, had also been passed by CIR which had reduced brought forward losses and created a liability amounting to Rs. 1,640,269 and 1,775,510 respectively. Appeal against orders of CIR was filed before CIR Appeals-II who annulled the aforesaid order and remanded back the case to Department for re-examination through an order dated 06-02-2019. An appeal has been filed by tax Department before Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication till date. There is likelihood that matter will be resolved in favour of the Company. Accordingly, no provision/liability is required in these financial statements.

18.2.2.5 An order u/s 122(5A) for Tax Year 2011 has been passed on 02-02-2016 by CIR reducing the Income Tax Refunds from Rs. 8,939,819 to Rs. 2,925,744. Appeal against order of CIR was filed before CIR Appeals-II, Lahore who after considering arguments, deleted the additions made u/s 158(a) of the Ordinance by the CIR along with direction to re-examine the issue of refunds to the department through an order dated 06-02-2019. However, appeal was filed by tax department before higher appellate forum i.e. ATIR dated 22-03-2019, which is pending adjudication till date. There is likelihood that matter will be resolved in favour of the Company. Accordingly, no provision/liability is required in these financial statements.

18.2.2.6 In respect of the Audit proceedings for the Tax Year 2012. The Add. CIR (ACIR) passed an Order on 23-06-2018 u/s 122(5A) of the Ordinance along with notice of demand u/s 137 of the Ordinance whereby the tax demand of Rs. 3,971,666 was raised and made impugned addition/disallowance of Rs. 22,739,169. The Company has filed an Appeal before the first Appellate Forum i.e. Commissioner Appeals-II, that passed the Appellate Order no. 18/A-V dated 26-07-2021 wherein addition made on account of 'Markup' amounting to Rs. 22,530,747 has been deleted and remaining additions have been remanded back to the ACIR for reexamination. The department has not been challenged this order of CIR-A so far.

18.2.2.7 An order u/s 122(1)(5) for Tax Year 2014 was passed on 29-0-2017 by ACIR, Unit-02, Zone-VII, whereby addition of Rs. 23,525,775 were made and the tax demand of Rs. 1,293,704 was raised. Appeal against order of ACIR has been filed before CIR Appeals-II, that passed the appellate order no. 33/A-V dated 25-06-2021 wherein additions made on account of salaries amounting to Rs. 900,000 were reduced by 50% and disallowance of 'power and fuel charges' amounting to Rs. 1,500,000 has been deleted and remaining additions have been remanded back to the ACIR for re-examination. The department has not been challenged this order of CIR-A so far.

RSM

18.2.2.8 An order u/s 122(1) for Tax Year 2015 was passed by ACIR whereby addition of Rs. 18,856,268 was made and the tax refund claimed demand was reduced from Rs. 17,462,076 to Rs. 17,099,006. Appeal against order of ACIR has been filed before Commissioner Inland Revenue Appeal (CIR-A) who passed the appellate order no. 19/A-V dated 26-07-2021 wherein additions made on account of donations amounting to Rs. 300,000 has been deleted and remaining additions have been remanded back to the ACIR for reexamination. The department has not been challenged this order of CIR-A so far.

18.2.2.9 A suit has been filed by Dynamic Equipment & Control (Pvt.) Limited on 12 October, 2018 seeking recovery of Rs. 8.4 million from the Company. Notices have been issued and the Company is defending its rights in the suit. The Company has already recorded payable amounting to Rs. 7.1 million and is confident that no additional liability is required in these financial statements.

18.2.2.10 An appeal has been preferred against the Company in a recovery suit instituted against it by a customer of the Company on account of supply of defective cloth for a sum of Rs. 11,383,145 along with damages of Rs. 5,000,000. The matter is subjudice before the Lahore High Court, Lahore. There is likelihood that the matter will be resolved in favour of the Company. Accordingly, no provision/liability is required in these financial statements

Based on the opinion of the legal and tax advisors handling the above litigations, the management believes that the Holding Company has strong legal grounds against each case and that no financial liability is expected to accrue. Accordingly, no provision (in addition to already held in respect of certain cases of the Holding Company) has been made in these consolidated financial statements.

18.3 Commitments - Subsidiary Company

18.3.1 Commitments, for the import of stock in trade, outstanding at year end were for Rs. Nil million (2021: Rs. 592.64 million).

18.3.2 Commitments, for capital expenditure, against irrevocable letters of credit outstanding at year end were for Rs. 6.5 milliom (2021: Rs. Nil).

19 Property, plant and equipment	*Note*	**2022**	2021
		(Rupees in '000)	
Operating fixed assets	*19.1*	**6,473,916**	5,760,285
Right of use assets	*19.1*	**161,105**	231,931
Capital work-in-progress	*19.2*	**2,220,905**	297,340
		8,855,926	6,289,556

RSM

19.1 Operating fixed assets / Right of use assets

	Note	Operating fixed assets								Right of use assets					
		Freehold Land	Buildings On leasehold land	Buildings On freehold land	Plant and machinery	Furniture and equipment	Vehicles	Computers	Leasehold improvements	Buildings	Plant and machinery	Furniture and equipment	Vehicles	Computers	Total
		Rupees (000)													
At 01 January 2022															
Cost / revaluation		2,894,165	323,480	429,907	1,789,548	126,628	148,002	79,398	586,274	351,568	74,432	1,360	82,344	3,917	6,891,023
Accumulated depreciation		-	(3,234)	(4,299)	(49,238)	(71,786)	(87,354)	(77,162)	(324,044)	(229,787)	(16,274)	(1,360)	(30,353)	(3,917)	(898,808)
Net book value		2,894,165	320,246	425,608	1,740,310	54,842	60,648	2,236	262,230	121,781	58,158	-	51,991	-	5,992,215
Transactions during the year															
Additions		890,108	-	-	-	10,528	246	4,044	80,850	42,973	-	-	34,782	-	1,063,532
Transfers															
Cost*		-	-	-	48,480	-	10,770	-	-	-	(48,480)	-	(10,770)	-	-
Depreciation*		-	-	-	(1,913)	-	(8,749)	-	-	-	1,913	-	8,749	-	-
		-	-	-	46,567	-	2,021	-	-	-	(46,567)	-	(2,021)	-	-
Disposals / derecognition of lease	*19.3*														
Cost		-	(30,000)	-	-	(57)	(28,562)	-	-	(127,331)	-	-	(2,966)	-	(188,916)
Depreciation		-	-	-	-	6	17,528	-	-	82,509	-	-	742	-	100,784
		-	(30,000)	-	-	(51)	(11,034)	-	-	(44,822)	-	-	(2,225)	-	(88,132)
Depreciation charge for the year		-	(7,320)	(12,897)	(152,931)	(14,470)	(24,718)	(2,604)	(71,708)	(34,567)	(2,339)	-	(16,040)	-	(339,594)
Effect of revaluation		-	7,000	-	-	-	-	-	-	-		-	-	-	7,000
Closing net book value		3,784,273	289,926	412,711	1,633,946	50,849	27,162	3,676	271,372	85,365	9,252	-	66,488	-	6,635,021
As at 31 December 2022															
Cost / revalued amount		3,784,273	300,480	429,907	1,838,028	137,099	130,455	83,442	667,124	267,210	25,952	1,360	103,390	3,917	7,772,639
Accumulated depreciation		-	(10,554)	(17,196)	(204,082)	(86,250)	(103,293)	(79,766)	(395,752)	(181,845)	(16,700)	(1,360)	(36,902)	(3,917)	(1,137,618)
Net book value		3,784,273	289,926	412,711	1,633,946	50,849	27,162	3,676	271,372	85,365	9,252	-	66,488	-	6,635,021
Depreciation rate (% per annum)		Nil	3	3	8.33	10-20	20	20	10 - 33.33	10	8.33	10	20	20	

RSM

	Note	Operating fixed assets								Right of use assets					
		Freehold Land	Buildings On leasehold land	Buildings On freehold land	Plant and machinery	Furniture and equipment	Vehicles	Computers	Leasehold improvements	Buildings	Plant and machinery	Furniture and equipment	Vehicles	Computers	Total
		Rupees in (000)													
At 01 January 2021															
Cost / revaluation		2,364,500	204,278	410,606	1,911,420	110,936	138,261	71,324	556,942	423,463	75,512	1,360	82,344	3,917	6,354,863
Accumulated depreciation		-	(6,128)	(12,177)	(146,379)	(63,054)	(71,125)	(67,276)	(265,409)	(203,431)	(6,290)	(1,337)	(20,395)	(3,597)	(866,598)
Net book value		2,364,500	198,150	398,429	1,765,041	47,882	67,136	4,048	291,533	220,032	69,222	23	61,949	320	5,488,265
Transactions during the year															
Additions		472,513	-	31,133	14,131	20,887	17,074	8,074	29,657	60,389	-	-	-	-	653,857
Transfers															
Cost*		-	-	-	-	-		-	-	-	-	-		-	-
Depreciation*		-	-	-	-	-		-	-	-	-	-		-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	19.3														
Cost		-	-	-	(5,392)	(5,195)	(7,333)	-	(325)	(132,284)	-	-	-	-	(150,529)
Depreciation		-	-	-	760	3,578	1,873	-	60	41,580	-	-	-	-	47,851
		-	-	-	(4,632)	(1,617)	(5,737)	-	(265)	(90,704)	-	-	-	-	(102,678)
Depreciation charge for the year		-	(7,320)	(12,903)	(156,285)	(12,310)	(18,102)	(9,886)	(58,695)	(67,935)	(20,467)	(23)	(9,958)	(320)	(374,204)
Effect of revaluation		57,152	119,202	(11,832)	(130,611)	-	-	-	-	-	(1,080)	-	-	-	32,831
Elimination of gross carrying value against accumulated depreciation		-	10,214	20,781	252,666	-	-	-	-	-	10,483	-	-	-	294,144
Closing net book value		2,894,165	320,246	425,608	1,740,310	54,842	60,371	2,236	262,230	121,782	58,158	-	51,991	-	5,992,215
As at 31 December 2021															
Cost / revaluated amount		2,894,165	323,480	429,907	1,789,548	126,628	148,002	79,398	586,274	351,568	74,432	1,360	82,344	3,917	6,891,023
Accumulated depreciation		-	(3,234)	(4,299)	(49,238)	(71,786)	(87,354)	(77,162)	(324,044)	(229,787)	(16,274)	(1,360)	(30,353)	(3,917)	(898,807)
Net book value		2,894,165	320,246	425,608	1,740,310	54,842	60,648	2,236	262,230	121,782	58,158	-	51,991	-	5,992,216
Depreciation rate (% per annum)		Nil	3	3	8.33	10-20	20	20	10 - 33.33	10	8.33	10	20	20	

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19.1.1 Had there been no revaluation of the freehold land, buildings thereon and plant and machinery therin, the net book value as of 31 December 2022 would have been as follows:

	2022	2021
	(Rupees in '000)	
Land	3,727,121	2,837,012
Buildings	434,020	473,233
Plant and Machinery	1,251,715	1,370,789
	5,412,856	4,681,034

19.1.2 The latest revaluation was carried on 31 August 2021 by Asif Associates (Private) Limited. As per the revaluation report, forced sale value of freehold land, buildings and plant and machinery was Rs. 2,578.34 million, Rs. 390.60 and Rs. 1,488.75 million respectively.

19.1.3 Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

Location	Usage of immovable property	Total area (Kanals)	Covered area (Square Feet)
9-K.M, Hanjarwal, Multan Road, Lahore.	Head Office and manufacturing facility	61.90	340,134
Dina Nath, Mouza Rakh Serai Cheenba, Tehsil Pattoki, District Kasur.	Manufacturing facility	8.45	18,069
Muaza Mustafabad, 41 KM Ferozepur Road, Off 2-KM Rohi Nala Road, Tehsil & District Kasur	Manufacturing facility (In the process of construction)	278.00	-
35- Shahrah-e-Fatima Jinnah Lahore	Shop	0.14	754
Ground floor, Marhaba Center Opposite Muhammad bin Qasim Park, Taluka and district Sukkar	Shop	0.36	1,983
Ground floor, AL- AMNA Complex, Civil Lines Hyderabad	Shop	0.17	915
Land no 23A, Block-6, P.E.C.H.S Karachi	Shop	0.32	1,717
Plot No 34 and 35,Sadar Bazar Karachi	Shop	0.064	350
Shop Bearing survey no 13, Sadar Bazar quarters Karachi	Shop	0.47	2,575

	Note	2022	2021
		(Rupees in '000)	
19.1.4 Depreciation for the year has been allocated as follows:			
Cost of sales	*28.1*	161,718	168,991
Marketing, selling and distribution costs	*29*	113,503	142,813
Administrative expenses	*30*	64,373	62,400
		339,594	374,204

19.2 Capital work-in-progress

	Note	2022	2021
Balance as at 01 January		297,340	82,995
Additions during the year		1,923,565	286,838
Transfers during the year		-	(72,493)
Balance as at 31 December		2,220,905	297,340
Breakup of capital work in progress is as follows:			
- Building		-	27
- Plant and machinery		844,601	95,838
- Electric installation		127,358	1,208
- Project development expenditure		1,315	31,758
- New land development expenditure		1,247,631	168,509
	19.2.1	2,220,905	297,340

19.2.1 These represents work in process for development, improvement and installation.

RSM

19.3 Disposal of operating fixed assets

Particulars of assets		Particulars of purchaser	Relationship with Company	Cost / Revalued amount	Net book value	Net sale proceeds	Gain / (loss) on disposal	Mode of disposal
				(Rupees in '000)				
Building	19.3.1	N/A	N/A	127,331	44,822	N/A	N/A	N/A
Building on leasehold land			Third Party	30,000	30,000	29,715	(285)	Negotiation
				157,331	74,822	29,715	(285)	
Vehicles								
Audi A-5		Employee Transferred	Third Party	12,028	7,622	14,700	7,078	Open Bid
Suzuki Alto		Jubilee General Insurance	Third Party	1,474	1,131	1,441	309	Insurance Claim
				13,502	8,753	16,141	7,388	
Various assets having net book value up to Rs 500,000 each				13,153	907	7,562	6,655	
		31-Dec-22		**183,986**	**84,482**	**53,418**	**13,758**	
		31-Dec-21		150,528	102,678	14,021	2,047	

19.3.1 These building were recognised under right of use. The contracts against the right of use have been expired / terminated / modified during the year.

RSM

20 Intangible assets and goodwill

	Note	2022	2021
		(Rupees in '000)	
Software		**42,026**	41,550
Goodwill		**1,070,206**	1,070,206
Brand value		**1,582,147**	1,582,147
Customer relationships		**153,754**	184,482
	20.1	**2,848,133**	2,878,385

20.1 Reconciliation of carrying amounts

Description	Software	Goodwill	Brand value	Customer relationships	Total
	(Rupees in '000)				
Cost					
Balance at 01 January 2021	115,350	1,070,206	1,582,147	322,769	3,090,472
Additions during the year	8,110	-	-	-	8,110
Balance as at 31 December 2021	123,460	1,070,206	1,582,147	322,769	3,098,582
Additions during the year	12,382	-	-	-	12,382
Balance at 31 December 2022	135,842	1,070,206	1,582,147	322,769	3,110,964
Accumulated amortisation and impairment losses					
Balance at 01 January 2021	(65,592)	-	-	(107,590)	(173,182)
Amortisation for the year	(16,318)	-	-	(30,697)	(47,015)
Balance at 31 December 2021	(81,910)	-	-	(138,287)	(220,197)
Amortisation for the year	(11,906)	-	-	(30,728)	(42,634)
Balance at 31 December 2022	(93,816)	-	-	(169,015)	(262,831)
Carrying amounts:					
At 31 December 2021	41,550	1,070,206	1,582,147	184,482	2,878,385
At 31 December 2022	**42,026**	**1,070,206**	**1,582,147**	**153,754**	**2,848,133**
Rates of amortization	**5-10 years**	**Nil**	**Nil**	**10.5 years**	

20.2 Goodwill and other intangible assets acquired in business combination

Effective 01 July 2017, Waves Singer Pakistan Limited now renamed as Waves Corporation Limited ("the Holding Company") completed a 'Scheme of Arrangement' as approved by the Honorable 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. The excess 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 represents goodwill. The fair valuation exercise of the recorded tangible assets and liabilities was completed at the time of acquisition resulting in recognition of provisional goodwill amounting to Rs. 2,975.12 million which, after completion of exercise for determination of separately identifiable assets, has been allocated to 'Goodwill' amounting to Rs. 1,070.21 million, 'Brand value' amounting to Rs. 1,582.15 million and 'Customers relations' amounting to Rs. 322.77 million inline with the requirements of International Accounting Standard 38, (IAS-38) 'Intangible Assets'.

Impairment testing

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 31 December 2021, 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 four 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 21.00% growth rate. The cash flows are discounted using a discount rate of 16.00% (goodwill) and 21.33% (intangibles) for use in calculation of value in use which is sensitive to discount rate and local inflation rates. The values assigned to the key assumptions represent management's assessment of future business trends and have been based on historical data from both external and internal sources. Based on this calculation no impairment is required to be accounted for against the carrying amount of goodwill and other intangible assets.

20.3 Amortisation for the year has been allocated as follows:

	Note	2022	2021
		(Rupees in '000)	
Marketing, selling and distribution costs	*29*	**30,728**	30,728
Administrative expenses	*30*	**11,907**	16,287
		42,635	47,015

R69

21 Long term deposits

	Note	2022	2021
		(Rupees in '000)	
Deposits			
- leases		**7,324**	5,357
- other long term deposits		**18,345**	8,537
		25,669	13,894

22 Stock-in-trade

	Note	2022	2021
Raw and packing materials			
- in stores (in hand)		**627,165**	779,670
- in bonded warehouse	22.1	**1,706,155**	1,169,535
- in transit		**15,000**	465,777
		2,348,320	2,414,982
Work in process		**141,300**	239,286
Finished goods			
- own manufactured		**416,049**	1,002,138
- purchased for resale		**468,843**	597,694
		884,892	1,599,832
Provision for slow moving and damaged stock	22.2	**(86,364)**	(86,364)
		3,288,148	4,167,736

22.1 Stock amounting to Rs. 15 million (2021: Rs. 121.71 million) was cleared subsequent to the year end.

	Note	2022	2021
		(Rupees in '000)	
22.2 Movement in provision for slow moving and damaged stock			
Balance as at 01 January		**86,364**	91,868
(Reversal) / provision during the year		**-**	(5,504)
Balance as at 31 December		**86,364**	86,364

23 Trade debts

	Note	2022	2021
		(Rupees in '000)	
23.1 Retail network - *unsecured*			
Considered good			
Hire purchase			
- Retail		**1,443,351**	1,291,286
- Institutional (employees of the corporate entities)		**198,806**	264,753
Others		**1,289**	2,496
		1,643,446	1,558,535
Unearned carrying charges	23.4	**(185,759)**	(194,849)
	23.5	**1,457,687**	1,363,686
Considered doubtful		**221,347**	410,090
		1,679,034	1,773,776
Loss allowance against trade debts	23.3	**(221,347)**	(410,090)
		1,457,687	1,363,686
Less : Long term portion of trade debts	23.5	**-**	(19,230)
Current portion of trade debts		**1,457,687**	1,344,456
23.2 Corporate and Wholesale - unsecured			
Corporate		**138,960**	160,038
Wholesale			
- Wholesale		**3,979,667**	5,351,398
- Wholesale - Considered doubtful		**8,752**	8,752
		3,988,419	5,360,150
Loss allowance against trade debts	23.3	**(8,752)**	(8,752)
		3,979,667	5,351,398

RSM

23.3	Movement in loss allowance against trade debts	2022 (Rupees in '000)	2021
	Balance as at 01 January	**418,842**	454,306
	Loss allowance during the year	**-**	21,931
	Balances written off during the year	**(166,993)**	
	Reversal of loss allowance	**(21,751)**	(57,395)
	Balance as at 31 December	**230,098**	418,842

23.4 This represents unearned carrying charges on the outstanding balance of sales under the hire purchase arrangements. Earned carrying charges for the year amounted to Rs. 322.02 million (2021: Rs. 388.20 million).

23.5 The remaining instalment period of above trade debts are generally for a period ranging from three months to twelve months carrying interest rates ranging between 0% to 45%.

24 Advances, deposits, prepayments and other receivables

	Note	2022 (Rupees in '000)	2021
Advances - considered good			
- Employees and executives		**701**	7,279
- Suppliers		**28,403**	22,744
- Expense to store		**5,721**	4,599
- Against letter of credit		**7,625**	42,396
		42,449	77,018
Short term deposits		**46,215**	44,176
Prepayments		**6,359**	5,662
Other receivables			
- Claims	*24.1*	**8,099**	8,236
Loss allowances against other receivables	*24.2*	**(2,342)**	(2,342)
		5,757	5,894
	24.3	**100,781**	132,750

24.1 This includes claims receivable from insurance companies, suppliers and product claims against which provision of Rs. 2.34 million (2021: Rs. 2.34 million) is held.

24.2	Movement in loss allowance against other receivables	2022 (Rupees in '000)	2021
	Balance as at 01 January	**2,342**	2,342
	(Reversal) / charge of loss allowance for the year	**-**	-
	Balance as at 31 December	**2,342**	2,342

24.3 All the above balances are interest free and unsecured.

RSM

25	Cash and bank balances	Note	2022	2021
			(Rupees in '000)	
	Balances with banks			
	- in current accounts	*25.1*	**48,242**	85,558
	Cash in hand		**66,103**	67,296
			114,344	152,854

25.1 These include bank account of Rs. 11.8 million (2021: Rs. 2.21 million) maintained under Shariah compliant arrangement.

26	Non current assets held for sale	Note	2022	2021
			(Rupees in '000)	
	Non-current assets held for sale	*26.1*	**1,470**	1,470

26.1 This includes office equipment and vehicles amounting to Rs. 1.47 million. The estimated realizable value of these non-current assets exceeds their carrying value by approximately Rs. 5.54 million. This amount has not been incorporated in these financial statements and will be recognized at the time of actual sale. The Group management is committed to sale of these assets within a period of one year.

27	Revenue - *net*	2022	2021
		(Rupees in '000)	
	Sales		
	- local	**9,877,183**	10,178,866
	- Hire purchase	**2,178,129**	2,245,733
	- export	**-**	15,996
	Sales return	**(66,376)**	(119,152)
		11,988,936	12,321,443
	Sales tax	**(1,731,638)**	(1,595,314)
	Trade discount	**(318,630)**	(287,119)
		(2,050,268)	(1,882,433)
	Revenue from contracts with customers	**9,938,668**	10,439,010

27.1 Revenue from contracts with customers relates to both local (Pakistan) and foreign (Afghanistan) markets and represents sale of domestic consumer products.

28	Cost of sales	Note	2022	2021
			(Rupees in '000)	
	Opening stock - finished goods			
	- own manufactured		**1,002,138**	879,061
	- purchased for resale		**597,694**	592,832
			1,599,832	1,471,893
	Purchases for resale		**2,037,779**	2,093,668
	Cost of goods manufactured	*28.1*	**5,243,483**	6,190,915
			8,881,094	9,756,476
	Closing stock - finished goods			
	- own manufactured		**(416,049)**	(1,002,138)
	- purchased for resale		**(483,843)**	(597,694)
			(899,892)	(1,599,832)
			7,981,201	8,156,644

RSM

		Note	2022	2021
			(Rupees in '000)	
28.1	**Cost of goods manufactured**			
	Raw and packing materials and stores consumed		**4,340,525**	5,413,517
	Salaries, wages and other benefits	*28.1.1*	**380,018**	435,349
	Depreciation on property, plant and equipment	*19.1.4*	**161,718**	168,991
	Fuel and power		**111,792**	87,533
	Freight charges		**86,029**	55,582
	Insurance expense		**9,888**	10,889
	Repairs and maintenance		**21,703**	22,574
	Printing and stationery		**19,369**	25,184
	Travelling and conveyance		**256**	268
	Rent, rates and taxes		**12,170**	4,249
	Communication		**64**	819
	Entertainment		**1,964**	1,065
			5,145,497	6,226,021
	Work-in-process			
	Opening stock		**239,286**	204,180
	Closing stock		**(141,300)**	(239,286)
			97,986	(35,106)
	Cost of goods manufactured		**5,243,483**	6,190,915

28.1.1 These include provision of Rs. 0.031 million (2021: Rs. 0.98 million), Rs. 0.089 million (2021: Rs. 0.21 million) and Rs. 12.23 million (2021: Rs. 10.54 million) in respect of gratuity, pension and provident funds respectively.

		Note	2022	2021
29	**Marketing, selling and distribution costs**		(Rupees in '000)	
	Salaries and benefits	*29.1*	**480,607**	527,664
	Rent, rates and taxes		**130,665**	93,584
	Publicity and sales promotion		**42,756**	63,448
	Depreciation on property, plant and equipment	*19.1.4*	**113,503**	142,813
	Warranty obligations		**61,791**	61,642
	Utilities		**40,863**	30,037
	Printing and stationery		**3,981**	6,333
	Travelling and conveyance		**35,271**	43,025
	Amortisation of intangible assets	*20.3*	**30,728**	30,728
	Communication		**5,127**	6,118
	Repair and maintenance		**7,115**	8,979
	Insurance expense		**2,840**	3,330
	Others		**6,630**	2,556
			961,878	1,020,257

29.1 These include provision / (reversal) of Rs. (0.505) million (2021: Rs. 7.07 million), Rs. 0.08 million (2021: Rs. 0.08 million) and Rs. 10.19 million (2021: Rs. 8.65 million) in respect of gratuity, pension and provident funds respectively.

RSM

		Note	2022	2021
			(Rupees in '000)	
30	**Administrative expenses**			
	Salaries and benefits	*30.1*	**346,197**	321,476
	Legal and professional charges		**21,413**	31,742
	Auditors' remuneration	*30.3*	**7,846**	9,288
	Depreciation on property, plant and equipment	*19.1.4*	**64,373**	62,400
	Communication		**15,300**	15,797
	Travelling and conveyance		**33,538**	26,371
	Repair and maintenance		**3,721**	3,714
	Utilities		**14,076**	11,561
	Printing and stationery		**7,018**	7,527
	Rent, rates and taxes		**550**	7,318
	Insurance expense		**16,318**	13,069
	Entertainment expense		**7,449**	4,235
	Fees and subscription		**7,922**	17,831
	Amortisation of intangible assets	*20.3*	**11,907**	16,287
	Charity and donations	*30.2*	**737**	40
	Others		**6,064**	9,045
			564,427	557,701

30.1 These include provision of Rs. 0.38 million (2021: Rs. 0.38 million), Rs. 0.03 million (2021: Rs. 0.03 million) and Rs. 7.14 million (2021: Rs. 6.68 million) in respect of gratuity, pension and provident funds respectively.

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

		2022	2021
		(Rupees in '000)	
30.3	**Auditors' remuneration**		
	Audit fee	**3,328**	3,328
	Special audit	**-**	2,315
	Audit fee for the financial statements of subsidiary companies	**1,982**	1,982
	Fee for the review of interim financial information of subsidiary company	**392**	105
	Fee for the review of interim financial information	**513**	513
	Fee for other certifications/ reports under agreed upon procedures	**758**	758
	Out of pocket expenses	**872**	873
		7,846	9,874

		Note	2022	2021
31	**Other expenses**			
	Loss allowance against debts	*23.3*	**-**	21,931
	Workers' profits participation fund (WPPF)	*13.3*	**6,889**	21,791
	Exchange loss - net		**68,137**	56,576
	Research and development expenditure		**8,454**	7,802
	Workers' welfare fund		**9,419**	8,889
	Other expenses		**-**	5,434
			92,899	122,423

RSM

	Note	2022	2021
		(Rupees in '000)	

32 Other income

Income from financial assets

	Note	2022	2021
Profit on a profit and loss sharing bank balance		**1,219**	165

Income from non-financial instruments

	Note	2022	2021
Gain on disposal of property, plant and equipment- net		**15,225**	2,047
Reversal of loss allowance against trade debts	*23.3*	**21,751**	57,396
Liabilities no longer payable written back		**-**	121,669
Scrap sales		**4,956**	11,827
Amortisation of deferred income	*11*	**9,006**	24,010
Gain on derecognition of lease		**36,805**	21,186
Others		**20,796**	11,667
		108,539	249,802
		109,758	249,967

33 Finance costs

	Note	2022	2021
Islamic mode of financing			
- Short term borrowings		**18,535**	19,538
Interest / mark-up on interest / mark-up based loans			
- Long term loans		**94,621**	218,433
- Short term borrowings		**248,345**	418,303
- Lease liabilities		**17,430**	26,055
- Interest on Workers' Profit Participation Fund	*13.3*	**-**	163
Bank charges		**13,520**	22,523
		392,451	705,015

34 Taxation

	Note	2022	2021
Current:			
- for the year	*34.1*	**130,555**	86,828
-poverty alleviation tax		**-**	15,073
- prior year		**(76,334)**	(7,754)
		54,221	94,147
Deferred tax	*12*		
- for the year		**(32,719)**	93,105
- prior year		**-**	-
		(32,719)	93,105
		21,502	187,252

RSM

34.1 Represents the tax charge under Minimum Tax on Turnover (2021: Final tax regime, Normal tax regime @ 29 % and Minimum Tax on Turnover') under section 113 of the Income Tax Ordinance, 2001 under Group taxation (other than WHAL which is not part of Group and whose taxation represents minimum tax on turnover) as the Holding Company has opted for Group taxation.

34.2 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit:

	2022	2021
	(Rupees in '000)	
Profit before taxation	**387,590**	515,139
Tax at the applicable tax rate of 29% (2021: 29%)	**112,401**	149,390
Tax effect of permanent differences:		
- Differential under normal tax and final / minimum tax regime	**(30,458)**	10,964
- Other permanent differences	**(8,700)**	721
Effect of proration	**-**	7,004
Effect of poverty alleviation tax	**-**	15,073
Prior year tax charge	**(76,334)**	(7,754)
Others	**24,593**	11,854
	21,502	187,252

35 Earnings per share - *basic and diluted*

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

No figure for diluted earnings per share has been presented as the Group has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

Group's earnings per share have been calculated as follows:

		2022	2021
Profit for the year after taxation attributable to equity holders of the Holding Company	***Rupees in '000***	**351,391**	318,620
Weighted average number of ordinary shares - *Note 35.1*	***Shares***	**281,406**	281,406
Earnings per share - basic and diluted	***Rupees***	**1.25**	1.13

35.1 Weighted-average number of ordinary shares (basic and diluted)

	2022	2021
Issued ordinary shares at 1 January	**281,406**	187,604
Effect of right issue	**-**	93,802
Weighted-average number of ordinary shares at 31 December	**281,406**	281,406

RSM

36 Cash and cash equivalents

	2022	2021
	(Rupees in '000)	

36.1 Cash and cash equivalents as at 31 December

	2022	2021
Cash and bank balances	**114,344**	152,854
Short term running finances under mark-up arrangements *- secured*	**(2,863,400)**	(1,343,540)
	(2,749,056)	(1,190,686)

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

	2022									
	Liabilities						Equity			
	Short term borrowings	Loan from sponsors	Long term loans	Lease liability	Mark-up accrued on borrowings	Unpaid dividend	Share capital	Share premium reserve	Capital reserve	Total
	Rupees in '000									
Balance as at 01 January 2022	5,188,205	-	2,042,700	212,512	184,229	1,179	2,814,062	5,025,661	5,000	15,473,548
Cash flows										
Short term borrowings repaid net of receipts	(1,752,100)	-	-	-	-	-	-	-	-	(1,752,100)
Proceeds from issuance of ordinary shares	-	-	-	-	-	-	-	-	-	-
Dividend / share issuance expense paid	-	-	-	-	-	-	-	(16,411)	-	(16,411)
Long term loans repaid	-	-	(814,542)	-	-	-	-	-	-	(814,542)
Finance cost paid	-	-	-	-	(176,212)	-	-	-	-	(176,212)
Repayment of lease rentals	-	-	-	(61,393)	-	-	-	-	-	(61,393)
	(1,752,100)	-	(814,542)	(61,393)	(176,212)	-	-	(16,411)	-	(2,820,658)
Non-cash changes										
Changes in running finance	1,519,860	-	-	-	-	-	-	-	-	1,519,860
Movement in lease liabilities	-	-	-	(6,105)	-	-	-	-	-	(6,105)
Finance cost	-	-	-	-	392,451	-	-	-	-	392,451
	1,519,860		-	(6,105)	392,451	-	-	-	-	1,906,205
Balance as at 31 December 2022	4,955,965	-	1,264,387	145,014	400,468	1,179	2,814,062	5,009,250	5,000	14,559,096

RSM

	2021									
	Liabilities						Equity			
	Short term borrowings		Long term finances	Lease liability	Mark-up accrued on borrowings	Unpaid dividend	Share capital	Share premium reserve	Capital reserve	Total
	Rupees in '000									
Balance as at 01 January 2021	3,954,952	380,500.00	2,506,831	358,454	178,416	1,276	1,876,041	4,581,063	5,000	13,842,533
Cash flows										
Short term borrowings repaid net of receipts	1,104,510	-	-	-	-	-	-	-	-	1,104,510
Loan obtained from Directors	-	(380,500)	-	-	-	-	938,021	444,598	-	1,002,119
Dividend paid	-	-	-	-	-	(97)	-	-	-	(97)
Long term loans received	-	-	(464,131)	-	-	-	-	-	-	(464,131)
Finance cost paid	-	-	-	-	(699,202)	-	-	-	-	(699,202)
Repayment of lease rentals	-	-	-	(114,978)	-	-	-	-	-	(114,978)
	1,104,510	(380,500)	(464,131)	(114,978)	(699,202)	(97)	938,021	444,598	-	828,221
Non-cash changes										
Changes in running finance	128,743	-	-	-	-	-	-	-	-	128,743
Movement in lease liabilities	-	-	-	(30,964)	-	-	-	-	-	(30,964)
Finance cost	-	-	-	-	705,015	-	-	-	-	705,015
	128,743		-	(30,964)	705,015	-	-	-	-	802,794
Balance as at 31 December 2021	5,188,205	-	2,042,700	212,512	184,229	1,179	2,814,062	5,025,661	5,000	15,473,548

37 Provident fund related disclosure

The Group operates approved contributory provident fund for all the employees eligible under the scheme. Till 2018, the Holding Company was operating two separate provident funds in the name of SPL and CIPL but with effect from 01 January 2019, the Holding Company has merged its funds. The management is of the view that the investments out of provident fund have not been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated thereunder.

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38 Remuneration of Chief Executive, Directors And Executives

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

	Chief Executive		Directors		Executives		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	(Rupees in '000)							
Managerial remuneration	**18,480**	16,036	**-**	14,083	**92,863**	103,926	**111,343**	134,045
Contribution to provident fund	**2,099**	1,908	**-**	1,131	**7,448**	8,081	**9,547**	11,120
Fuel reimbursable expenditure	**-**	-	**-**	-	**849**	410	**849**	410
Housing allowance	**7,392**	9,164	**-**	2,025	**40,195**	43,274	**47,587**	54,463
Medical Allowance	**-**	-	**-**	851	**2,033**	2,940	**2,033**	3,791
	27,971	27,108	**-**	18,090	**143,388**	158,631	**171,359**	203,830
Number of persons	**1**	1	**2**	2	**51**	45	**54**	48

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

38.2 In addition, aggregate amount charged in the consolidated financial statements for payments on account of the meeting fee to two (2021: two) non-executive directors was Rs. Nil (2021: Rs. Nil).

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39 Related party transactions and balances

Related parties comprise of associated undertakings, directors, entities with common directorship, post employment plans and key management personnel (note 38). Significant transactions with related parties are as follows:

Name of the Company	Relationship	Nature of transactions	2022	2021
			(Rupees in '000)	
Associated Undertakings				
Employee's Provident Fund	Post employee contribution plan	Contribution for the year	**29,561**	20,645
Employee's Gratuity Fund	Post employee benefit plan	Contribution for the year	**2,498**	831
Directors	Employees	Fee for meetings	**-**	-
		Loan from sponsors received during the year	**4,197**	245,201
		Loan from sponsors adjusted against right issue	**-**	678,831

40 Plant capacity and actual production

	Capacity		Production	
	2022	2021	**2022**	2021
	------------ (Units) ----------		------------ (Units) ----------	
Refrigerators	**125,000**	125,000	**38,235**	132,114
Deep Freezer	**115,000**	115,000	**95,239**	218,797
Microwave ovens	**60,000**	60,000	**89**	7,771
Air conditioners	**60,000**	60,000	**-**	-
Washing Machines	**40,000**	40,000	**2,640**	8,538
Gas appliances (water heater and cooking range excluding microwave ovens)	**25,000**	20,000	**3,209**	9,370
Televisions	**22,500**	22,500	**-**	-
Water dispenser	**20,000**	20,000	**-**	-

Capacity reflects units expected to be produced on the basis of normal production hours (one shift of 8 hours). The production / capacity utilization is according to market demand.

41 Number of employees

	Total employees	
	2022	2021
	(Number of persons)	
Total number of employees as at 31 December	**1,575**	2,500
Average number of employees	**2,203**	2,594

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42 Financial instruments

The Group's Board of Directors ("the Board") has overall responsibility for establishment and oversight of the Group's risk management framework. The Board of Directors is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board of Directors reviews and agrees policies for managing each of the risks.

Audit committee oversees how management monitors compliance with the Group's risk management policies and procedures. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of 'which are reported to the Board of Directors. The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

42.1 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation. Credit risk of the Group arises principally from trade debts, advances, deposits, other receivables and bank balances.

42.1.1 Exposure to credit risk

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

	Carrying amount	
	2022	2021
	(Rupees in '000)	
Security deposits	**71,884**	58,070
Trade debts	**5,576,314**	6,855,892
Other receivables	**8,099**	5,894
Balances with banks	**48,242**	85,558
	5,704,539	7,005,414

42.1.2 Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Group's performance for developments affecting a particular industry. Maximum exposure to credit risk by type of counterparty is as follows:

	Net receivable (net of provisions)	
	2022	2021
	(Rupees in '000)	
Trade debts		
- Retail	**1,457,687**	1,344,456
- Wholesale	**3,979,667**	5,351,398
- Corporate	**138,960**	160,038
Security deposits		
- individuals	**64,560**	52,713
- lease	**7,324**	5,357
Insurance company (claims)	**8,099**	5,894
Banks	**48,242**	85,558
	5,704,539	7,005,414

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42.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or historical information about the counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies and other regulatory authorities. Credit quality of customer is assessed by reference to historical default rates and present ages.

42.1.3(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to bank balances and deposits. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Group. Following are the credit ratings of counterparties with external credit ratings:

Banks	Rating Agency	Short term	Long term	2022	2021
				(Rupees in '000)	
Al Baraka Bank (Pakistan) Limited	PACRA	A1	A	**834**	4,720
Allied Bank Limited	PACRA	A-1+	AAA	**303**	5,482
Askari Bank Limited	PACRA	A-1+	AA+	**136**	635
Bank Alfalah Limited	PACRA	A-1+	AA+	**2,038**	8,178
Bank Islami Pakistan Limited	PACRA	A-1	A+	**1**	1
The Bank of Khyber	PACRA	A-1	A	**240**	2
The Bank of Punjab	PACRA	A-1+	AA	**726**	15,098
Dubai Islamic Bank Limited	R-VIS	A-1+	AA	**6**	-
Faysal Bank Limited	JCR-VIS	A-1+	AA	**3,746**	1,642
Finca Microfinance Bank Limited	JCR-VIS	A-1	A	**373**	348
Habib Bank Limited	JCR-VIS	A-1+	AAA	**14,164**	28,172
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	**356**	236
JS Bank Limited	PACRA	A1+	AA-	**4**	4
MCB Bank Limited	PACRA	A1+	AAA	**978**	1,665
Sindh Bank	JCR-VIS	A-1+	AA	**9**	-
Meezan Bank	JCR-VIS	A1+	AA+	**7,480**	15,002
National Bank Of Pakistan	PACRA	A1+	AAA	**60**	296
Silk Bank Limited	JCR-VIS	A2	A-	-	-
Soneri Bank Limited	PACRA	A1+	AA-	-	-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	**1,090**	1,090
United Bank Limited	JCR-VIS	A1+	AAA	**1,270**	1,880
Telenor Microfinance Bank Limited	JCR-VIS	A-1	A	**453**	750
U Microfinance Bank Limited	JCR-VIS	A-1	A+	**9**	75
Industrial Commercial Bank of China	SBP	P-1	A-1	**1,121**	262
KASAB Bank	PACRA		BFR3++	**1**	
Samba Bank Limited	VIS	A-1	AA	**81**	20
Shop Remittances and collection clearing A/C				**12,762**	
				48,242	85,558
Security Deposits					
The Bank of Punjab	PACRA	A-1+	AA	-	209
Askari Bank Limited	PACRA	A1+	AA+	**5,826**	2,412
Sindh Leasing Company Limited	JCR-VIS	A+	A-1	**1,498**	2,905
				7,324	5,526
				55,566	91,084

42.1.3(b) Counterparties without external credit ratings

These include customers which are counter parties to trade debts. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer / dealers. The Group applies the IFRS 9 simplified approach to measure expected credit losses. The analysis of ages of trade debts and loss allowance using the aforementioned approach was determined as follows:

	2022		2021	
	Gross	**Impairment loss**	Gross	Impairment loss
	------- (Rupees in '000) -------		------- (Rupees in '000) -------	
Not yet due	**1,901,978**	**3,184**	1,886,462	-
Past due 1 - 30 days	**337,677**	**5,334**	439,388	-
Past due 31 days - 90 days	**615,923**	**13,018**	769,613	-
Past due 91 - 180 days	**1,806,227**	**17,139**	1,103,841	-
Past due 181 - 360 days	**1,160,027**	**21,084**	2,870,666	-
Past due by more than 1 year	**169,687**	**163,930**	418,842	418,842
Total	**5,991,519**	**223,689**	7,488,813	418,842

The management has established a credit policy under which each new customer is analysed individually for credit worthiness.

None of the financial assets of the Group are secured or impaired except as those mentioned in these consolidated financial statements. Deposits and other receivables are mostly due from banks and individuals. Impairment on these assets has been measured on a 12 month expected loss basis and reflects the short maturities of the exposures. Based on past experience the management believes that no impairment allowance is necessary in respect of these financial assets. There are reasonable grounds to believe that these amounts will be recovered in short course of time.

42.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's liquidity management involves forecasting future cash flow requirements, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The Group maintains committed lines of credit as disclosed in note 15 to ensure flexibility in funding. In addition, the Group has unavailed facilities of running finances to meet the deficit, if required to meet the short term liquidity commitment.

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

		2022					
		Carrying amount	**Contractual cash flows**	**One year or less**	**One to two years**	**Two to five years**	**More than 5 years**
Financial liabilities	*Note*	**(Rupees in '000)**					
Long term loans - secured	*8*	**1,264,387**	**1,626,918**	**608,572**	**421,882**	**596,464**	-
Lease liabilities	*9*	**145,014**	**174,215**	**55,473**	**35,139**	**83,603**	-
Trade and other payables	*13*	**2,451,046**	**2,451,046**	**2,451,046**	-	-	-
Mark-up accrued on borrowings	*14*	**400,468**	**400,468**	**400,468**	-	-	-
Short term borrowings - secured and unsecured	*15*	**4,955,965**	**4,955,965**	**4,955,965**	-	-	-
Loan from Directors		**119,497**	**119,497**	**119,497**	-	-	-
		9,336,377	**9,728,109**	**8,591,021**	**457,021**	**680,067**	-

		2021					
		Carrying amount	Contractual cash flows	One year or less	One to two years	Two to five years	More than 5 years
Financial liabilities		(Rupees in '000)					
Long term loans - secured	*8*	2,042,701	2,089,902	903,822	642,629	496,250	-
Lease liabilities	*9*	212,512	224,548	84,004	100,905	39,638	-
Trade and other payables	*13*	1,895,386	1,895,386	1,895,386	-	-	-
Mark-up accrued on borrowings	*14*	184,229	184,229	184,229	-	-	-
Short term borrowings - secured and unsecured	*15*	5,188,205	5,188,205	5,188,205	-	-	-
Loan from Directors		115,300	115,300	115,300	-	-	
		9,638,333	9,697,569	8,370,946	743,534	535,888	-

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42.3 Market risk

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

42.3.1 Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated and the respective functional currency of the Group. The functional currency of the Group is Pak Rupee. The currencies in which these transactions are primarily denominated are Euros and US dollars.

42.3.1(a) Exposure to currency risk

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

		2022	2021	2022	2021
				(Rupees in '000)	
Trade creditors	(USD in '000)	432	2,492	97,870	439,778
Trade creditors	(Euro in '000)	187	187	45,565	37,913

Following significant exchange rates have been applied:

	Average rate		Reporting date Spot rate	
	2022	2021	2022	2021
USD to PKR	201.53	168.17	226.55	176.51
EUR to PKR	223.15	199.67	243.60	202.69

Sensitivity analysis

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

	2022	2021
	(Rupees in '000)	
Effect on statement of profit or loss	14,343	47,769

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

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

42.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

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42.3.2(a) Fair value sensitivity analysis for fixed rate instruments

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

42.3.2(b) Mismatch of interest rate sensitive financial assets and financial liabilities

The Group's interest / mark-up and non-interest / mark-up bearing bearing financial instruments as at the reporting date are as follows:

	2022		
	Carrying amount	**Interest bearing / variable rate financial instruments**	**Non-interest bearing / fixed rate financial instruments**
	(Rupees in '000)		
Financial assets			
Security deposits	**71,884**	**-**	**71,884**
Trade debts	**5,576,314**	**-**	**5,576,314**
Other receivables	**8,099**	**-**	**8,099**
Cash and bank balances	**114,344**	**-**	**114,344**
	5,770,641	**-**	**5,770,641**
Financial liabilities			
Long term loans - secured	**(1,264,387)**	**(1,264,387)**	**-**
Lease liabilities	**(145,014)**	**(145,014)**	**-**
Trade and other payables	**(2,451,046)**	**-**	**(2,451,046)**
Mark-up accrued on borrowings	**(400,468)**	**-**	**(400,468)**
Short term borrowings - secured and unsecured	**(4,955,965)**	**(4,955,965)**	**-**
Loan from Directors	**(119,497)**	**-**	**(119,497)**
	(9,336,377)	**(6,365,366)**	**(2,971,011)**
	(3,565,736)	**(6,365,366)**	**2,799,630**

	2021		
	Carrying amount	Interest bearing / variable rate financial instruments	Non-interest bearing financial instruments
	(Rupees in '000)		
Financial assets			
Security deposits	58,070	-	58,070
Trade debts	6,855,892	-	6,855,892
Other receivables	5,894	-	5,894
Cash and bank balance	152,854	-	152,854
	7,072,710	-	7,072,710
Financial liabilities			
Long term loans - secured	(2,042,701)	(2,042,701)	-
Lease liabilities	(212,512)	(212,512)	-
Trade and other payables	(1,895,386)	-	(1,895,386)
Mark-up accrued on borrowings	(184,229)	-	(184,229)
Short term borrowings - secured and unsecured	(5,188,205)	(5,188,205)	-
Loan from Directors	(115,300)	-	(115,300)
	(9,638,333)	(7,443,418)	(2,194,915)
	(2,565,623)	(7,443,418)	4,877,795

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

	2022	2021
	Percentage	
Financial liabilities		
Long term loans - secured	**3% to 10.58%**	3% to 10.58%
Lease liabilities	**9.16% to 19.08%**	9.93% to 10.58%
Short term borrowings - secured and unsecured	**11.89% to 18.77%**	8.95% to 16.30%

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by Rs. 71.2 million (2021: Rs. 60.29 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2021.

42.3.3 Other price risk

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

42.4 Fair value of financial instruments

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

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

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

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

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

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

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42.4.1 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:

On statement of financial position financial instruments

	31 December 2022					
	Carrying Amount			Fair value		
	Financial assets at amortised cost	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3
	(Rupees in '000)					
Financial assets - amortised cost						
Security deposits	71,884	-	71,884	-	-	-
Trade debts	5,576,314	-	5,576,314	-	-	-
Other receivables	8,099	-	8,099	-	-	-
Cash and Bank balances	114,344	-	114,344	-	-	-
	5,770,641	-	5,770,641	-	-	-
Financial liabilities - amortised cost						
Long term loans - secured	-	1,264,387	1,264,387	-	-	-
Lease liabilities	-	145,014	145,014	-	-	-
Trade and other payables	-	2,451,046	2,451,046	-	-	-
Mark-up accrued on borrowings	-	400,468	400,468	-	-	-
Short term borrowings - secured and unsecured	-	4,955,965	4,955,965	-	-	-
Loan from Directors	-	119,497	119,497			
	-	9,336,377	9,336,377	-	-	-

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On statement of financial position financial instruments

	31 December 2021					
	Carrying Amount			Fair value		
	Financial assets at amortised cost	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3
Financial assets not measured at fair value	(Rupees in '000)					
Security deposits	58,070	-	58,070	-	-	-
Trade debts	6,855,892	-	6,855,892	-	-	-
Other receivables	5,894	-	5,894	-	-	-
Cash and bank balances	152,854	-	152,854	-	-	-
	7,072,710	-	7,072,710	-	-	-
Financial liabilities not measured at fair value						
Long term loans - secured	-	2,042,701	2,042,701	-	-	-
Lease liabilities	-	212,512	212,512	-	-	-
Trade and other payables	-	1,895,386	1,895,386	-	-	-
Mark-up accrued on short term running	-	184,229	184,229	-	-	-
Short term borrowing	-	5,188,205	5,188,205	-	-	-
Loan from Directors		115,300	115,300			
	-	9,638,333	9,638,333	-	-	-

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

Non-financial assets measured at fair value

Land, building and plant and machinery

Revalued Property, plant and equipment	Date of valuation	31 August 2021

Valuation approach and inputs used

The valuation model for land and building is based on price per square meter. 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 valuation experts used a market-based approach to arrive at the fair value of the Group's properties. 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 effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a quantitative disclosure of sensitivity has not been presented in these consolidated financial statements. The fair value are subject to change owing to changes in input.

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43 Capital risk management

The Group's objectives when managing capital are:

a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

b) to provide an adequate return to shareholders.

The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio calculated as total debt (current and non-current borrowings) to debt plus equity.

The debt to equity ratios were as follows:	**2022**	2021
	(Rupees in '000')	
Total debt	**6,413,826**	7,469,004
Total equity and debt	**15,487,789**	16,193,747
Debt to equity ratio	**41%**	46%

The Group is not subject to externally imposed capital requirements.

44 Group entities

The following table summarizes the information relating to the Group's subsidiaries that have non controlling interest (NCI).

	Waves Home Appliances Limited	
	31-Dec-22	13-Dec-21
NCI percentage	**25.44%**	25.44%
Non current assets	**8,302,888**	6,093,036
Current assets	**7,196,544**	10,138,513
Non-current liabilities	**3,055,246**	3,068,669
Current liabilities	**5,327,772**	6,096,624
Net assets	**7,116,414**	7,066,256
Carrying amount of NCI	**1,810,416**	1,797,655
Consolidation Adjustment	**(246,907)**	(248,360)
Non Controlling Interest	**1,563,509**	1,549,295
Revenue - net	**7,422,503**	2,072,057
Profit after taxation	**48,873**	36,426
Other comprehensive income	**19,099**	1,013
Total comprehensive income	**67,972**	37,439
Total comprehensive income allocated to NCI	**19,556**	10,280
Cash flows from operating activities	**3,375,762**	171,597
Cash flows from investing activities	**(2,409,711)**	(73,280)
Cash flows from financing activities	**(1,027,283)**	(164,596)
Net decrease in cash and cash equivalents	**(61,232)**	(66,279)

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45 Events after the reporting date

There are no events subsequent to the reporting date that could have an impact on these consolidated financial statements.

46 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.

47 Date of authorization of issue

These consolidated financial statements were authorized for issue by the Board of Directors in their meeting held on 04-5-2023

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

RSM Avais Hyder Liaquat Nauman
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WAVES CORPORATION LIMITED

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Waves Corporation Limited** ("the Company"), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of the profit, the other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1.	**First year audit** We have been engaged to perform the audit of the Company for the first time i.e., for the year ended 31 December 2022. Initial audit engagement involves a number of considerations not associated with recurring audits. Additional planning activities and considerations necessary to establish an appropriate audit strategy and audit plan include gaining an initial understanding of the Company and its business including its control environment and information systems sufficient to make audit risk assessment and develop the audit strategy and plan, obtaining sufficient appropriate audit evidence regarding the opening balances including the selection and application of accounting principles, and communicating with the previous auditors.	We performed various procedures to obtain sufficient appropriate audit evidence regarding opening balances including the following: • We reviewed significant work papers of the predecessor auditor that may affect our audit in the current period. Accordingly, we evaluated the results of our review of the predecessor auditor's work papers ; • We evaluated the key accounting position and audit matters from prior years; • We assessed the overall control environment of the Company including communication with members of those charged with governance and other key executives; and • We evaluated whether accounting policies reflected in the opening balances have been consistently applied in the current year's financial statements, and whether changes in accounting policies have been appropriately accounted for and adequately presented and disclosed in accordance with the applicable financial reporting framework.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. Other information comprises the information included in the report for the year ended 31 December 2022, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of the unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017(XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter

The financial statements of the Company for the year ended 31 December 2021, were audited by another auditor who expressed an unmodified opinion on those financial statements on August 18, 2022.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Nauman Mahmood, FCA

Lahore

RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

DATE: May 6, 2023

UDIN: AR202210379YDvrw3GQA

Waves Corporation Limited

Unconsolidated Statement of Financial Position

As at 31 December 2022

EQUITY AND LIABILITIES	Note	2022	2021
		------ (Rupees in '000) ------	
Share Capital and Reserves			
Authorised capital 300,000,000 (2021: 300,000,000) ordinary shares of Rs. 10 each	6	**3,000,000**	3,000,000
Issued, subscribed and paid-up capital	6	**2,814,062**	2,814,062
Share premium reserve	7	**5,025,661**	5,025,661
Capital reserve		**5,000**	5,000
Revenue reserve - *unappropriated profit*		**271,528**	17,774
Surplus on revaluation of property, plant and equipment - *net of tax*	8	**151,467**	151,467
		8,267,718	8,013,964
Non-current liabilities			
Long term loans - *secured*	9	-	354,952
Deferred income	10	-	140
		-	355,092
Current liabilities			
Trade and other payables	12	**487,126**	285,282
Mark-up accrued on borrowings	13	**114,084**	54,421
Short term borrowings - *secured*	14	**1,725,000**	1,274,661
Current portion of long term liabilities	15	**14,421**	733,683
		2,340,631	2,348,047
Contingencies and commitments	16		
		10,608,349	10,717,103

ASSETS	Note	2022	2021
		------ (Rupees in '000) ------	
Non-current assets			
Property, plant and equipment	17	**10,000**	10,000
Investment property	18	**300,480**	323,480
Investment in subsidiaries	19	**5,079,797**	5,079,797
Deferred tax asset	11	**8,891**	115,810
Long term advances and deposits	20	**1,721,340**	1,779,177
		7,120,508	7,308,264
Current assets			
Advances, deposits, prepayments and other receivables	21	**338,577**	715,288
Taxation - *net*		**388,394**	263,997
Cash and bank balances	22	**19,991**	73,554
		746,962	1,052,839
Non-current assets held for sale	23	**2,740,879**	2,356,000
		3,487,841	3,408,839
		10,608,349	10,717,103

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

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

Waves Corporation Limited

Unconsolidated Statement of Profit or Loss

For the year ended 31 December 2022

	Note	2022	2021
		----- (Rupees in '000) -----	
Continuing operations			
Other income	29	**243,756**	125,723
Other expenses		**(5,668)**	
Admin expenses	27	**(60,668)**	(62,671)
Operating profit		**177,420**	63,052
Finance cost	30	**-**	(152,333)
Profit / (Loss) before taxation - continuing operations		**177,420**	(89,281)
Discontinued operations			
Profit before taxation - discontinued operations	41.2	**-**	373,419
Profit before tax		**177,420**	284,138
Taxation			
- continuing operation		**-**	-
- discontinued operation	31	**76,334**	(110,186)
		76,334	(110,186)
Profit for the year			
- continuing		**177,420**	(89,281)
- discontinued		**76,334**	263,233
Profit for the year		**253,754**	173,952
Earning / (loss) per share - Continuing operations			
Earning / (loss) per share - *basic and diluted (Rupees)*	32	**0.63**	(0.32)
Earnings per share - Discontinued operations			
Earnings per share - *basic and diluted (Rupees)*	32	**0.27**	0.94

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

RSM

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

Waves Corporation Limited
Unconsolidated Statement of Comprehensive Income
For the year ended 31 December 2022

	2022	2021
	(Rupees in '000)	
Profit for the year	**253,754**	173,952
Other comprehensive income / (loss)		
Items that will not be reclassified to profit or loss:		
- Surplus on revaluation of property, plant and equipment	-	197,560
- Related deferred tax on surplus	-	(40,218)
- Actuarial gain / (loss) on employee retirement benefits	-	5,634
	-	162,976
Total comprehensive income for the year	**253,754**	336,928

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

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

Waves Corporation Limited
Unconsolidated Statement of Changes in Equity
For the year ended 31 December 2022

	Issued, subscribed and paid-up capital	Capital reserves			Revenue Reserve	Total
		Share premium reserve	Other capital reserve	Surplus on revaluation of land	Unappropriated profits	
	(Rupees in '000)					
As at 01 January 2021	1,876,041	4,581,063	5,000	385,086	1,939,444	8,786,634
Total comprehensive income for the year						
Profit after taxation	-	-	-	-	173,952	**173,952**
Other comprehensive income for the year						
Remeasurement of defined benefit obligation					5,634	**5,634**
Surplus on revaluation of land arisen				197,560		**197,560**
Remeasurement of defined benefit obligation	-	-	-	(40,218)	-	**(40,218)**
	-	-	-	157,342	179,586	**336,928**
Surplus transferred to accumulated profits						
Incremental depreciation relating to surplus on revaluation - *net of tax*	-	-	-	(13,216)	13,216	-
Transactions with owners of the Company						
Issue of ordinary shares	938,021	468,914	-	-	-	1,406,935
Incremental cost of issuance of shares	-	(24,316)	-	-	-	(24,316)
Transferred to Waves Home Appliances Limited						
- revenue reserve	-	-	-	-	(750,000)	(750,000)
- surplus on revaluation	-	-	-	(377,745)	-	(377,745)
under scheme of arrangement	-	-	-	-	(1,364,472)	(1,364,472)
	938,021	**444,598**	-	**(377,745)**	**(2,114,472)**	**(1,109,598)**
Balance as at 31 December 2021	**2,814,062**	**5,025,661**	**5,000**	**151,467**	**17,774**	**8,013,964**
Total comprehensive income for the year						
Profit after taxation	-	-	-	-	253,754	**253,754**
Other comprehensive income for the year						
Remeasurement of defined benefit obligation						-
Surplus on revaluation of land arisen						-
Remeasurement of defined benefit obligation	-	-	-		-	-
	-	-	-	-	253,754	**253,754**
Surplus transferred to accumulated profits						
Incremental depreciation relating to surplus on revaluation - *net of tax*	-	-	-	-	-	-
Transactions with owners of the Company						
Issue of ordinary shares			-	-	-	-
Incremental cost of issuance of shares	-		-	-	-	-
Transferred to Waves Home Appliances Limited						
- revenue reserve	-	-	-	-	-	-
- surplus on revaluation	-	-	-	-	-	-
under scheme of arrangement	-	-	-	-	-	-
	-	-	-	-	-	-
Balance as at 31 December 2022	**2,814,062**	**5,025,661**	**5,000**	**151,467**	**271,528**	**8,267,718**

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

RSM

Lahore

Director

Director

Chief Financial Officer

Waves Corporation Limited
Unconsolidated Statement of Cash Flows
For the year ended 31 December 2022

	Note	2022	2021
		(Rupees in '000)	
Cash flows from operating activities			
Profit for the year		**177,420**	284,138
Adjustments for non-cash items:			
Depreciation on property, plant and equipment	*17.1.4*	-	183,501
Fair value gain on investment property		**(7,000)**	(20,000)
Amortisation of intangible asset	*18.3*	-	30,000
Notional interest income on loan to subsidiary	*29*	**(229,355)**	(56,821)
Finance costs	*30*	-	514,599
Gain/loss on sale of property, plant and equipment		**385**	(584)
Workers' Profit Participation Fund		-	16,811
Workers's Welfare Fund		**5,668**	
Amortisation of deferred income		**(4,041)**	(18,280)
Reversal of loss allowance against trade debts		-	(4,216)
Provision for employee retirement benefits - *net*		-	1,246
Unrealised exchange gain		-	(3,458)
Profit before working capital changes		**(56,923)**	926,936
Effect on cash flows due to working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		-	(11,726)
Stock-in-trade		-	(327,170)
Trade debts		-	307,343
Advances, deposits, prepayments and other receivables		**437,098**	(1,631,183)
(Decrease) / increase in trade and other payables		**196,176**	389,502
		633,274	(1,273,234)
Cash used in operations		**576,351**	(346,298)
Income tax - *net*		**58,856**	(153,010)
Workers' Profit Participation Fund paid		-	(14,530)
Employee retirement benefits paid		-	(831)
Long term deposits - *net*		**226,805**	(169)
Net cash (used in) / generated from operating activities		**862,012**	(514,838)
Cash flows from investing activities			
Capital expenditure		**(384,879)**	(658,412)
Proceeds from disposal of property, plant and equipment		**29,615**	2,131
Investment in subsidiary company		-	-
Net cash (used in) / generated from investing activities		**(355,264)**	(656,281)
Cash flows from financing activities			
Long term loans repaid-net		**(1,070,313)**	(396,014)
Proceed from the issue of right shares - net off transaction cost and and adjustment of loan from sponsor		-	1,002,119
Lease rentals paid		-	(48,625)
Finance costs paid		**59,663**	(485,442)
Dividend paid		-	(97)
Short term finances availed/(repaid)		**(924,683)**	1,943,332
Net cash (used in) / generated from financing activities		**(1,935,333)**	2,015,273
Net increase in cash and cash equivalents		**(1,428,585)**	844,154
Cash and cash equivalents at beginning of the year		**(276,424)**	(1,120,578)
Cash and cash equivalents at end of the year	*33*	**(1,705,009)**	(276,424)

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

RSM

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

1 Legal status and nature of business

1.1 Waves Corporation Limited (formerly, 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. Consequent to approval of scheme of arrangement as discussed in note 2, the principal line of business has been amended which includes managing its investment in subsidiaries (explained in note 19) which are principally engaged in manufacturing and assembly of domestic consumer appliances along with retailing and trading the same and real estate development. 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 overall economic environment of the country and production and sale volumes of the Company during the lock down period. However, as per relaxation given by Authorities, the Company continued its operations during the 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 including effects of new variants.

2 Separation / Carving out of Home Appliances Business from the Company and Amalgamation with and into Waves Home Appliances Limited (a related entity)

During year 2021, effective from 01 September 2021 Waves Singer Pakistan Limited now renamed as Waves Corporation Pakistan Limited ("the Company - WCL") completed a Scheme of Arrangement as follows:

– Carving out / separation of home appliances business from the Company by transferring certain assets, liabilities, obligations, contracts and undertakings and amalgamating the same with and into Waves Home Appliance Limited (WHAL) (formerly Samin Textiles Limited) as of the effective date 01 September 2021 against allotment and issue of WHAL shares. WHAL was a related party of the Company by virtue of common shareholding.

  The Honourable Lahore High Court (the Court) through its Order dated 22 June 2022, has approved the Scheme of Arrangement as proposed and granted sanction order for the carving out of home appliances business from WCL (the Holding Company) and amalgamation of the same into the subsidiary company WHAL.

  The Board of Directors of the Company, in their meeting held on 23 December 2021, approved and resolved to present the Scheme of Arrangement before the shareholders of WCL for their approval. After approval by the BOD, the said scheme was submitted to Court for approval. As per requirements, the Company obtained approval of the Scheme of Arrangement from its shareholders on 15 February 2022, while the secured creditors of the Company approved the Scheme of Arrangement in Extraordinary General Meeting (EOGM) held on 03 March 2022. Further on 15 February 2022, shareholders of the Company also approved the change of name of the Company in accordance with Section 12 of the Companies Act, 2017 from "Waves Singer Pakistan Limited (WSPL)" to "Waves Corporation Limited (WCL)" and "Samin Textile Limited (SMTM)" to "Waves Home Appliance Limited (WHAL)".

RSM

As consideration for the transfer of the home appliances business, WHAL shall issue a total of 256,006,196 shares as follows:

- 199,724,956 shares shall be issued and allotted to the Company.
- Remaining 56,281,240 shares of WHAL shall to be issued and allotted to shareholders of the Company in the swap ratio of 20 shares for every 100 shares of the Company. The 20 shares of WHAL directly issued to the shareholders of the Company are equivalent to presently traded 45 shares of the Company prior to the proposed capital reduction.
- Rs. 2 billion in cash shall be payable to the Company; no additional compensation shall be applicable against this amount if the said amount is settled by the WHAL within 2 years of sanction of this scheme. However, if the said amount is still wholly or partially outstanding at the end of 2 years of the sanction of scheme, then a profit/mark-up shall be payable on outstanding amount on a quarterly basis in arrears at such profit/mark-up rate as determined by the Board(s) of Directors of each of the Company at the relevant time, provided such profit/mark-up rate shall not be less than the rate prescribed under applicable laws

As part of the arrangement hereunder, subsequent to the Scheme completion date, but prior to the issuance / allotment of WHAL Shares to the Company and its shareholders, share capital of WHAL will be reduced from every 225 shares to 100 shares i-e total paid up capital from 26,728,000 to 11,879,111 shares.

The Company expects several benefits after this scheme of arrangement including the synergies of operations, allowing them to become leading suppliers / service providers, resulting in greater revenue. Furthermore, by separating the business segments (as contemplated in this Scheme), the individual companies shall have unique identities and a more focused business and customer base. At the same time, as a consequence of the arrangement, WHAL shall become a subsidiary of the Company and this will allow the management of each Company to focus on the business segment, resulting in better performance of the same.

Further, this will enable the Company to oversee, supervise and control the business / direction of WHAL, while the management of WHAL can operate and manage the business of WHAL on a regular /day-to-day basis. Through the scheme of arrangement, WCL shall reduce the risk of diseconomies of scale associated with WCL's growth.

Waves Home Appliances Limited (formerly Samin Textiles Limited) was incorporated in Pakistan on 27 November, 1989 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at 15/3 Block A, Model Town, Lahore. The Company is currently listed on Pakistan Stock Exchange. The principal business of the Company is trading, import and export of textile products. Consequent to approval of scheme of arrangement as discussed in note 2, the principal line of business has been amended to include manufacturing, assembly and wholesale of domestic consumer appliances and other light engineering products.

Details of assets and liabilities carved out along with other disclosures are given in note 41 to these unconsolidated financial statements.

3 Basis of preparation

3.1 Separate financial statements

These financial statements are the separate financial statements of the Company in which investments in subsidiaries are accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investees. Consolidated financial statements of the Company are prepared and presented separately.

RSM

The Company has the following long term investments:

Name of subsidiary companies	2022	2021
	(Direct holding percentage)	
- **Waves Builders and Developers (Private) Limited** (formerly, Waves Marketing (Private) Limited)	**100**	100
- **Waves Marketplace Limited** (formerly, Electronics Marketing Company (Private) Limited)	**100**	100
- **Waves Home Appliances Limited** (formerly, Samin Textiles Limited)	**74.56**	74.56

3.2 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.3 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except for land and investment property which are stated at revalued amounts less subsequent depreciation and impairment losses as referred to in note 5.1 and 5.4.

3.4 Functional and presentation currency

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

4 Use of estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

	Note
- Residual value, market values and useful lives of property, plant and equipment	*5.1*
- Investment property	*5.4*

RSM

		Note
-	Provisions	*5.11*
-	Taxation	*5.15*
-	Impairment of financial and non-financial assets	*5.19*

5 Significant Accounting Policies

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

5.1 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any, except for the land which is stated at revalued amount less impairment loss, if any, and buildings and plant and machinery which are stated at the revalued amounts less accumulated depreciation and impairment losses, if any. Cost includes expenditure directly attributable to the acquisition of an asset. As explained in note 2, as a result of scheme of arrangement, the property, plant and equipment other than freehold land has been transferred to Waves Home Appliances Limited.

Land, buildings and plant and machinery are revalued by professionally qualified valuer with sufficient regularity to ensure that the net carrying amount does not differ materially from the fair value (market value). In case of revalued assets, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount restated at the revalued amount of the asset.

Increase in the carrying amount arising on revaluation of property, plant and equipment is recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss, and depreciation based on the asset's original cost is transferred to retained earnings. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to retained earnings. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred tax.

Useful lives are determined by the management based on expected usage of assets, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

Depreciation is charged to the statement of profit or loss applying the straight-line method whereby the depreciable amount of an asset is depreciated over its estimated useful life. Depreciation on additions is charged from the month in which the asset is available for use and up to the month of disposal. The rates of depreciation are stated in note 17.1 to these unconsolidated financial statements.

The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its property, plant and equipment as at balance sheet date has not required any adjustment as its impact is considered insignificant.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. Normal repairs and maintenance are charged to the unconsolidated statement of profit or loss as and when incurred, gains and losses on disposal of assets are taken to the statement of profit or loss.

Capital work in progress

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

RSM

5.2 Intangible assets and goodwill

Goodwill

Goodwill arising on the acquisition of business represents future economic benefits arising from assets that are not capable of being individually identified and separately recognized. Goodwill is initially recognized at cost which is determined as the excess of the cost of business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquire. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is annually tested for impairment.

Other Intangible asset

Other intangible assets, including customer relationship, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets such as brand value that have infinite lives are measured at cost less accumulated impairment losses, if any.

Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight-line basis over their estimated useful lives and is generally recognized in profit or loss. The rates of amortization are stated in note 17.1 to these unconsolidated financial statements.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Gain or loss from derecognition of intangible assets is recognized in the statement of profit or loss.

The Company assesses at each reporting date whether there are any indications that the intangible assets may be impaired. If such indications exists then the recoverable amount is determined. As explained in note 2, as per scheme of arrangement, all intangible assets have been transferred to Waves Home Appliances Limited (Refer note 5.19 for impairment of non-financial assets).

5.3 Business combination

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

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

RSM

5.4 Investment property

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

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

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

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

5.5 Employee retirement and other service benefits

Defined benefit plans

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

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

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

Defined contribution plan

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

RSM

Staff Compensated absences

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

5.6 Stores, spares and loose tools

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

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

5.7 Stock-in-trade

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

Cost comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated cost necessary to be incurred to make the sale.

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

5.8 Investment in subsidiaries

Investments in subsidiaries are measured at cost less impairment, if any, in the Company's separate financial statements. At subsequent reporting date, the recoverable amounts of investments are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly.

Impairment losses are recognized as an expense in the statement of profit or loss. Investments in subsidiaries that have suffered an impairment are reviewed for possible reversal of impairment at each reporting date. Where impairment losses are subsequently reversed, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. Impairment losses recognized in the statement of profit or loss on investments in subsidiaries are reversed through the statement of profit or loss.

The Company is required to issue consolidated financial statements along with its separate financial statements, in accordance with the requirements of IAS 27, 'Separate Financial Statements'.

5.9 Cash and cash equivalents

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

RSM

5.10 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Account balances are classified as current liabilities if payment is due within one year or less (or in the normal operating cycles of business if longer). If not, they are classified as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

5.11 Provisions

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

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

5.12 Revenue recognition

Revenue represents the fair value of consideration received or receivable for sale of goods, net of sales tax, sales returns and related discounts. Revenue is recognized when or as performance obligation is satisfied by transferring control of promised goods or services to a customer and control either transfers overtime or point in time.

5.13 Other incomes

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

- Rental income from investment property is recognized as other income on a straight-line basis over the term of lease.

- Dividend income and entitlement of bonus shares are recognized when the right to receive is established

5.14 Contract liabilities

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract. It also includes refund liabilities arising out of customers' right to claim amounts from the Company on account of contractual delays in delivery of performance obligations and incentive on target achievements.

5.15 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in equity / surplus on revaluation of fixed assets or in other comprehensive income. The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, contingent liabilities and Contingent assets.

RSM

The Company has opted for Group Taxation under section 59AA of the Income Tax Ordinance, 2001. The Company and two subsidiaries Waves Builders and Developers (Private) Limited and Waves Marketplace Limited are part of the Group Taxation. Under Group Taxation, the Company is accounting for the related taxes under standalone taxpayer approach. Under this approach, current and deferred taxes are recognized as if the entity was taxable in its own right.

Current taxation

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred taxation

Deferred tax is accounted for using the balance sheet method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the unconsolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The carrying amount of all deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

5.16 Borrowing cost

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in unconsolidated statement of profit or loss in the period in which they are incurred.

5.17 Financial instruments

Recognition and initial measurement

All financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instruments.

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A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI), fair value through statement of profit or loss (FVTPL) and in case of an equity instrument it is classified as FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a 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 the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in unconsolidated statement of profit or loss. Any gain or loss on derecognition is recognized in unconsolidated statement of profit or loss.

Financial assets measured at amortized cost comprise of cash and bank balances and other receivables.

Debt Instrument - FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to unconsolidated statement of profit or loss. However, the Company has no such instrument at the reporting date.

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Equity Instrument - FVOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in unconsolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and these investments are never reclassified to unconsolidated statement of profit or loss. However, the Company has no such instrument at the reporting date.

Fair value through statement of profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in unconsolidated statement of profit or loss. The Company has no such investments at the reporting date.

Financial assets – Business model assessment

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, while the interest expense and foreign exchange gains and losses are recognized in unconsolidated statement of profit or loss. Any gain or loss on derecognition is also recognized in statement of profit or loss.

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The Company's financial liabilities comprise trade and other payables, long and short term borrowings, accrued markup and dividend payable.

Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in unconsolidated statement of profit or loss.

5.18 Offsetting of financial assets and financial liabilities

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

5.19 Impairment

Financial assets

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities, bank balances and other receivables for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

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ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Company reviews the recoverability of its trade debts, deposits, advances and other receivables to assess amount of loss allowance required on an annual basis. Impairment of cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Non - Financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in unconsolidated statement of profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

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Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

5.20 Foreign currency transactions and translation

<u>Transactions and balances</u>

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the reporting date. Exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to profit or loss. Non-monetary assets and liabilities denominated in foreign currency that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences are generally included in the unconsolidated statement of profit or loss.

5.21 Dividends and appropriations to reserves

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

5.22 Earnings per share

As required under IAS 33 Earnings Per Share, basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. The Company is not exposed to the dilutive effect on EPS.

5.23 Common control transactions

A business combination (or a demerger for that purpose) involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the combination and that the control is not transitory. Such common control transactions have been excluded from the scope of International Financial Reporting Standards 3 (IFRS 3) dealing with Business Combinations. Accordingly, as an accounting policy choice, the assets acquired and liabilities assumed / assets and liabilities transferred are recognized under the book value basis (carry-over basis) of accounting.

5.24 Deferred income

<u>Grant in aid</u>

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

RSM

Government grant

The Company recognizes the benefit of a government loan at a below-market rate of interest as Government grant. The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received and is presented as deferred grant. The recognition of government grants in profit or loss is done on a systematic basis over the periods in which the expenses for which the grants are intended to compensate.

5.25 Asset held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

5.26 Leases

At the inception of a contract, the Company assesses whether a contract is or contains lease. 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

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 which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct cost incurred less any lease incentive received.

The right of use asset is subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability, if any. The right of use assets is depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or cost of the right of use asset reflects that the Company will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. Right of use asset is disclosed in the property, plant and equipment as referred to in note 20.1 of the 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 for leases where rate is not readily available. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made.

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The lease liability is measured at amortized cost using the effective interest method. 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, if there is change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in statement of profit or loss if the carrying amount of the right of use asset has been reduced to zero. Refer note 10 to these financial statements for disclosure of lease liability.

Short term leases and leases of low value assets

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

Sale and lease back

Where the sale and lease back transactions result in a lease liability, any excess of sale proceeds over the carrying amount is deferred and amortized over the lease term. However, sale proceeds less than the carrying value is immediately recognized in the statement of profit or loss.

5.27 Discontinued Operations

A discontinued operation is a component of company's business, the operations and cash flows of which can be clearly distinguished from rest of the company and which:

- represents a separate major line of business or geographic area of operations.
- is part of a single co-ordinated plan to dispose a separate major line of business or geographic are of operations; or
- is a subsidiary acquired exclusively with a view of resale.

When an operation is classified as a discontinued operation, the comparative statement of profit of loss and OCI is represented as if the operation had been discontinued from the start of the comparative year. The comparative statement of profit or loss and OCI has been re-presented to show the discontinued operations seperately from continuing operations.

5.28 Allocation of expenses

Certain expenses are allocated by the Company to its subsidiaries in accordance to a basis approved by the Company and its subsidiaries.

5.29 Changes in accounting standards, interpretations and pronouncements:

5.29.1 Standards and amendments to approved accounting standards that are effective:

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on January 1, 2022. However, these do not have any significant impact on the Company's financial reporting.

5.29.2 Standards and amendments to approved accounting standards that are not yet effective:

There are certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after January 1, 2023. However, these are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

RSM

6 Share capital

		Note	2022	2021	2022	2021
			(Number of shares)		(Rupees in '000)	
6.1	Authorized share capital	6.1.1	**300,000,000**	300,000,000	**3,000,000**	3,000,000

6.1.1 The authorized share capital stands at Rs. 3,000 million, divided into 300,000,000 shares of Rs. 10 each, according to the Memorandum and Articles of Association the Company.

6.2 Issued, subscribed and paid-up capital

Fully paid-up ordinary shares of Rs. 10 each	Note	2022	2021	2022	2021
		(Number of shares)		(Rupees in '000)	
Issued for cash		**105,263,597**	105,263,597	**1,052,637**	1,052,637
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	6.5	**96,450,000**	96,450,000	**964,500**	964,500
		281,406,089	281,406,089	**2,814,062**	2,814,062

6.3 Reconciliation of ordinary shares

	2022	2021	2022	2021
Balance as at 01 January	**281,406,089**	187,604,060	**2,814,061**	1,876,041
Ordinary shares issued as fully paid right shares		93,802,029	**-**	938,020
Balance as at 31 December	**281,406,089**	281,406,089	**2,814,061**	2,814,061

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

	2022	2021	2022	2021
	(Percentage held)		(Number of shares)	
*Poseidon Synergies (Private) Limited	**3.70%**	3.80%	**10,421,274**	10,680,183
Chief Executive Officer and his spouse and dependent children				
- Haroon Ahmad Khan (CEO)	**38.32%**	25.55%	**107,840,286**	71,893,524
- Nighat Haroon Khan (Wife of CEO)	**10.00%**	7.33%	**28,132,411**	20,617,274
	52.02%	36.68%	**146,393,971**	103,190,981

* Owned by Chief Executive Officer and his wife.

6.5 Pursuant to Scheme of Arrangement, approved by Honourable Sindh High Court through its Order dated 22 May 2018, Singer Pakistan Limited was merged and combined with Cool Industries (Private) Limited and Link Wel (Private) Limited. The Company issued 96,450,000 shares to the shareholders of Cool Industries (Private) Limited and Link Wel (Private) Limited pursuant to the same scheme.

6.6 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.

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7 Share premium

This includes excess of consideration received / market value of share acquired under scheme of arrangement over the face value of shares issued under the scheme of arrangement amounting to Rs. 4,581 million. This reserve can only be utilized by the Company for the purpose specified in Section 81(2) of the Companies Act, 2017.

8 Surplus on revaluation of property, plant and equipment - net of tax

	Note	2022	2021
		(Rupees in '000)	
Revaluation surplus - as on 01 January		**151,467**	479,153
Surplus on revaluation arisen during the year			197,560
Incremental depreciation transferred to equity			(18,207)
Transferred to WHAL under scheme of arrangement	*2 & 41*		(507,039)
		151,467	151,467
Deferred tax liability - as on 01 January		-	(94,067)
Deferred tax on revaluation arisen during the year			(40,218)
Tax effect on transfer of incremental depreciation to retained earnings			4,991
Transferred to WHAL under scheme of arrangement	*2 & 41*	-	129,294
Deferred tax liability		-	-
	8.1	**151,467**	151,467

8.1 This includes balance of Rs. 149.97 million (2021: 149.97 million) representing surplus on revaluation of buildings prior to their classification as investment property. Balance as at 31 December 2022 includes surplus related to land of Rs. 1.50 million (2021: 1.5 million).

8.2 During year 2021, the balance (net of related deferred tax) of revaluation surplus of land amounting to Rs. 55.65 million and building on freehold land of Rs. 7.84 million and plant and machinery of Rs. 314.48 million has been transferred as per scheme of arragement as refer to note 2 and 47 of these unconsolidated financial statement.

8.3 The Company revalued its freehold land, building on freehold land and plant and machinery during the financial year 2017, 2019 and 2021. The latest revaluation was carried out on 31 August 2021. This was conducted by M/s Asif Associates (Private) Limited. Freehold land was revalued on the basis of current market value whereas other assets were revalued on the basis of depreciated market values. The most significant input into this valuation approach is price per kanal for land, price per square foot for buildings and present operational condition and age of plant and machinery.

RSM

9 Long term loans - Secured

	Note	2022	2021
		(Rupees in '000)	
Long term loans - *Banking Companies*	*9.2*	-	807,558
Long term loans - *Non-banking Companies*	*9.3*	**14,281**	294,430
Less: Deferred grant		-	(17,394)
Less: Current maturity presented under current liabilities	*15*	**(14,281)**	(729,642)
	9.1	-	354,952

9.1 Movement of Long term loans during the period

Opening Balance		**1,101,988**	2,506,831
Add: Addition during the year		-	-
Less: Repayment during the year		**(1,101,988)**	(396,014)
Transferred to WHAL under scheme of arrangement	*2 & 41*		(1,008,829)
Closing Balance	*9.2 & 9.3*	-	1,101,988
Less: Current portion			(729,642)
Less: Deferred grant		-	(17,394)
		-	354,952

9.2 During the year 2022, loans obtained from Sindh Bank Limited, The Bank of Punjab, The Bank of Khyber, Dubai Islamic Bank Limited, Pak Brunei Investment Company Limited, Pak Oman Investment Company Limited and Pak Libya Investment Company Limited in previous years have been fully paid.

9.3 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. 197.46 million and Rs. 182.37 million from Bank of Khyber and Pak Libya Holding Company (Private) Limited respectively. Loans obtained were utilized against salaries for the months from April 2020 to September 2020. These facilities have 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.This facility is secured by way of joint pari passu charge of Rs. 264 million on present and future fixed assets of the Company. Balance payable period in 9 quarterly instalments ending on January 2023 at SBP rate plus 3% per annum, payable quarterly.

9.4 As per the financing arrangements, the Company is required to comply with certain financial covenants such as current ratio and debt service coverage ratio and other conditions imposed by the providers of finance.

9.5 The scheme of arrangement is applicable effective from 01 September 2021. As per the Court Order all charges have been transferred in the name of WHAL alongwith the transfer of relevant collaterals as per the approved scheme of arrangement referred to in note 41. In pursuance of WCL demerger plan, WCL approached and reached an arrangement with banks and lenders. The loans will be spilt between WCL and WHAL, retained with WCL and transferred to WHAL in conformity with the bank arrangement.

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10 Deferred income	Note	2022	2021
		(Rupees in '000)	
Sale and lease back	10.1	-	-
Grant in aid	10.2	-	-
Government grant	10.3	-	140
		-	140

10.1 Sale and lease back

Details of the movement in the balance

	Note	2022	2021
Gross balance:			
Balance as at 01 January		-	36,576
Balance at 31 December		-	36,576
Accumulated amortization:			
Balance as at 01 January		-	(30,966)
Amortization till 31 Aug 2021	29	-	(2,992)
Balance at 31 August		-	(33,958)
Transferred to WHAL under scheme of arrangement	2 & 41	-	(2,618)
Carrying amount:			
Balance at 31 December		-	-
Current portion of deferred income	15	-	-
Balance as at 31 December	10.1.1	-	-

10.1.1 The Company had entered in sale and lease back arrangements of specific items of plant and machinery resulting in a deferred income (representing excess of sale proceeds over the carrying amount of respective assets). During year 2021, the deferred income has been fully amortized and recognized in the unconsolidated statement of profit or loss over the lease term.

10.2 Grant in aid	Note	2022	2021
		(Rupees in '000)	
Gross balance:			
Balance as at 01 January		-	13,953
Balance at 31 December		-	13,953
Accumulated amortization:			
Balance as at 01 January		-	(4,206)
Amortization till 31 August 2021	29	-	(775)
Balance at 31 August		-	(4,981)
Transferred to WHAL under scheme of arrangement	2 & 41	-	(8,972)
Carrying amount:			
Balance at 31 December		-	-
Current portion	15	-	-
Balance as at 31 December	10.2.1	-	-

10.2.1 Grant in aid represents the amount received from the World Bank under a project to phase out the Ozone Depleting Substances (ODS) by acquiring asset (production facility) which manufactures products that are free from such substances. This grant is classified as deferred income and is being amortized over the useful life of the asset. Amortization for the year is based on 8.33% of the balance in accordance with the depreciation charged on plant and machinery for which the grant was received. During year 2021, under scheme of arrangements the balance was trasferred to subsidary.

10.3 Government grant	Note	2022	2021
		(Rupees in '000)	
Balance as at 01 January		4,181	26,560
Recognized during the year	0	-	-
Amortization for the year	29	(4,041)	(14,513)
		140	12,047
Transferred to WHAL under scheme of arrangement	2 & 41	-	(7,866)
		-	
Current maturity	15	(140)	(4,041)
Balance as at 31 December	9.4	-	140

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11 Deferred tax (asset) / liability - net

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

	Note	**Balance as at 01 January 2021**	Recognized in statement of profit or loss	Recognized in equity / OCI	Transferred to WHAL	**Balance as at 31 December 2021**	Recognized in statement of profit or loss	Recognized in equity / OCI	**Balance as at 31 December 2022**
Taxable temporary difference									
- accelerated tax depreciation		466,025	17,549		(483,574)	-	-	-	-
- surplus on revaluation of property, plant and equipment	8	94,067	(4,991)	40,218	(129,294)	-	-	-	-
		560,092	**12,558**	**40,218**	**(612,868)**	-	-	-	-
Deductible temporary difference									
- other provisions		(49,605)	(107)	-	49,712	-	-	-	-
- effect of "Group Taxation"		(115,810)	-	-	-	(115,810)	-	**106,919**	**(8,891)**
- effect of minimum tax		(149,436)	-	-	149,436	-	-		-
- tax losses		(21,326)	21,326	-	-	-	-	-	-
		(336,177)	**21,219**	-	**199,148**	**(115,810)**	-	**106,919**	**(8,891)**
Deferred tax (asset) / liability - net		**223,915**	**33,777**	**40,218**	**(413,720)**	**(115,810)**	-	**106,919**	**(8,891)**

RSM

12 Trade and other payables

	Note	2022	2021
		(Rupees in '000)	
Accrued liabilities		**4,423**	1,747
Sales tax and excise duty - net		**262,641**	90,303
Workers' profits participation fund	*12.1*	**-**	-
Income tax deducted at source	*12.2*	**184,055**	101,213
Payable to the provident fund	*34*	**-**	948
Bank overdrawn		**262**	-
Unpaid dividend		**1,179**	1,179
Others	*12.3*	**34,566**	89,892
		487,126	285,282

12.1 Workers' profits participation fund

	Note	2022	2021
		(Rupees in '000)	
Balance as at 01 January		-	14,530
Add: Allocation for the year	*28*	-	16,811
		-	31,341
Less: Payment made during the year		-	(14,530)
Transferred to WHAL under scheme of arrangement	*2 & 41*	-	(16,811)
Balance as at 31 December		-	-

12.2 Amount of Rs. Nil has been paid subsequent to year end.

12.3 Included in other liabilities are provisions aggregating to Rs. 27.87 million (2021: Rs 27.87 million) in respect of probable loss from pending litigation of the Company against Income Tax and Sales Tax (the authorities). The above provisions have been made as per the management's best estimate against various demands raised by the authorities that are being contested by the Company at various forums as explained in note 19.

13 Mark-up accrued on borrowings

	2022	2021
	(Rupees in '000)	
Mark-up based borrowings from banking companies		
- Long term loans - *secured*	**15,898**	13,683
- Short term borrowings - *secured*	**90,307**	27,101
Mark-up based borrowings from non-banking companies		
- Long term loan from financial institution - secured	**7,879**	13,637
	114,084	54,421

14 Short term borrowings - *secured*

	Note	2022	2020
		(Rupees in '000)	
From banking companies			
Running finance under mark-up arrangements	*14.2*	**1,725,000**	349,978
Commercial Paper	*14.3*	**-**	924,683
	14.1	**1,725,000**	1,274,661

14.1 Particulars of borrowings

	2022	2021
Interest / mark-up based borrowings	**1,725,000**	1,274,661
	1,725,000	1,274,661

14.2 Short term running finance

This represents utilized amount of short term running finance facilities under mark-up arrangements availed from various commercial banks aggregating to Rs. 1,725 million (2021:

RSM

Rs. 349.79 million). During year 2021, The running finance liability amounting to Rs. 1500.77 million was to transferred to WHAL as at 31 August 2021 under scheme of arrangement as explained in note 2 and 47. These facilities are secured by way of equitable mortgage charge on building on freehold land of the Company, charge over all current assets and fixed assets of the Company and personal guarantees of the sponsor directors of the Company and carry mark-up ranging from 13.54% to 18.77% (2021: 9.01% to 10.45%) per annum, payable monthly and quarterly in arrears. These facilities are expiring on various dates latest by May 23.

14.3 Commercial Paper

Commercial Paper loan were issued to finance the working capital requirements of the Company. The total issue comprises of 10,000 certificates of Rs. 100,000 each. The issue was made at discount at the start of November 2021, during year 2022 principle has been redeemed after expiry of 270 days following receipt of principal i.e start of month of August 2022

14.4 Unavailed credit facilities

The facilities for opening of letter of credits and guarantees as at 31 December 2022 amounted to Rs. 1,725 million of which remaining unutilized amount was Rs. Nil.

14.5 As per the financing arrangements, the Company is required to comply with certain financial covenants and other conditions imposed by the providers of finance.

15 Current portion of long term liabilities

	Note	2021	2020
		(Rupees in '000)	
Long term loans - *secured*	*9*	**14,281**	729,642
Deferred income	*10*	**140**	4,041
		14,421	733,683

16 Contingencies and commitments

16.1 Contingencies

16.1.1 The Company has filed a Constitutional petition before the Honorable Sindh High Court at Karachi, challenging the vires of Rule 58T of the Sales Tax Special Procedure Rules relating to 2% extra sales tax on certain home appliances. This is based on the view that the said vires are not applicable on the Company. The case is pending before the Honorable Sindh High Court. An interim order was received in favour of the Company. The Company is confident that no liability is expected to occur. Amount involved is Rs. 84.80 million as of 31 December 2020 against which no provision has been made as the Company, based on the opinion of legal advisor's advice, is confident of a favourable decision.

During the financial year 2014, the Company received a show cause notice from the Federal Board of Revenue (FBR) in respect of short payment of 2% extra sales tax under the Sales Tax Procedures Rules, 2007 as amended by SRO. 896(I)/2013 dated 4 October 2013 and deduction of input tax more than the limit defined under section 8 read with chapter IV of Sales Tax Rules, 2006. The tax authority in the said notice raised a demand of Rs. 19.91 million and Rs. 11.15 million respectively for the period from 1 January 2014 to 30 September 2014. The Company after consultation with its tax advisors has replied and submitted explanation with the tax authorities along with revised workings for the apportionment of input tax which in the case of the Company for the above period was Rs. 0.52 million. Since then, no further action has been initiated by the tax authorities.

RSM

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

16.1.2 Income tax assessments of the Company have been finalized up to and including the tax year 2007. The Company had applied for Income tax refund for the tax years from 2006 to 2011. Income tax refund orders were earlier determined for the tax years 2009, 2010 and 2011. Income tax refund was released for the tax year 2009. However, the Additional Commissioner Inland Revenue (ACIR) amended the deemed assessed orders under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax years from 2009 to 2012 and raised additional income tax demand of Rs. 19.98 million. However, the Company had filed an application for the rectification of orders after which the net tax additional demand was reduced to Rs. 2.02 million (after the adjustment of the refund of related years) under section 221 of the Income Tax Ordinance, 2001. Appeals have been filed to Commissioner Inland Revenue - Appeals (CIR-A) against these orders.

Company has received appellate orders for the tax years from 2009 to 2012, dated 29 June 2015, where the CIR-A has set aside certain issues for reassessment, deleted certain items and maintained certain disallowances. The financial impact of the items set aside for reassessment and continued disallowances amount to Rs. 43.72 million. Appeal has been filed with Appellate Tribunal Inland Revenue (ATIR) against these issues. The Company based on the merits of matters is of the view that ultimate decisions are expected in its favour. However, adequate provision is held in the unconsolidated financial statements in respect of the above balance.

16.1.3 The Finance Act, 2017 introduced a tax under section 5A of the Income Tax ordinance, 2001 on every pubic Company other than a scheduled bank or Modaraba, that derives profit for the tax year and does not distribute at least 40% of the after tax profit within six months of the end of said tax year through cash or bonus issue. Under the earlier section tax was not mandatorily leviable in case the Company's reserves were not in excess of the paid up capital (which was the case with the Company as it had accumulated losses). Provision for the above referred tax amounting to Rs. 9.35 million has not been paid as the Company's management is of the view that the amendment was made after the closure of Company's financial year ended 31 December 2016 and for certain other legal reasons. The Company has filed a Constitutional petition before the Honorable Sindh High Court at Karachi challenging the vires of Section 5A of the Income Tax Ordinance, 2001 and a stay order has been granted against any coercive action against the Company under the newly inserted Section 5A.

16.1.4 The Deputy Commissioner Inland Revenue (DCIR), via order dated 30 April 2014, under section 161(1) and 205(3) of the Income Tax Ordinance, 2001 for the tax year 2014 raised a tax demand of Rs. 0.83 million for non deduction of advance income tax for the period from 01 November 2013 to 30 April 2014 under section 236(G) and 236(H) of the aforesaid Ordinance. Company filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A) which was remanded back to DCIR. The Company filed an appeal against the order of CIR-A in Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication. However, adequate provision is held in the unconsolidated financial statements in respect of the above balance.

RSM

16.1.5 During the financial year 2014, the Company received a notice by Commissioner Inland Revenue - Zone I for selection of audit under section 214C for the tax year 2012. The Company filed an appeal against the said notice before Honorable Lahore High Court which was decided against the Company and audit proceedings were initiated. The Deputy Commissioner Inland Revenue issued an amended assessment order under section 122(1) and 122(5) through which certain additions were made and demand order was raised amounting to Rs. 48.10 million. Being aggrieved, the Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A), who vide his order no. 9 dated 04 April 2019 deleted certain additions. Being aggrieved with the order of CIR-A the Company filed an appeal before the honorable Appellate Tribunal Inland Revenue, which is pending adjudication.

16.1.6 During the financial year 2014, the Assistant Commissioner Inland Revenue imposed penalty vide order dated 27 April 2014 under section 182(1) of the Income Tax Ordinance, 2001 amounting Rs. 0.91 million for the tax year 2013 for the late filling of income tax return under section 114 of the Income Tax Ordinance, 2001.The Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) against the above order. The CIR-A decided the matter against the Company vide order dated 25 March 2014. The Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A which is pending adjudication. However, adequate provision is held in the unconsolidated financial statements in respect of the above balance.

16.1.7 During the financial year 2015, the Additional Commissioner Inland Revenue (ACIR), vide order dated 30 April 2015, under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2010, raised an amended demand of Rs. 7.85 million after disallowing certain expenses amounting to Rs. 29.15 million. The Company filed an appeal for the rectification of order before Commissioner Inland Revenue - Appeals (CIR-A) who vide its order dated 30 December 2015 deleted certain items amounting to Rs. 19.94 million. ACIR has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A which is pending adjudication. However, adequate provision is held in the unconsolidated financial statements in respect of the above balance.

16.1.8 During the financial year 2017, the Additional Commissioner Inland Revenue (ACIR) amended the deemed assessed return vide its order dated 19 June 2017 under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2011. The ACIR disallowed certain expenses amounting to Rs. 9.58 million and raised the additional income tax demand of Rs. 1.02 million. The Company filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A). The CIR-A vide order no. 19 dated 21 September 2020 decided the appeal partially in favour of the Company by deleting the additions amounting to Rs. 4.62 million under the head financial charges and directed the ACIR to verify the said contention and adjust the refund of Rs. 1.02 million if still available to the Company for adjustment in the current year. Being aggrieved with of the CIR-A order, the Company preferred an appeal before the Honorable Appellate Tribunal Inland Revenue, Lahore, which is still pending for adjudication. However, adequate provision is held in the unconsolidated financial statements in respect of the above balance.

16.1.9 During the financial year 2018, the Company received a show cause notice issued by Deputy Commissioner Inland Revenue under section 161 for the tax year 2017 on non deduction of withholding tax amounting to Rs. 6.03 million on payments against purchase of plant and machinery, packing material and other miscellaneous payments. The Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) where the case was remanded back to the Department. Being aggrieved, the Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication.

RSM

16.1.10 During the financial year 2018, the Taxation Officer, after conducting audit under section 177 of the Income Tax Ordinance, 2001 (the Ordinance) for the tax year 2014, passed an amended assessment order under section 122 of the Ordinance raising tax demands of Rs. 25.29 million alleging that the Company suppressed its sales and adjusted inadmissible expenses. Being aggrieved, the Company has filed appeal before Commissioner Inland Revenue - Appeals (CIR-A). CIR-A vide order, deleted certain additions amounting to Rs. 80 million and the rest of the additions amounting to Rs. 26 million were confirmed.

Hence there is no outstanding amount payable against the Company. The department filed an appeal before Income Tax Appellate Tribunal (ITAT) which is pending for adjudication and a favourable outcome is expected.

16.1.11 During the financial year 2016, the Deputy Commissioner Inland Revenue raised an order under section 161/205 of the Income Tax Ordinance, 2001 for non-deduction of tax amounting Rs. 6.45 million and Rs. 3.76 million for tax years 2009 and 2010 respectively. The Company filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A) which was decided against the Company. The Company filed an appeal against the order of CIR-A in Appellate Tribunal Inland Revenue (ATIR), which is pending for adjudication. However, adequate provision is held in the unconsolidated financial statements in respect of the above balance.

Based on the opinion of the legal and tax advisors handling the above litigations, the management believes that the Company has strong legal grounds against each case and that no financial liability is expected to accrue. Accordingly, no provision (in addition to already held in respect of certain cases of the Company) has been made in these unconsolidated financial statements.

16.2 Commitments

16.2.1 Commitments, for the import of stock in trade, outstanding at year end were for Rs. Nil (2021: Nil).

16.2.2 Commitments, for capital expenditure, against irrevocable letters of credit outstanding at year end were for Rs. Nil (2021: Nil).

Effective from 01 September 2021, all commitments have been transferred to Waves Home Appliance Limited (WHAL) under Scheme of arrangement as explained in note 2 and 41 of these unconsolidated financial statements.

17 Property, plant and equipment	*Note*	**2022**	2021
		(Rupees in '000)	
Operating fixed assets			
As at 01 January	*17.1*	**10,000**	4,786,037
Addions during the period		-	593,565
Transfers during the period		-	-
Disposals during the period		-	(1,547)
Reclassification of assets held for sale		-	(2,356,000)
Depreciation charged for the year		-	(183,501)
Effect of revaluation		-	197,559
Transferred to WHAL		-	(3,026,113)
As at 31 December		**10,000**	10,000

RSM

17.1 Operating fixed assets / Right of use assets

	Note	Operating fixed assets						Right of use assets					
		Freehold Land	Buildings On freehold land	Plant and machinery	Furniture and equipment	Vehicles	Computers	Buildings	Plant and machinery	Furniture and equipment	Vehicles	Computers	Total
		Rupees (000)											
At 01 January 2022													
Cost / revaluation		10,000	-	-	70,887	79,108	67,003	133,745	-	1,360	25,197	3,917	391,217
Accumulated depreciation		-	-	-	(70,887)	(79,108)	(67,003)	(133,745)	-	(1,360)	(25,197)	(3,917)	(381,217)
Net book value		10,000	-	-	-	-	-	-	-	-	-	-	10,000
Transactions during the year													
Additions		-	-	-	-	-	-	-	-	-	-	-	-
Transfers													
Cost		-	-	-	-	-	-	-	-	-	-	-	-
Depreciation		-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-
Disposals	*17.3*												
Cost		-	-	-		-	-	-	-	-	-	-	-
Depreciation		-	-	-		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-
Reclassification to asset held for sale	*23*	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year		-	-	-	-	-	-	-	-	-	-	-	-
Effect of revaluation		-	-	-	-	-	-	-	-	-	-	-	-
Elimination of gross carrying value against accumulated depreciation		-	-	-	-	-	-	-	-	-	-	-	-
Transferred to WHAL	*2 & 41*	-	-	-	-	-	-	-	-	-	-	-	-
Closing net book value		10,000	-	-	-	-	-	-	-	-	-	-	10,000
As at 31 December 2022													
Cost / revaluated amount		10,000	-	-	70,887	79,108	67,003	133,745	-	1,360	25,197	3,917	391,217
Accumulated depreciation		-	-	-	(70,887)	(79,108)	(67,003)	(133,745)	-	(1,360)	(25,197)	(3,917)	(381,217)
Assets held for sale	*23*	-											-
Transferred to WHAL	*2 & 41*	-	-	-	-	-	-	-	-	-	-	-	-
Net book value		10,000	-	-	-	-	-	-	-	-	-	-	10,000
Depreciation rate (% per annum)		Nil	3	8.33	10-20	20	20	10	8.33	10	20	20	

RSM

17.1 Operating fixed assets / Right of use assets

		Operating fixed assets						Right of use assets					
		Freehold Land	Buildings on freehold land	Plant and machinery	Furniture and equipment	Vehicles	Computers	Buildings	Plant and machinery	Furniture and equipment	Vehicles	Computers	Total
	Note	Rupees (000)											
At 01 January 2021													
Cost / revaluation		2,364,500	410,606	1,911,420	110,372	124,676	66,844	150,316	75,512	1,360	51,708	3,917	5,271,231
Accumulated depreciation		-	(12,177)	(146,379)	(62,994)	(65,641)	(66,312)	(102,162)	(6,290)	(1,337)	(18,303)	(3,599)	(485,194)
Net book value		2,364,500	398,429	1,765,041	47,378	59,035	532	48,154	69,222	23	33,405	318	4,786,037
Transactions during the year													
Additions		472,513	31,084	5,559	13,492	8,372	2,156	60,389	-	-	-	-	593,565
Transfers													
Cost		-	-	-	-	-	-	-	-	-	-	-	-
Depreciation		-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-
Disposals	17.3												
Cost		-	-	-	-	(5,095)	-	-	-	-	-	-	(5,095)
Depreciation		-	-	-	-	3,548	-	-	-	-	-	-	3,548
		-	-	-	-	(1,547)	-	-	-	-	-	-	(1,547)
Reclassification of assets held for sale		(2,356,000)											(2,356,000)
Depreciation charge for the year		-	(8,604)	(106,287)	(7,893)	(17,015)	(691)	(31,583)	(4,193)	(23)	(6,894)	(318)	(183,501)
Effect of revaluation		57,152	(11,832)	(130,611)	-	-	-	-	(1,080)	-	-	-	(86,371)
Elimination of gross carrying value against accumulated depreciation			20,781	252,666	-	-	-	-	10,483	-	-	-	283,930
Transferred to WHAL	2 & 41	(528,165)	(429,858)	(1,786,368)	(52,977)	(48,845)	(1,997)	(76,960)	(74,432)	-	(26,511)	-	(3,026,113)
Closing net book value		10,000	-	-	-	-	-	-	-	-	-	-	10,000
As at 31 December 2021													
Cost / revaluated amount		10,000	-	-	70,887	79,108	67,003	133,745	-	1,360	25,197	3,917	391,217
Accumulated depreciation		-	-	-	(70,887)	(79,108)	(67,003)	(133,745)	-	(1,360)	(25,197)	(3,917)	(381,217)
Net book value		10,000	-	-	-	-	-	-	-	-	-	-	10,000
Depreciation rate (% per annum)		Nil	3	8.33	10-20	20	20	10	8.33	10	20	20	

RSM

17.1.1 Had there been no revaluation of the freehold land the net book value as of 31 December 2022 would have been as follows:

	2022	2021
	(Rupees in '000)	
Land	**10,000**	10,000
	10,000	10,000

17.1.2 The latest revaluation was carried on 31 August 2021 by Asif Associates (Private) Limited. As per the revaluation report, forced sale value of freehold land was Rs. 9 million.

17.1.3 Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

Location	Usage of immovable property	Total area (Kanals)	Covered area (Square Feet)
9-K.M, Hanjarwal, Multan Road, Lahore.	Head Office and manufacturing facility	61.90	340,134
Dina Nath, Mouza Rakh Serai Cheenba, Tehsil Pattoki, District Kasur.	Manufacturing facility	8.45	18,069

17.1.4 Depreciation for the year has been allocated as follows:

	Note	2022	2021
		(Rupees in '000)	
Cost of sales	*25.1*	-	114,774
Marketing, selling and distribution costs	*26*	-	31,583
Administrative expenses	*27*	-	37,144
		-	183,501

17.2 Capital work-in-progress

	Note	2022	2021
Balance as at 01 January		-	-
Additions during the year			191,805
Transfers to PPE		-	(72,493)
Transferred to WHAL under scheme of arrangement		-	(119,312)
Balance as at 31 December	*17.2.1*	-	-

17.2.1 During year 2021, this represents work-in-progress for development, improvement and installation. Effective from 01 September 2021, all balances have been transferred to Waves Home Appliance Limited (WHAL) under Scheme of arrangement as explained in note 2 and 47 of these unconsolidated financial statements.

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18 Investment property	2022	2021
	(Rupees in '000)	
Balance as at 01 January	**323,480**	303,480
Disposals during the year	**(30,000)**	-
Fair value gain	**7,000**	20,000
Balance as at 31 December	**300,480**	323,480

The Company has rented out the owned shops to its subsidiary Company {Waves Marketplace Limited}. Balance as of 31 December 2022 comprised of shops of Rs. 293.48 million (2021: Rs 323.48 million) and dispoasl of Rs. 30 million (2021:Nil) and revaluation gain of Rs 7 million (2021: Rs.20 million) based on the revaluation / fair value of the owned shops determined on 31 December 2022. The fair value gain have been recognized in the unconsolidated statement of profit or loss as 'Other income' as referred to in note 35.

Rent income of Rs. 3.36 million (2021: Rs 5.67 million) has been recognized on the above property during the period ended 31 December 2022. Agreements for the rent are valid up to 9 years and are renewable. Surplus on revaluation of the above properties amounting to Rs. 149.97 million as of 31 December 2022 continues to be maintained in the "Surplus on Revaluation of Property, Plant and Equipment" mentioned in note 8 to these unconsolidated financial statements.

The fair value of investment properties as of 31 December 2022 has been determined by an external independent property valuer M/s Asif Associates (Private) Limited based on independent inquiries from active local realtors, recent experience in the location and the records of the valuer. The fair value measurement of the investment property had been categorized as a level 3 fair value based on the input to the valuation technique used.

19 Investment in subsidiaries	Note	2022	2021
		(Rupees in '000)	
Waves Marketplace limited			
(formerly named as Electronics Marketing Company (Private) Limited)			
50,000,000 (2021: 50,000,000) fully paid ordinary shares of Rs. 10 each	*19.1*	**500,000**	500,000
Equity held: 100% (2021: 100%)			
Chief Executive Officer - Moazzam Ahmad Khan			
Waves Builders and Developers (Private) Limited			
(formerly named as Waves Marketing (Private) Limited)			
100,000 (2021: 100,000) fully paid ordinary shares of Rs. 10 each	*19.2*	**1,000**	1,000
Equity held: 100% (2021: 100%)			
Chief Executive Officer - Moazzam Ahmad Khan			
Waves Home Appliance Limited			
(formerly named as Samin Textile Limited)			
199,724,956 (2021: 199,724,956) fully paid ordinary shares of Rs. 10 each			
Equity held: 74.56% (2021: 74.56%)			
Chief Executive Officer - Haroon Ahmad Khan	*19.3*	**4,578,797**	4,842,093
Gain on transfer of home appliances business	*41.1*		(263,296)
		4,578,797	4,578,797
		5,079,797	5,079,797

RSM

19.1 Waves Marketplace Limited (formerly, Electronics Marketing Company (Private) Limited), 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 9KM Multan Road, Hanjarwal, Lahore, Punjab.

19.2 Waves Builders and Developers Private Limited (formerly, Waves Marketing (Private) Limited) is a private limited company which was incorporated on 10 April 2017 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the company is located at 15/3 A Model Town, Lahore. The principal activity of the company is real estate development.

19.3 Waves Home Appliances Limited (formerly, Samin Textiles Limited) was incorporated in Pakistan on November 27, 1989 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at 8.7 KM Multan Road Hanjarwal Lahore. The Company is currently listed on Pakistan Stock Exchange. The principal business of the Company is trading, import and export of textile products and electric appliances. The interest in subsidiary has been acquired for the reasons fully explained in note 2 and 47 of the unconsolidated financial statement.

	Note	**2022**	2021
		(Rupees in '000)	
20 Long term advances and deposits			
Receivable from a subsidiary company	*20.1*	**1,721,340**	1,779,177
Deposits			
- leases	*20.2*	**-**	-
- other long term deposits		**-**	-
		1,721,340	1,779,177

20.1 As per scheme of arrangement described in note 2 and 47, WCL is liable to receive Rs. 2 billion from WHAL within two years of the sanction of the scheme. However, if the said amount is still wholly or partially receivable from WHAL, then WHAL is also subject to pay profit / markup on the outstanding amount on a quarterly basis in arrears and such rate shall be decided by the BOD of each company and should not be less than the prescribed rate as per applicable laws.

Movement of long term advance	*Note*	**2022**	2021
		(Rupees in '000)	
Gross consideration receivable from WHAL		**1,779,177**	2,000,000
Less: Short term payable adjustment		**(226,805)**	-
Less: Fair value adjustment			(277,644)
Fair value of the deferred consideration		**1,552,372**	1,722,356
Notional income on amount receivable from subsidiary company	29	**168,968**	56,821
Carrying value as at 31 December		**1,721,340**	1,779,177

20.1.1 This represents notional interest discounted at average borrowing rate (9.87%) of the Company and has been accounted for as part of consideration paid under the scheme of arrangement.

20.2 Effective from 01 September 2021, all balances have been transferred to Waves Home Appliance Limited (WHAL) under Scheme of arrangement as explained in note 2 and 47 of these unconsolidated financial statements.

RSM

			2022	2021
21	**Advances, deposits, prepayments and other receivables**	*Note*	**(Rupees in '000)**	
	- Receivable from subsidiary companies			
	- Waves Marketplace Limited (formerly, EMCPL)	*21.1*	**325,915**	371,939
	- Waves Builders and Developers (Pvt) Ltd (formerly, WMPL)		**12,662**	44,518
	- Waves Home Applainces Limited (formerly, STL)	*21.2*	-	298,831
			338,577	715,288
	Loss allowances against other receivables	*21.3*	-	-
			338,577	715,288

21.1 This represents amounts due on account of expenses incurred on behalf of subsidiary in accordance to a basis approved by the Board of Directors of the Company. The balance is unsecured and receivable on demand. Mark-up is charged at average quarterly borrowing rate of the Company.

21.2 These represent expenses incurred on behalf of subsidiary in the ordinary course of business and have primarily originated during the process of scheme of arrangement.

		2022	2021
21.3	**Movement in loss allowance against other receivables**	**(Rupees in '000)**	
	Balance as at 01 January	-	2,342
	Loss allowance for the year	-	-
	Transferred to WHAL	-	(2,342)
	Balance as at 31 December	-	-

21.4 Effective from 01 September 2021, all balances have been transferred to Waves Home Appliance Limited (WHAL) under Scheme of arrangement as explained in note 2 and 47 of these unconsolidated financial statements

			2022	2021
22	**Cash and bank balances**		**(Rupees in '000)**	
	Balances with banks	*22.1*	**19,991**	68,616
	- in current accounts			
			-	4,938
	Cash in hand		**19,991**	73,554

22.1 These include bank account of Rs. 11.8 million (2021: Rs. 2.21 million) maintained under Shariah compliant arrangement.

DSM

23 **Assets held for sale**

In November 2021, the Board decided that the land on which existing manufacturing facility of WCL is located shall be sold to its subsidiary for construction of a real estate project/apartment complex through the wholly owned subsidiary. Hence, the land is presented as a non-current asset held for sale. The estimated realizable value of these non-current assets is equal to their carrying value based on valuation conducted on 31 August 2021. Efforts to sell the land has been intiated and the management is committed to sale within a period of one year.

	Note	**2022**	2021
		(Rupees in '000)	
Movement during the period			
Balance as at 01 January		**2,356,000**	-
Transfer from operating fixed assets		-	2,356,000
Addition during the period		**384,879**	-
Transfer from investment property		**30,000**	-
Disposal of property		**(30,000)**	
Balance as at 31 December	*17.1*	**2,740,879**	2,356,000

24 **Revenue - *net***

	2022	01 Jan to 31 Aug 2021
	(Rupees in '000)	
Discontinued operations		
Sales		
- local	-	7,478,288
- export	-	15,996
Sales return	-	(95,753)
	-	7,398,531
Sales tax	-	(1,067,597)
Trade discount	-	(301,980)
	-	(1,369,577)
Revenue from contracts with customers	-	6,028,954

25 **Cost of sales**

	Note	**2022**	01 Jan to 31 Aug 2021
		(Rupees in '000)	
Discontinued operations			
Opening stock - finished goods			
- own manufactured		-	832,803
- purchased for resale		-	46,258
		-	879,061
Purchases		-	95,906
Cost of goods manufactured	*25.1*	-	4,496,170
		-	5,471,137
Closing stock - finished goods as at 31 Aug 2021			
- own manufactured			(659,893)
- purchased for resale			(64,449)
		-	4,746,795

RSM

			2022	2021
25.1	**Cost of goods manufactured**	*Note*	**(Rupees in '000)**	
	Raw and packing materials and stores consumed		-	3,967,967
	Salaries, wages and other benefits	*25.1.1*	-	302,014
	Depreciation on property, plant and equipment	*17.1.4*	-	114,774
	Fuel and power		-	58,505
	Freight charges		-	42,067
	Insurance expense		-	7,396
	Repairs and maintenance		-	15,202
	Printing and stationery		-	20,158
	Travelling and conveyance		-	146
	Rent, rates and taxes		-	1,429
	Communication		-	511
	Miscellaneous expenses		-	992
			-	4,531,161
	Work-in-process			
	Opening stock		-	204,180
	Closing stock as at 31 Aug 2021			(239,171)
			-	(34,991)
	Cost of goods manufactured		-	4,496,170

25.1.1 This balance include provision / reversal of Rs. Nil (2021: Rs. 0.67 million), Rs.Nil (2021: Rs. 1.36 million) and Rs. Nil (2021: Rs. 6.63 million) in respect of gratuity, pension and provident funds respectively.

			2022	2021
26	**Marketing, selling and distribution costs**	*Note*	**(Rupees in '000)**	
	Discontinued operations			
	Salaries and benefits	*26.1*	-	169,745
	Rent, rates and taxes		-	953
	Publicity and sales promotion		-	35,220
	Depreciation on property, plant and equipment	*17.1.4*	-	31,583
	Warranty obligations		-	35,725
	Utilities		-	4,657
	Printing and stationery		-	1,620
	Travelling and conveyance		-	21,097
	Amortization of intangible assets	*18.3*	-	20,485
	Communication		-	562
	Repair and maintenance		-	812
	Insurance expense		-	1,565
	Others		-	627
			-	324,651

26.1 This balance include provision / reversal of Rs. Nil (2021: Rs. 0.10 million), Rs. Nil (2021: Rs. 0.52 million) and Rs. Nil (2021: Rs. 5.77 million) in respect of gratuity, pension and provident funds respectively.

RLM

27	Administrative expenses	Note	2022	2021
			(Rupees in '000)	
	Continuing operations			
	Salaries and benefits	27.1	**55,468**	45,582
	Legal and professional charges		**-**	1,000
	Fees and subscription		**-**	9,274
	Loss on disposal of property, plant and equipment and investment property		**385**	-
	Auditors' remuneration	27.3	**4,815**	6,815
			60,668	62,671
	Discontinued operations			
	Salaries and benefits	27.1	**-**	87,812
	Legal and professional charges		**-**	11,274
	Depreciation on property, plant and equipment	17.1.4	**-**	37,144
	Communication		**-**	7,819
	Travelling and conveyance		**-**	10,158
	Repair and maintenance		**-**	2,011
	Utilities		**-**	7,679
	Printing and stationery		**-**	3,994
	Rent, rates and taxes		**-**	5,453
	Insurance expense		**-**	3,946
	Entertainment expense		**-**	3,485
	Fees and subscription		**-**	4,660
	Amortization of intangible assets		**-**	9,515
	Charity and donations	27.2	**-**	25
	Others		**-**	1,780
			-	196,755
			60,668	259,426

27.1 This balance include provision / reversal of Rs. Nil (2021: Rs. 0.26 million), Rs. Nil (2021: Rs. 21 million) and Rs. 3.38 (2021: Rs. 5.78 million) in respect of gratuity, pension and provident funds respectively.

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

27.3 Auditors' remuneration	Note	2022	2021
		(Rupees in '000)	
Audit fee		**3,328**	3,328
Fee for the review of interim financial information		**513**	513
Special audit		**-**	2,000
Fee for the review of code of corporate governance and other certifications / reports under agreed upon procedures		**390**	390
Out of pocket expenses		**584**	584
		4,815	6,815

28	Other expenses		2022	2021
			(Rupees in '000)	
	Discontinued operations			
	Workers' profits participation fund (WPPF)	12.1	**-**	16,811
	Exchange loss - net		**-**	22,734
	Research and development expenditure		**-**	5,261
	Workers' welfare fund		**-**	6,402
	Other expenses	28.1	**-**	5,434
			-	56,642

28.1 This includes penalty for late payment of income tax of Rs. Nil (2021: Rs. 3.9 million).

RSM

29 Other income

	Note	2022	2021
		(Rupees in '000)	
Continuing operations			
Income from financial assets			
Profit on a profit and loss sharing bank balance		-	165
Income from non-financial instruments			
Fair value gain on investment property	*18*	**7,000**	20,000
Notional interest income on loan to subsidiary	*20*	**168,968**	56,821
Mark-up on receivables from subsidiary company	*29.1*	**60,387**	33,970
Rental income	*18*	**3,360**	5,670
Amortization of deferred income	*10*	**4,041**	9,097
		243,756	125,558
		243,756	125,723
Discontinued operations			
Income from non-financial instruments			
Gain on disposal of property, plant and equipment and investment property - *net*		-	584
Scrap sales		-	5,946
Amortization of deferred income	*10*		9,183
Exchange gain - *net*		-	-
Reversal of loss allowance against trade debts			4,216
Liabilities no longer payable written back		-	-
Others		-	11,645
		-	31,574
Total Other income		**243,756**	157,297

29.1 This represents mark-up charged from the subsidiary company at an average quarterly borrowing rate of the Company at the outstanding balance receivable.

30 Finance costs

	Note	2022	2021
		(Rupees in '000)	
Continuing operations			
Interest / mark-up on interest / mark-up based loans			
- Long term loans		-	123,794
- Short term borrowings		-	16,333
Bank charges		-	12,206
		-	152,333
Discontinued operations			
Islamic mode of financing			
- Short term borrowings			19,538
Interest / mark-up on interest / mark-up based loans			
- Long term loans		-	63,549
- Short term borrowings		-	270,055
- Finance lease		-	9,124
		-	362,266
Total Finance cost		-	514,599

31 Taxation

	Note	2022	2021
Discontinued operations			
Current:			
- for the year	*31.1*	-	78,639
- poverty alleviation tax			5,523
- prior year		(76,334)	(7,754)
		(76,334)	76,408
Deferred:			
- for the year			33,778
- prior year		-	-
- group taxation	*11*	-	-
		-	33,778
		(76,334)	110,186

RSM

31.1 The provision for current taxation has been determined under 'Minimum Tax Turnover' (2021: 'Minimum Tax on Turnover' under section 113) of the Income Tax Ordinance, 2001. The current tax includes tax under the final tax regime amounting to Rs. Nil (2021: Rs. 0.16 million).

31.2 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit:

	2022	2021
	(Rupees in '000)	
Profit before tax	**177,420**	284,138
Tax at the applicable tax rate of 29% (2021: 29%)	**51,452**	82,400
Tax effect of permanent differences:		
- Differential under normal and final / minimum tax regime	**-**	5,403
- Exempt income (exempt due to group taxation)	**(66,513)**	(15,623)
- Other permanent differences	**-**	7
Deferred tax asset not recognized on tax losses	**15,061**	-
Prior year tax charge	**-**	(7,754)
Poverty Alleviation Tax	**-**	5,523
Differential in respect to minimum tax and NTR	**-**	38,617
Effect of group taxation	**-**	-
Others	**-**	1,613
	-	110,186

32 Earnings per share - basic and diluted

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

No figure for diluted earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

Company's earnings per share have been calculated as follows:

		2022	2021
Loss for the year - Continuing operations	***Rupees in '000***	**177,420**	(89,281)
Profit for the year - Discontinued operations	***Rupees in '000***	**76,334**	263,233
Weighted average number of ordinary shares - *Note 38.1*	***Shares***	**281,406**	281,406
Loss per share - *basic and diluted* from continued operations	***Rupees***	**0.63**	(0.32)
Earnings per share - *basic and diluted* from discontinued operations	***Rupees***	**0.27**	0.94

32.1 Weighted average number of ordinary shares (basic and diluted)

Issued ordinary shares at 01 January	**281,406**	187,604
Effect of right issue	**-**	93,802
Weighted-average number of ordinary shares at 31 December	**281,406**	281,406

RSM

33 Cash and cash equivalents

	2022	2021
	(Rupees in '000)	

33.1 Cash and cash equivalents as at 31 December

	2022	2021
Cash and bank balances	19,991	73,554
Short term running finances under mark-up arrangements - *secured*	(1,725,000)	(349,978)
	(1,705,009)	(276,424)

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

	2022									
	Liabilities						Equity			
	Short term borrowings	Loan from sponsors	Long term loans	Lease liability	Mark-up accrued on borrowings	Unpaid dividend	Share capital	Share premium reserve	Capital reserve	Total
	Rupees in '000									
Balance as at 01 January	1,274,661	-	1,101,988	-	54,421	1,179	2,814,062	5,025,661	5,000	10,276,972
Cash flows										
Short term borrowings repaid net of receipts	(924,683)	-	-	-	-	-	-	-	-	(924,683)
Dividend paid	-	-	-	-	-	-	-	-	-	-
Long term loans repaid	-	-	(1,070,313)	-	-	-	-	-	-	(1,070,313)
Long term loans received	-	-	-	-	-	-	-	-	-	-
Finance cost paid	-	-	-	-	59,663	-	-	-	-	59,663
Repayment of lease rentals	-	-	-	-	-	-	-	-	-	-
	(924,683)	-	(1,070,313)	-	59,663	-	-	-	-	(1,935,333)
Non-cash changes										
Changes in running finance	1,375,022	-	-	-	-	-	-	-	-	1,375,022
Transfer to WHAL			-	-	-			-		
Movement in lease liabilities	-	-	-	-	-	-	-	-	-	-
Deffered grant			(17,394)							
Finance cost	-	-	-	-	-	-	-	-	-	-
	1,375,022	-	(17,394)	-	-	-	-	-	-	1,375,022
Balance as at 31 December	1,725,000	-	14,281	-	114,084	1,179	2,814,062	5,025,661	5,000	9,716,661

RSM

	2021									
	Liabilities						Equity			
	Short term borrowings	Loan from Sponsors	Long term finances	Lease liability	Mark-up accrued on borrowings	Unpaid dividend	Share capital	Share premium reserve	Capital reserve	Total
	Rupees in '000									
Balance as at 01 January	3,954,952	380,500	2,506,831	122,846	178,416	1,276	1,876,041	4,581,063	5,000	13,606,925
Cash flows										
Short term borrowings repaid net of receipts	1,943,332	-	-	-	-	-	-	-	-	1,943,332
Loan from sponsors - unsecured	-	(380,500)	-	-	-	-	938,021	444,598	-	1,002,119
Dividend paid	-	-	-	-	-	(97)	-	-	-	(97)
Long term loans repaid	-	-	(396,014)	-	-	-	-	-	-	(396,014)
Long term loans received	-	-	-	-	-	-	-	-	-	-
Finance cost paid	-	-	-	-	(485,442)	-	-	-	-	(485,442)
Repayment of lease rentals	-	-	-	(48,625)	-	-	-	-	-	(48,625)
	1,943,332	(380,500)	(396,014)	(48,625)	(485,442)	(97)	938,021	444,598	-	2,015,273
Non-cash changes										
Changes in running finance	(4,623,623)	-	-	-	-	-	-	-	-	(4,623,623)
Dividend approved			(1,008,829)	(74,221)	(153,152)			-		
Movement in lease liabilities	-	-	-	-	-	-	-	-	-	-
Finance cost	-	-	-	-	514,599	-	-	-	-	514,599
	(4,623,623)	-	(1,008,829)	(74,221)	361,447	-	-	-	-	(4,109,024)
Balance as at 31 December	1,274,661	-	1,101,988	-	54,421	1,179	2,814,062	5,025,661	5,000	11,513,174

34 Provident fund related disclosure

The Company operates approved contributory provident fund for all the employees eligible under the scheme. Till 2018, the Company was operating two separate provident funds in the name of SPL and CIPL but with effect from 01 January 2019, the Company has merged its funds. The management is of the view that the investments out of provident fund have not been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated thereunder. The Company has however carved out its home appliances business with effect from 01 September 2021 in which all employees except ten as per scheme of arrangement have been transferred to WHAL as explained in note 2 and 41.

RSM

35 Remuneration of Chief Executive, Directors And Executives

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

	Chief Executive		Executive Directors		Executives		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	(Rupees in '000)							
Managerial remuneration	**18,480**	16,036		5,569	**11,423**	54,285	**29,903**	75,890
Contribution to provident fund	**2,099**	1,908		422	**952**	4,107	**3,051**	6,437
Housing allowance	**7,392**	9,164		2,025	**4,569**	19,740	**11,961**	30,929
	27,971	27,108	-	8,016	**16,944**	78,132	**44,915**	113,256
Number of persons	**1**	1	**1**	1	**6**	32	**8**	34

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

35.2 In addition, aggregate amount charged in the unconsolidated financial statements for payments on account of the meeting fee of non-executive directors was Rs. 0.5 million (2021:Nil).

35.3 During year 2021, Aggregate amount charged in the unconsolidated financial statements for chief executive, directors and executives are charged till 31 August 2021 and remuneration from 01 September 2021 to 31 December 2021 has been transferred to Waves Home Appliance Limited (WHAL) on account of scheme of arrangement, for details refer to note 2 and 41 of these unconsolidated financial statement except 10 employees who were retained by WCL.

36 Related parties comprise of associated undertakings, directors, entities with common directorship, post employment plans and key management personnel. Amounts due from related parties are shown under advances, deposits, prepayments and other receivables note 21 and remuneration of directors and key management personnel note 35. Further, transfer of business along with asstes and liabilities to WHAL have been explained in note 2 and 41. Other significant transactions with related parties are as follows:

Name of the Company	Relationship	Nature of transactions	2022	2021
			(Rupees in '000)	
i. Subsidiary Company				
Waves Builders and Developers (Private) Limited	Wholly owned subsidiary	Mark-up charged on receivable from subsidiary	-	-
Waves Markeplace Limited	Wholly owned subsidiary	Sale of inventory - gross	-	298,102
		Expenses incurred / paid on behalf of subsidiary	-	-
		Mark-up charged on receivable from subsidiary	**60,387**	33,970

RSM

Name of the Company	Relationship	Nature of transactions	2022	2021
			(Rupees in '000)	
Waves Home Appliances Limited	Subsidiary	Purchase of raw material	-	13,413
		Expenses incurred / paid on behalf of subsidiary	-	15,226
Employee's Provident Fund	Post employee contribution plan	Contribution for the year	**3,385**	20,645
Employee's Gratuity Fund	Post employee benefit plan	Contribution for the year	-	846
Employee's Pension Fund	Post employee benefit plan	Contribution for the year	-	-
Directors	Employees	Fee for meetings	**500**	-
		Loan from sponsors received during the year	-	245,201
		Loan from sponsors adjusted against right issue	-	678,831

37 Plant capacity and actual production

	Capacity		Production	
	2022	1 Jan to 31-Aug-21	2022	1 Jan to 31-Aug-21
	(Units)		(Units)	
Refrigerators	-	83,333	-	55,308
Deep Freezer	-	76,667	-	98,471
Microwave ovens	-	40,000	-	-
Air conditioners	-	40,000	-	-
Washing Machines	-	26,667	-	3,748
Gas appliances (water heater and cooking range excluding microwave ovens)	-	16,667	-	686
Televisions	-	15,000	-	-
Water dispenser	-	13,333	-	-

During year 2021, Capacity reflects units expected to be produced on the basis of normal production hours (one shift of 8 hours). The production / capacity utilization is according to market demand. However, as per the scheme of arrangement explained in note 2, the Home Appliance Business has been transferred to Waves Home Appliance Limited (WHAL) hence the capacity is only mentioned till 31 August 2021.

38 Number of employees

	Total employees	
	2022	2021
	(Number of persons)	
Total number of employees as at 31 December - *note 41*	**8**	10
Average number of employees	**9**	2,050

RSM

39 Financial risk management

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board of Directors reviews and agrees policies for managing each of the risks.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of 'which are reported to the Board of Directors. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

39.1 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. Credit risk of the Company arises principally from trade debts, advances, deposits, other receivables and bank balances.

39.1.1 Exposure to credit risk

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

	Carrying amount	
	2022	2021
	(Rupees in '000)	
Long term advances and deposits	**1,721,340**	1,779,177
Trade debts	**-**	-
Other receivables	**338,577**	715,288
Balances with banks	**19,991**	68,616
	2,079,908	2,563,081

39.1.2 Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Company's performance for developments affecting a particular industry. Out of total receivable, 100% (2021: 100%) relates to receivable from subsidiary companies. Maximum exposure to credit risk by type of counterparty is as follows:

	Net receivable (net of provisions)	
	2022	2021
	(Rupees in '000)	
Trade debts		
- others	**-**	-
- subsidiary companies	**-**	-
Security deposits		
- individuals	**-**	-
- lease	**-**	-
Other receivable from subsidiary companies	**338,577**	715,288
Long term advance from subsidiary company	**1,721,340**	1,779,177
Insurance Company (claims)	**-**	-
Banks	**19,991**	68,616
	2,079,908	2,563,081

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39.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or historical information about the counterparty default rates. All counterparties, with the exception of customers and utility Companies, have external credit ratings determined by various credit rating agencies and other regulatory authorities. Credit quality of customer is assessed by reference to historical default rates and present ages.

39.1.3(a) <u>Counterparties with external credit ratings</u>

These include banking companies and financial institutions, which are counterparties to bank balances and deposits. Impairment on cash and cash equivalents has been measured on a 12 month expected loss basis and reflects the short maturities of the exposures. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

Banks	Rating Agency	Short term	Long term	2022 (Rupees in '000)	2021
AlBaraka Bank (Pakistan) Limited	VIS	A-1	A+	**834**	4,720
Allied Bank Limited	PACRA	A-1+	AAA	**83**	83
Askari Bank Limited	PACRA	A-1+	AA+	**136**	635
Bank Alfalah Limited	PACRA	A-1+	AA+	**1,447**	7,090
Bank Islamic Pakistan Limited	PACRA	A-1	A	**1**	1
The Bank of Khyber	PACRA	A-1	A+	**4**	2
The Bank of Punjab	PACRA	A-1+	AA+	**726**	15,098
Dubai Islamic Bank Limited	VIS	A-1+	AA	**6**	-
Faysal Bank Limited	PACRA	A-1+	AA	**3,500**	1,642
Finca Microfinance Bank Limited	PACRA	A1	A	**373**	348
Habib Bank Limited	JCR-VIS	A-1+	AAA	**704**	19,543
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	**356**	236
JS Bank Limited	PACRA	A1+	AA-	**4**	4
MCB Bank Limited	PACRA	A1+	AAA	**922**	1,480
Meezan Bank	JCR-VIS	A1+	AAA	**7,480**	15,002
National Bank Of Pakistan	PACRA	A1+	AAA	**55**	292
Samba Bank Limited	VIS	A-1	AA	**81**	19
Silk Bank Limited	JCR-VIS	A2	A-		-
Soneri Bank Limited	PACRA	A1+	AA-		-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	**1,090**	1,090
United Bank Limited	JCR-VIS	A1+	AAA	**1,067**	1,069
Industrial Commercial Bank of China	SBP		A	**1,121**	262
KASB Bank Ltd.	PACRA	-	BFR3++	**1**	-
				19,991	68,616

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39.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's liquidity management involves forecasting future cash flow requirements, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The Company maintains committed lines of credit as disclosed in note 16 to ensure flexibility in funding. In addition, the Company has unavailed facilities of running finances to meet the deficit, if required to meet the short term liquidity commitment.

Exposure to liquidity risk

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

		2022					
		Carrying amount	**Contractual cash flows**	**One year or less**	**One to two years**	**Two to five years**	**More than 5 years**
Financial liabilities	*Note*	**(Rupees in '000)**					
Long term loans - *secured*	*9*	**14,281**	**14,281**	**14,281**	**-**	**-**	**-**
Trade and other payables	*12*	**487,126**	**487,126**	**487,126**	**-**	**-**	**-**
Mark-up accrued on borrowings	*13*	**114,084**	**114,084**	**114,084**	**-**	**-**	**-**
Short term borrowings - *secured*	*14*	**1,725,000**	**1,725,000**	**1,725,000**	**-**	**-**	**-**
		2,340,491	**2,340,491**	**2,340,491**	**-**	**-**	**-**

		2021					
		Carrying amount	Contractual cash flows	One year or less	One to two years	Two to five years	More than 5 years
Financial liabilities		(Rupees in '000)					
Long term loans - *secured*	*9*	1,101,988	1,101,988	730,089	271,899	100,000	-
Trade and other payables	*12*	91,639	91,639	91,639	-	-	-
Mark-up accrued on borrowings	*13*	54,421	54,421	54,421	-	-	-
Short term borrowings - *secured*	*14*	1,274,661	1,274,661	1,274,661	-	-	-
		2,522,709	2,522,709	2,150,810	271,899	100,000	-

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39.3 Market risk

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

39.3.1 Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated and the respective functional currency of the Company. The functional currency of the Company is Pak Rupee. The currencies in which these transactions are primarily denominated are Euros and US dollars.

39.3.1(a) Exposure to currency risk

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

		2022	2021	2022	2021
				(Rupees in '000)	
*Trade creditors	(USD in '000)	-	-	-	-
Trade creditors	(Euro in '000)	-	-	-	-

* Effective from 01 September 2021, all balances have been transferred to Waves Home Appliance Limited (WHAL) under Scheme of arrangement as explained in note 2 and 47 of these unconsolidated financial statements

Following significant exchange rates have been applied:

	Average rate		Reporting date Spot rate	
	2022	2021	2022	2021
USD to PKR	201.53	168.17	226.55	176.51
EUR to PKR	223.15	199.67	243.60	202.69

Sensitivity analysis

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

	2022	2021
	(Rupees in '000)	
Effect on statement of profit or loss	-	-

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

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

39.3.2 Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

RSM

39.3.2(a) *Fair value sensitivity analysis for fixed rate instruments*

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

39.3.2(b) *Mismatch of interest rate sensitive financial assets and financial liabilities*

The Company's interest / mark-up and non-interest / mark-up bearing financial instruments as at the reporting date are as follows:

	2022		
	Carrying amount	**Interest bearing / variable rate financial instruments**	**Non-interest bearing / fixed rate financial instruments**
	----- (Rupees in '000) -----		
Financial assets			
Other receivables	**2,059,917**	**338,577**	**1,721,340**
Cash and bank balances	**19,991**	**-**	**19,991**
	2,079,908	**338,577**	**1,741,331**
Financial liabilities			
Long term loans - *secured*	**(14,281)**	**(14,281)**	**-**
Trade and other payables	**(487,126)**	**-**	**(487,126)**
Mark-up accrued on borrowings	**(114,084)**	**(114,084)**	**-**
Short term borrowings - *secured*	**(1,725,000)**	**(1,725,000)**	**-**
	(2,340,491)	**(1,853,365)**	**(487,126)**
	(260,583)	**(1,514,788)**	**1,254,205**

	2021		
	Carrying amount	Interest bearing / variable rate financial instruments	Non-interest bearing financial instruments
Financial assets	----- (Rupees in '000) -----		
Security deposits	1,779,177	-	1,779,177
Other receivables	715,288	416,457	298,831
Cash and bank balance	73,554	-	73,554
	2,568,019	416,457	2,151,562
Financial liabilities			
Long term loans - *secured*	(1,101,988)	(1,101,988)	-
Trade and other payables	(91,639)	-	(91,639)
Mark-up accrued on borrowings	(54,421)	(54,421)	-
Short term borrowings - *secured*	(1,274,661)	(1,274,661)	-
	(2,522,709)	(2,431,070)	(91,639)
	45,310	(2,014,613)	2,059,923

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

	2022	2021
	Percentage	
Financial liabilities		
Long term loans - *secured*	-	3% to 10.58%
Lease liabilities	-	9.93% to 10.58%
Short term borrowings - *secured*	**13.54% to 18.77%**	8.95% to 16.30%

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by Rs. 15.71 million (2021: Rs. 20.15 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2020.

39.3.3 Other price risk

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

39.4 Fair value of financial instruments

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

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

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

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

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

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

RSM

39.4.1 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:

On statement of financial position - Financial instruments

	31 December 2022					
	Carrying Amount			Fair value		
	Financial assets at amortized cost	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3
	(Rupees in '000)					
Financial assets - amortized cost						
Other receivables	2,059,917	-	2,059,917	-	-	1,721,340
Cash and bank balances	19,991	-	19,991	-	-	-
	2,079,908	-	2,079,908	-	-	1,721,340
Financial liabilities - amortized cost						
Long term loans - *secured*	-	14,281	14,281	-	-	-
Trade and other payables	-	487,126	487,126	-	-	-
Mark-up accrued on borrowings	-	114,084	114,084	-	-	-
Short term borrowings - *secured*	-	1,725,000	1,725,000	-	-	-
	-	2,340,491	2,340,491	-	-	-

RSM

On statement of financial position - Financial instruments

	31 December 2021					
	Carrying Amount			Fair value		
	Financial assets at amortized cost	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3
Financial assets - amortized cost	(Rupees in '000)					
Other receivables	2,494,465	-	2,494,465	-	-	1,779,177
Cash and bank balances	73,554	-	73,554	-	-	-
	2,568,019	-	2,568,019	-	-	1,779,177
Financial liabilities - amortized cost						
Long term loans - *secured*	-	1,101,988	1,101,988	-	-	-
Trade and other payables	-	91,639	91,639	-	-	-
Mark-up accrued on short term running	-	54,421	54,421	-	-	-
Short term borrowing - *secured*	-	1,274,661	1,274,661	-	-	-
	-	2,522,709	2,522,709	-	-	-

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

Non-financial assets measured at fair value

Land, building and plant and machinery

Revalued Property, plant and equipment	Date of valuation	31 August 2021
Investment property	Date of valuation	31 August 2021

Valuation approach and inputs used

The valuation model for land and building is based on price per square meter. 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 valuation experts used a market-based approach to arrive at the fair value of the Company's properties. 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 effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a quantitative disclosure of sensitivity has not been presented in these financial statements. The fair value are subject to change owing to changes in input.

RSM

40 Capital risk management

The Company's objectives when managing capital are:

a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

b) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio calculated as total debt (current and non-current borrowings) to debt plus equity.

The debt to equity ratios were as follows:	**2022**	2021
	(Rupees in '000)	
Total debt	**1,739,421**	2,363,296
Total equity and debt	**10,007,139**	10,377,260
Debt to equity ratio	**17%**	23%

The Company is not subject to externally imposed capital requirements.

41 Demerger and discontinued operations

41.1 As explained in note 2 of these unconsolidated financial statements, the Company under scheme of arrangement transferred its entire home appliance business to Waves Home Appliance Limited (formerly Samin Textile Limited). Details of the assets and liabilities demerged from the Company and transferred to Waves Home Appliances Limited (WHAL) as at 01 September 2021 are as follows:

	Balance as at 31 Aug 2021	**Retained by WCL**	**Transferred to Waves Home Appliances Limited as at 01 Sept 2021**
Assets	**(Rupees in '000)**		
Property, plant and equipment	5,594,420	2,364,500	3,229,920
Intangible assets and goodwill	2,879,080	-	2,879,080
Long term deposits	8,545	-	8,545
Stores and spares	45,489	-	45,489
Stock in trade	2,759,383	-	2,759,383
Investment property	323,480	323,480	-
Investment in subsidiaries	501,000	501,000	-
Taxation - net	175,017	175,017	-
Cash and bank	127,162	127,162	-
Trade debts	6,078,825	-	6,078,825
Advances, deposits, prepayments and receivables	557,270	-	557,270
	19,049,671	**3,491,159**	**15,558,512**

RSM

	Balance as at 31 Aug 2021	Retained by WCL	Transferred to Waves Home Appliances Limited as at 01 Sept 2021
	----------- (Rupees in '000) -----------		
Equity and Liabilities			
Issued, subscribed and paid up capital	2,814,062	2,814,062	-
Share premium reserve	5,025,661	5,025,661	-
Capital reserve	5,000	5,000	
Revenue reserve	2,183,745	1,433,745	750,000
Surplus on property, plan and equipment, net of tax	529,212	151,467	377,745
Long term loans - secured	1,426,956	683,128	743,828
Lease liabilities	70,434	-	70,434
Employee retirement benefit	14,447	-	14,447
Deferred tax liability - net	267,179	(146,541)	413,720
Deferred income	9,822	-	9,822
Trade and other payable	1,512,346	201,642	1,310,704
Mark up accrued on borrowing	140,946	24,806	116,140
Unpaid dividend	1,197	1,197	-
Short term borrowings - secured	4,107,964	349,160	3,758,804
Current portion of long term liabilities	940,700	613,457	327,243
	19,049,671	**11,156,784**	**7,892,887**
Net Assets transferred			**7,665,625**
Cash consideration - gross value			**2,000,000**
Less: Fair value adjustment			**(277,644)**
Fair value of deferred consideration			**1,722,356**
Consideration to be paid by issuance of WHAL shares			
- To the Company (199,724,956 shares @ PKR 24.24/shares)			**4,842,093**
- Directly to shareholder of the Company (56,281,240 shares @ PKR 24.24/share)			**1,364,472**
Total Consideration			**7,928,921**
Gain on transfer of discontinued operation (transferred to Investment in WHAL) - *Note 19*			**263,296**

For the eight months period ended 31 August 2021, the Company contributed revenue of Rs. 6,028.95 million and profit of Rs. 225.45 million. If the demerger had occurred on 0I January 2021, the management estimates that the below revenue and profit would have been recognized in Waves Home Appliances Limited. However, there would be no material change in the consolidated results.

RSM

41.2 Results of discontinued operations

	Note	2022	2021
		(Rupees in '000)	
External revenue	24	-	6,028,954
Cost of sales	25	-	(4,746,795)
Gross profit		-	1,282,159
Marketing, selling and distribution costs	26	-	(324,651)
Administrative expenses	27	-	(196,755)
Other expenses	28	-	(56,642)
Other income	29	-	31,574
Finance cost	30	-	(362,266)
External expenses		-	(908,740)
Results from operating activities		-	373,419
Income tax	31	**76,334**	(110,186)
Profits from discontinued operations, net of tax		**76,334**	263,233
Earnings per share - *basic and diluted*	32	**0.27**	0.94

41.3 Cash flows from discontinued operations

	2022	2021
Net cash generated from / (used in) operating activities	-	249,152
Net cash used in investing activities	-	(656,280)
Net cash generated from financing activities	-	379,099
Net cash flow for the year	-	(28,029)

RSM

42 Events after the reporting date

There are no events subsequent to the reporting date.

43 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.

44 Date of authorization of issue

These unconsolidated financial statements were authorized for issue by the Board of Directors in their meeting held on 04-05-2023

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Lahore	Director	Director	Chief Financial Officer

Published by:
WAVES CORPORATION LIMTIED
Head Office: 042 35415421-5, 042 35421502-4
UAN: 042 111 21 32 33
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