WAVES HOME APPLIANCES LIMITED

ANNUAL REPORT 2022

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1. CORPORATION INFORMATION

BOARD OF DIRECTORS*

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

AUDIT COMMITTEE*

1.	Mr. Tajammal Hussain Bukharee	Chairman/Independent Director
2.	Mr. Moazzam Ahmad Khan	Non-Executive Director
3.	Mrs. Hamza Ahmad Khan	Non-Executive Director
4.	Mr. Khurram Zahoor	Secretary

HR & REMUNERATION COMMTTEE*

1.	Mr. Muhammad Zafar Hussain	Chairman/Independent Director
4.	Mr. Haroon Ahmad Khan	Executive Director
3.	Mr. Moazzam Ahmad Khan	Non-Executive Director
4	Mr. Hamza Ahmad Khan	Non-Executive Director
5.	Mr. Khurram Zahoor	Secretary

CHIEF FINANCIAL OFFICER
Mr. Muhammad Usman

COMPANY SECRETARY
Mr. Khurram Zahoor

HEAD OF INTERNAL AUDITOR
Mr. Waleed Afzal

LEGAL ADVISOR
Law Wing, Advocates & Solicitors

EXTERNAL AUDITORS
RSM Avais Hyder Liaquat Nauman
Chartered Accountants

SHARE REGISTRAR
Corplink (Private) Limited

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

REGISTRATION NUMBER
CUIN 20624

BANKERS

Askari Bank Limited	Habib Bank Limited	Sindh Bank Limited
Bank Al Falah Limited	MCB Bank Limited	Faysal Bank Limited
Bank of Punjab Limited	Al-Baraka Bank Limited	Silk Bank Limited

CONTACT INFORMATION
UAN: 042-111-31-32-33, 042-35415421-5, 042-35421502-4
Email: cs@waves.net.pk
Website: www.waves.net.pk

** New Board and Committees appointed on 02 August 2022*

2. CHAIRMAN REVIEW

2.1 Message from Chairman

We are pleased to present Annual Audited Financial Statements for the year ended 31 December 2022 on behalf of the Board of Directors of Waves Home Appliances Limited (WHALE or the Company). These Audited Financial Statements are presented after change of year end from 30th June to 31st December as approved by the honorable Lahore High Court, Lahore (the Court) pursuant to the sanction of Scheme of Arrangement (the Scheme) by and between the Company and Waves Corporation Limited, formerly Waves Singer Pakistan Limited (WAVES). The Scheme was sanctioned by the honorable Court on 27 May 2022 and order was received on 22 June 2022. Through the Scheme the home appliances business of WAVES was acquired by the Company and resultantly became a subsidiary of WAVES. Subsequent to the Court Order, the previous Board of Directors of the Company resigned and new Board effectively took charge on 02 August 2022. Similarly, the previous members of the Committees resigned and new members took up the charge on 02 August 2022. The comparative results mainly reflect for 4 months period from the effective date of Scheme.

We extend our gratitude to our partners, bankers, strategic alliances, human capital and stakeholders in our business who have shown continued trust in the Company. The new Board is having well-diversified and experienced members with core competencies, knowledge and skills relevant to the Company’s business. WHALE follows the best practices relating to corporate governance and other related regulatory requirements. The Board held meetings during the period to review and approve periodic financial statements, annual business plan, acquisition of home appliances business from WAVES and other matters requiring Board attention. The Committees also were held on regular sessions to perform their duties assigned under their respective terms of references by the Board. The performance of the outgoing and incoming Board/Committee members has been commendable and together we steered the Company towards its goal and good governance, despite the challenging pandemic and economic environment.

Over the years, WAVES brand leadership has strived to adapt a transparent and conducive business environment, by demonstrating respect and fairness in all our efforts and the adaptability of WAVES brand to face the macro-economic challenges during the year 2022. We expect this drift to continue in the coming years.

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.

-Sd-

Chairman

3. DIRECTORS' REPORT

3.1 Operating Results

On behalf of the Board of Directors of Waves Home Appliances 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. The financial highlights for the six months period are presented as hereunder:

	01 Jan 2022 To 31 Dec 2022	01 July 2021 To 31 Dec 2021*
	12-Months	**06-Months**
	Rs. in '000	**Rs. in '000**
Gross Sales	8,956,449	2,425,840
Gross Profit	**1,454,318**	**501,633**
Admin, Marketing, selling and distribution Expenses	(980,633)	(268,599)
Other Expenses	(256,199)	(100,671)
Other Income	45,744	134,743
Operating Profit	**519,429**	**267,106**
Finance Costs (net)	(381,647)	(174,965)
Profit/(Loss) before taxation	**137,782**	**92,141**
Taxation	(88,909)	(55,645)
Profit/(Loss) for the period	**48,873**	**36,946**
Earnings Per Share	0.18	0.20

* Includes 04 months of operations from 01 September 2021 to 31 December 2021, pursuant to the implementation of the Scheme.

Based on the financial results in view of the tough current economic conditions the Board of Directors do not recommend any pay-out to the shareholders of the Company.

3.2 Financial Analysis

These are the first full year accounts after the approval of the Scheme of Arrangement by and between Waves Corporation Limited (WAVES) and Waves Home Appliances Limited (WHALE or the Company), by the honorable Lahore High Court, Lahore. Through the Scheme the Home appliances business of WAVES has been demerged and merged with and into WHALE with effect from 31 August 2021. In this respect, please also refer to the heading "Restructuring of the Company" in this Report for further details. Resultantly, the Company is a subsidiary of WAVES.

During the year the shares of the Company were consolidated in the ratio of 225 shares for every 100 shares held by the shareholders of the Company. Resultantly the Issued, paid-up capital stood at PKR 118.791 Mn from PKR 267.280 Mn. The shares to be issued represents such shares that are to be issued to WAVES and its shareholders (in the ratio of 20 WHALE shares for every 100 WAVES shares held by the shareholders of WAVES).

Consequent to the approval of the Scheme by the Court, the financial year of the Company was changed from 30 June to 31 December. This change has been made to bring the financial year in line with the financial year of the Holding company. Accordingly, these financial statements are prepared for the full year, whereas the previous financial statements issued were of Special nature prepared for six months period from 01 July 2021 to 31 December 2021. The corresponding figures shown in the financial statements pertain to financial statements for the period ended 01 July 2021 to 31 December 2021 and therefore, are **not entirely comparable** in respect of profit or loss and other comprehensive income, statement of changes in equity and statements of cash flows. For consolidated results and analysis of home appliance business, please refer to the financial statements of Waves Corporation Limited, which are placed on its website at www.waves.net.pk.

During the year the Gross sales were PKR 8,956 million, whereas the net sales after trade discount and sales tax was PKR 7,422 million. The cost of sales was PKR 5,968 million, whereas the Gross Profit was PKR 1,454 million. The marketing, selling and administrative expenses were PKR 416 million, whereas the administrative expenses were PKR 307 million. The finance cost comprises of PKR 381 million which includes finance cost recognized on financial liabilities. The profit after tax was PKR 48 million. The EPS of 0.18 per share is worked out on basic and diluted basis.

3.3 Overview

Principle Activities and Development

WHALE 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 from Waves Corporation Limited, formerly Waves Singer Pakistan Limited, was acquired and merged into the Company. 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 WAVES. The brand includes Deep Freezers, Vizi-Coolers, Refrigerators, Air Conditioners, Washing Machines, Microwaves, Water Dispenser etc.

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.

Waves Home Appliances Limited (WHALE)

The Company is operating a nationwide set-up of 15 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.

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.

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.

Economic Analysis 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)

3.4 Company's 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.

3.5 Risks, Uncertainties and Mitigations

Your Company recognizes that risk is an integral part of business and is committed to managing the risks proactively and efficiently. Your 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.

Your 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. Your 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 period 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 period, 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 it has in-house capability to develop products with fast turnaround time, that by itself obviates possibilities of competition affecting the Company.
Competitive Risk- Increasing entrants making their way into the plastic industry.	• The Company'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

3.6 Environment, Health & Safety (EHS)

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.

3.7 Corporate Social Responsibilities

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. WHALE has been consistently running diverse CSR initiatives each fulfilling in achieving our goals towards our CSR vision such as Investment in Human Assets, Learning and Development of its Human Assets.

3.8 Investment in Human Capital

The Company believes in attracting the best talent in the marketplace and giving them the skills and opportunities, they need to become high-achievers.

Human Capital

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.

3.9 Adequacy of Internal Control

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.

3.10 Best Practices of Corporate Governance

Our Code of Conduct lists Ethics as one of our core values, therefore the Company 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 for the year ended 31 December 2022

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 period

During the period under review, total (7) Board meetings were held out of which (4) meetings were held during the tenure of new Board appointment on 02 August 2022 subsequent to the sanction of the Scheme of Arrangement by the honorable Lahore High Court, Lahore.

The meetings were presided over by the Chairman. The Chief Financial Officer and Company Secretary also attended the meetings to the extent required.

Waves Home Appliances Limited (WHALE)

No.	Name	Status	Meetings held during the tenure	Attended during the tenure
1	Mr. Haroon Khan*	Director	4	4
2	Mrs. Nighat Haroon*	Director	4	4
3	Mr. Hamza Ahmad Khan*	Director	4	4
4	Mr. Moazzam Khan*	Director	4	4
5	Mr. Adnan Afaq**	Director	4	4
6	Mr. Shoaib Dastgir**	Director	4	4
7	Mr. Khalid Azim	Director	4	4

* Mr. Aamir Jamil, Mr. Zaheer Jamil, Mr. Riaz Ahmed, Mr. Abdul Hameed, Mrs. Shahida Shahnaz and Mr. Mustafa Kamal (CEO) resigned during the year on 02 August 2022 and Mr. Haroon Ahmad Khan (CEO), Mrs. Nighat Haroon, Mr. Hamza Ahmad Khan, Mr. Moazzam Ahmad Khan, Mr. Adnan Afaq and Mr. Shoaib Dastgir were appointed in their places. During the tenure of previous directors 3 meetings were held which were attend by all the respective directors.

** Mr. Adnan Afaq and Mr. Shoaib Dastgir resigned later and Mr. Muhammad Zafar Hussain and Mr. Tajammal Hussain Bukharee were appointed in their places subsequent to the year end.

Audit Committee

An Audit Committee of the Board has been in existence which comprises of three (3) members. The Audit Committee has adopted its Terms of Reference as provided in the Listed Companies (Code of Corporate Governance) Regulations, 2019.

No.	Name of the Director
1	Mr. Tajammal Hussain Bukhari (Chairman)*
2	Mr. Hamza Ahmad Khan
3	Mr. Moazzam Ahmad Khan

* Mr. Shoaib Dastgir resigned during the year and subsequently Mr. Tajammal Hussain Bukhari was appointed as Chairman in his place

Human Resource and Remuneration Committee

The Company has formed a Human Resource and Remuneration Committee that comprised of four (4) members. The Committee has adopted its Terms of Reference as provided in the Listed Companies (Code of Corporate Governance) Regulations, 2019.

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

*Mr. Shoaib Dastgir resigned during the year and subsequently Mr. Muhammad Zafar Hussain was appointed as Chairman in his place. Subsequently also Mr. Khalid Azeem was inducted was replaced with Mr. Hamza Ahmad Khan

Evaluation of the Board's Performance and Directors' Training Program (DTP)

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. Total 6 out of 7 directors had completed their DTP however, 2 of the directors resigned before the end of the year. In their place 2 new directors are appointed. The Company is in the process of completing formalities for to complete DTP training for the remaining directors.

Pattern of Shareholding

The total number of the Company's shareholders as of 31 December 2022 were 7,688 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 as well as the statement of purchase and sale of shares by Directors, executives, and their spouses including minor children during the six months financial period is shown in the shareholding section of this 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. 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 period is given in the periodic 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 publish all material communiqués on the official website of the company www.waves.net.pk.

3.11 External Auditors

The Audit Committee has recommended the reappointment of M/s. RSM Avais Hyder Liaquat Nauman (Chartered Accountants, Islamabad) as Statutory Auditors of the Company for the year ending 31 December 2023, at a fee to be mutually agreed upon. The Board has endorsed their recommendation.

3.12 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

4. CORPORATE VALUE STATEMENTS

4.1 Corporate Values

Vision & Mission

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 company engaged in home appliances and light engineering business in Pakistan.

Mission Statement

- To inspire the Customers and 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 and reshape the Future.

Core Values

Code of Conduct

WHALE 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.

4.2 Corporate Objectives & Strategies

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

5. HISTORY OF WAVES HOME APPLIANCES LIMITED

5.1 Brief History and Holding Company

Waves Home Appliances Limited, formerly Samin Textiles Limited (WHALE or the Company) is listed on Pakistan Stock Exchange Limited (PSX). The principal line of business was trading, import and export of textile products. Consequent to the approval of the Scheme of Arrangement (the Scheme) by and between the Company and Waves Corporation Limited, formerly Waves Singer Pakistan Limited (WAVES) home appliances business of WAVES was acquired with effect from 31 August 2021 by the Company, under the sanction order of the honorable Lahore High Court, Lahore on 27 May 2022). As per the Scheme the Company shall be a subsidiary company of WAVES.

Waves Corporation (WAVES or Holding company) 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, Singer 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 Holding 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 Holding company acquired WAVES brand through a merger sanctioned by the honorable high court, wherein Cool Industries (Private) Limited (owner of Waves brand) and Link Well (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 of Holding Company 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.

The Holding company was in discussion with Singer International since year 2021 in respect of relinquishment of Singer brand. 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 Holding company halted the use of Singer brand and its related production. Accordingly, the name of the Holding 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).

The Holding company has two other subsidiary companies i.e., Electronic Marketing Company Limited which is a pioneer retail of retail sales offering cash and installment sales to our treasured customers to shop with convenience at our 141 nationwide spread outlets in rural and urban areas of Pakistan; and Waves Builders and Developers (Private) Limited, which is formed to undertake real estate projects.

Restructuring of the Company

During the year, effective from 01 September 2021 Waves Home Appliances Limited (WHALE or the Company) and Waves Corporation Pakistan Limited, formerly Waves Singer Pakistan Limited (WAVES) completed a Scheme of Arrangement as follows:

1. Carving out / separation of home appliances business from WAVES by transferring certain assets, liabilities, obligations, contracts and undertakings and amalgamating the same with and into WHALE as of the effective date 01 September 2021 against allotment and issue of WHALE shares to WAVES and its shareholders.

2. The Honorable Lahore High Court (the Court) through its Order dated 27 May 2022 which was issued on 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 WAVES and amalgamation of the same into the subsidiary WHALE.

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

1. 199,724,956 shares shall be issued and allotted to WAVES.

2. Remaining 56,281,240 shares of WHALE shall to be issued and allotted to shareholders of the WAVES in the ratio of 20 shares for every 100 shares of the WAVES.

3. Rs. 2 billion in cash is payable to the WAVES by WHALE; no additional compensation shall be applicable against this amount if the said amount is settled by the WHALE 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 WHALE Shares to WAVES and its shareholders, share capital of WHALE is consolidated from every 225 shares to 100 shares i.e., total paid up capital from 26,728,000 to 11,879,111 shares. The WAVES Group 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, WHALE has 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 WAVES to oversee, supervise and control 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.

The shares have been issued to WAVES and the shareholders of WAVES.

Subsequent to the period end and pursuant to the Scheme, the previous Board of Directors of the Company resigned and new Board was appointed by the Company which took effective charge on 02 August 2022. The new Board is in the process of reviewing and updating the systems, procedures and other corporate formalities in the best interest of the Company.

Holding Company

Pursuant to the Scheme, Waves Corporation Limited, formerly Waves Singer Pakistan Limited (WAVE) has now become a holding company of WHALE. Currently the new shares issuance pursuant to the Scheme are in process of issuance for which necessary notices of book closures has already been issued by WAVES.

The registered office of WAVES is located at 9-KM Multan Road, Lahore. The registered office of the Company is being shifted to the Registered Office of the Holding Company.

6. PRODUCT, QUALITY MANAGEMENT AND DISTRIBUTION

6.1 Products

Waves Branded Product Range

Waves Brand

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

6.2 Quality Management

Waves standardized manufacturing processes and rigorous quality control management procedures are followed to achieve consistency in product performance and enhance customer satisfaction. The Company recognizes the importance of Quality Management System as an integrated function; combined with Innovation, Research & Development and Information Technology. The Company complies with the International Standard ISO 9001:2015 accredited by IAF & UKAS.

The Company has developed extensive In-house Quality Checks and Controls to assure complete risk coverage from the Designing to the Customer usage. The controls encompass the processes of Design & Development, Material Ordering & Receiving, Initial Material Inspection, Manufacturing and Product Testing to End User.

6.3 Geographical Presence & Distribution

7. OTHER INFORMATION

7.1 Pattern of Shareholding

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

1.1 Name of the Company: Waves Home Appliances Limited, formerly Samin Textile Limited
2.1 Pattern of holding of shares held by the shareholders as at: **31 December 2022**

	------Shareholdings------		
2. 2 No. of Shareholders	**From**	**To**	**Total Shares Held**
1,360	1	100	88,459
2,690	101	500	787,977
1,213	501	1,000	973,508
1,673	1,001	5,000	4,034,325
340	5,001	10,000	2,566,428
101	10,001	15,000	1,251,661
71	15,001	20,000	1,319,549
45	20,001	25,000	1,032,162
28	25,001	30,000	790,295
14	30,001	35,000	455,350
13	35,001	40,000	493,466
10	40,001	45,000	425,765
12	45,001	50,000	585,919
10	50,001	55,000	528,152
9	55,001	60,000	528,406
5	60,001	65,000	311,997
5	65,001	70,000	340,100
4	70,001	75,000	296,555
6	75,001	80,000	469,405
4	80,001	85,000	330,683
2	85,001	90,000	178,950
5	90,001	95,000	463,100
4	95,001	100,000	398,702
1	100,001	105,000	101,444
1	105,001	110,000	107,865
1	110,001	115,000	112,244
2	115,001	120,000	236,000
2	120,001	125,000	249,800
1	125,001	130,000	129,538
3	130,001	135,000	398,777
4	135,001	140,000	558,000
1	140,001	145,000	145,000
2	145,001	150,000	300,000
1	155,001	160,000	160,000

1	160,001	165,000	164,500
1	165,001	170,000	165,722
1	175,001	180,000	178,142
1	180,001	185,000	183,333
1	190,001	195,000	194,000
1	200,001	205,000	200,202
3	220,001	225,000	668,444
1	235,001	240,000	239,700
1	245,001	250,000	248,500
2	255,001	260,000	515,929
1	260,001	265,000	264,500
1	285,001	290,000	287,111
1	290,001	295,000	293,700
1	295,001	300,000	300,000
1	320,001	325,000	324,300
1	335,001	340,000	338,072
1	340,001	345,000	342,331
1	350,001	355,000	352,700
1	355,001	360,000	359,960
1	450,001	455,000	454,000
1	455,001	460,000	456,650
1	460,001	465,000	463,222
1	475,001	480,000	478,331
1	480,001	485,000	482,643
1	485,001	490,000	486,696
1	520,001	525,000	523,300
1	575,001	580,000	576,000
1	605,001	610,000	609,000
1	630,001	635,000	634,638
1	650,001	655,000	651,663
1	690,001	695,000	692,272
1	710,001	715,000	713,261
1	720,001	725,000	724,456
1	755,001	760,000	758,431
1	1,030,001	1,035,000	1,034,054
1	1,065,001	1,070,000	1,068,000
1	1,500,001	1,505,000	1,502,204
1	4,080,001	4,085,000	4,082,977
1	4,150,001	4,155,000	4,154,224
1	8,045,001	8,050,000	8,050,000
1	13,515,001	13,520,000	13,518,057
1	199,000,001	199,005,000	199,000,500
7,688			**267,885,307**

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

2.3 Categories of Shareholders		**Shares Held**	**Percentage**
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children		32,103,091	11.9839%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)*		199,724,956	74.5561%
2.3.3 NIT and ICP		10	0.0000%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.		714,796	0.2668%
2.3.5 Insurance Companies		430,750	0.1608%
2.3.6 Modarabas and Mutual Funds		175,850	0.0656%
2.3.7 Shareholders holding 10% or more		199,724,956	74.5561%
2.3.8 General Public			
	Local	30,814,507	11.5029%
	Foreign	500	0.0002%
2.3.9 Others (to be specified)			
1 - Pension Funds		5,686	0.0021%
2 - Joint Stock Companies		3,858,737	1.4404%
3 - Leasing Companies		5,100	0.0019%
4 – Others		51,324	0.0192%

** Waves Corporation Limited*

	Shareholders holding more than 5% of the capital	**Shares**	**%age**
1	Mr. Haroon Ahmad Khan	26,208,977	9.8%
2	Waves Corporation Limited (Holding Company)	199,724,956	74.56%
	Total		

WAVES HOME APPLIANCES 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	Status	Opening Balance[1]	Sale	Consolidate (Scheme)[2]	Purchase	New Issue (Scheme)[3]	Closing Balance
1	Mr. Haroon Khan*	Director	10,442,071	-	4,640,920	-	21,568,057	26,208,977
2	Mrs. Nighat Haroon*	Director	500	-	222	-	5,626,481	5,626,703
3	Mr. Hamza Ahmad Khan*	Director	500	-	222	-	48,826	49,048
4	Mr. Moazzam Khan*	Director	2,500,000	2,010,000	217,776	-	365	218,141
5	Mr. Adnan Afaq**	Director	-	-	-	-	444	444
6	Mr. Shoaib Dastgir**	Director	-	-	-	-	444	444
7	Mr. Khalid Azim	Director	500	-	222	-	-	222
8	Mr. Muhammad Usman	CFO	-	-	-	-	-	-
9	Mr. Khurram Zahoor [4]	CS	-	-	-	-	-	-

* Mr. Aamir Jamil, Mr. Zaheer Jamil, Mr. Riaz Ahmed, Mr. Ahmad Hameed, Mrs. Shahid Shahnaz and Mr. Mustafa Kamal (CEO) resigned during the year on 02 August 2022 and Mr. Haroon Ahmad Khan (CEO), Mrs. Nighat Haroon, Mr. Hamza Ahmad Khan, Mr. Moazzam Ahmad Khan, Mr. Adnan Afaq and Mr. Shoaib Dastgir were appointed in their places.

** Mr. Adnan Afaq and Mr. Shoaib Dastgir resigned later and Mr. Muhammad Zafar Hussain and Mr. Tajammal Hussain Bukharee were appointed in their places subsequent to the year end.

[1] Represents closing balance as reported in the special audited financial statements for six months and as at 31 December 2021 since the year end of the Company was changed from June to December pursuant to the Scheme of Arrangement by and between Waves Corporation Limited (WAVES) and Waves Home Appliances Limited sanctioned by the honorable Lahore High Court, Lahore on 22 May 2022 (the Scheme).

[2] Pursuant to the Scheme, the shares held by the existing shareholders were consolidated in the ratio of 100 shares for every 225 shares held by them. Accordingly, the above-mentioned shares were consolidated as of the book closure dates in August 2022.

[3] New Shares were issued to the shareholders of WAVES and WAVES itself pursuant to the Scheme in December 2022

[4] Mr. Muhammad Tayyab resigned and subsequently Mr. Khurram Zahoor was appointed as Company Secretary of the Company.

8. INDEPENDENT AUDITOR REVIEW REPORT

To the members of Waves Home Appliances 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 Home Appliances 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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-compliances 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 (DTP) offered by institutions, local or foreign, that meet the criteria specified by the commission and approved by it. Total 6 out of 7 directors had completed their DTP. The Company is in the process of completing formalities for to complete DTP training for the remaining director.
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

9. STATEMENT OF COMPLIANCE

Name of the Company: Waves Home Appliances 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

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, the directors are provided with 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 Bukhari (Chairman)*
2	Mr. Hamza Ahmad Khan
3	Mr. Moazzam Ahmad Khan

* Mr. Shoaib Dastgir resigned during the year and subsequently Mr. Tajammal Hussain Bukhari was appointed as Chairman in his place

HR and Remuneration Committee

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

* Mr. Shoaib Dastgir resigned during the year and subsequently Mr. Muhammad Zafar Hussain was appointed as Chairman in his place. Subsequently also Mr. Khalid Azeem was inducted as member of the HR Committee.

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	6
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

10. NOTICE OF ANNUAL GENERAL MEETING

WAVES HOME APPLIANCES LIMITED

Notice is hereby given that the Annual General Meeting (AGM) of the shareholders of Waves Home Appliances Limited (WHALE or the Company) will be held on Monday 29 May 2023 at 11:30 A.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 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 Corporation 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"

By the order of the Board

Khurram Zahoor | 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 i.e. 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 signatures 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 Home Appliances 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.

a. Waves Corporation Limited, a holding Company.
b. Waves Marketplace Limited (WMPL)
c. Employee's Provident Fund
d. Employees' Pension Fund
e. 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 notes of the audited financial statements for the year ended 31 December 2022. The transactions with WAVES 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 notes to the financial statements.

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 WAVES 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 HOME APPLIANCES LIMITED
FORM OF PROXY

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

I/ We ____
of ____
being a member of **Waves Home Appliances 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 11:30 AM 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 HOME APPLIANCES LIMTIED
BALLOT PAPER FOR VOTING THROUGH POST

For poll at the Annual General Meeting of Waves Home Appliances Limited (WHALE or the Company) to be held on Monday, 29 May 2023 at 11:30 a.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 Corporation Limited, Waves Marketplace Limited, Waves Builders and Developers (Private) 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 3	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.

11. ANNUAL FINANCIAL STATEMENTS

The annual audited financial statements for the year ended 31 December 2022 are attached to this Report

RSM Avais Hyder Liaquat Nauman
Chartered Accountants

House # 136-B, Street # 43,
Sector F-10/4,
Islamabad - Pakistan.

T: +92 (51) 211 4096/7/8
F: +92 (51) 229 6688

E: islamabad@rsmpakistan.com
W: www.rsmpakistan.com

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WAVES HOME APPLIANCES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Waves Home Appliances 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 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 other 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 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 financial statements for the period. These matters were addressed in the context of our audit of the 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 : 93 (799) 058155

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1.	**Revenue** Refer to note 5.12 and 29 to the financial statements. The Company principally generates Revenue from manufacturing and assembly of domestic consumer appliances along-with retailing and trading of the same. We identified revenue recognition as a key audit matter because it is one of the key performance indicator of the Company and gives rise to a risk that revenue is recognized without transferring of control.	Our audit procedures in relation to recognition of revenue, 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; • 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.
2.	**Impairment of intangible assets** Refer to note 5.4 and 22 to the financial statements. The Company annually tests the carrying value of goodwill and intangible assets. The testing is subject to estimates and judgments made by the management of the Company 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 of the Company which are inherently uncertain.	Our audit procedures, amongst others, included the following: • assessing the appropriateness of the Company's accounting policy for impairment testing of intangible assets and goodwill and compliance of the relevant accounting policy as referred to in the financial statements; • discussing with the Company's management key assumptions used in valuation model and testing the mathematical accuracy of the model; • involving our internal valuation specialists to assist us in 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; • assessing the ability of the Company 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 financial statements in accordance with the accounting policy.
3.	**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 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.

RSM

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our
- 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

RSM

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 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.

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 return;

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 (XV1II 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 18th, 2022.

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

RSM.

Lahore

RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

Date: May 6, 2023

UDIN: AR202210379bMUku52R7

Waves Home Appliances Limited

Statement of Financial Position

As at 31 December 2022

EQUITY AND LIABILITIES	Note	31 December 2022	31 December 2021
		--------- (Rupees in '000) ---------	
Share Capital and Reserves			
Authorised capital 425,000,000 (31 December 2021: 425,000,000) ordinary shares of Rs. 10 each		4,250,000	4,250,000
Issued, subscribed and paid-up capital	6	2,678,853	118,791
Shares to be issued under scheme of arrangement	7	-	2,560,062
Capital redemption reserve	6	148,489	148,489
Share premium reserve	7	3,619,991	3,642,002
Merger reserve	46	(263,296)	(263,296)
Loan from sponsors	9	119,497	115,300
Surplus on revaluation of property, plant and equipment	10	342,704	368,984
Revenue reserve - unappropriated profit / (loss)		470,176	375,924
		7,116,414	7,066,256
Non-current liabilities			
Long term loans - secured	11	789,415	748,146
Amount due to holding Company	8	1,721,338	1,779,177
Lease liabilities			
- Other assets under right of use - secured	12	40,246	22,806
- Building under right of use - unsecured	12	41,687	33,487
Employee retirement benefits	13	-	14,020
Deferred tax liability - net	14	456,083	463,394
Deferred income	15	6,477	7,639
		3,055,246	3,068,669
Current liabilities			
Trade and other payables	16	1,379,020	1,815,288
Mark-up accrued on borrowings	17	284,937	129,808
Short term borrowings	18	3,156,007	3,913,544
Provision for tax		3,439	5,971
Current portion of long term liabilities	19	504,369	232,013
		5,327,772	6,096,624
Contingencies and commitments	20		
		15,499,432	16,231,549

ASSETS	Note	31 December 2022	31 December 2021
		--------- (Rupees in '000) ---------	
Non-current assets			
Property, plant and equipment	21	5,440,358	3,218,819
Intangible assets and goodwill	22	2,835,855	2,865,672
Long term deposits	23	20,526	8,545
Employee retirement benefits	13	6,149	-
		8,302,888	6,093,036
Current assets			
Stores, spares and loose tools		44,143	45,723
Stock-in-trade	24	2,860,801	3,626,538
Trade debts	25	4,218,103	6,361,763
Advances, deposits, prepayments and other receivables	26	66,398	102,287
Cash and bank balances	27	5,629	732
		7,195,074	10,137,043
Non current assets held for sale	28	1,470	1,470
		7,196,544	10,138,513
		15,499,432	16,231,549

The annexed notes 1 to 49 form an integral part of these financial statements.

Lahore

Director

Director

RSM

Chief Financial Officer

Waves Home Appliances Limited
Statement of Profit or Loss
For the year ended 31 December 2022

	Note	**01 Jan 2022 to 31 Dec 2022**	01 July 2021 to 31 Dec 2021
		--------- (Rupees in '000) ---------	
Revenue - net of sales return		**8,956,449**	2,425,840
Sales tax and trade discount on invoices		**(1,533,946)**	(342,317)
Revenue - net	*29*	**7,422,503**	2,083,523
Cost of sales	*30*	**(5,968,185)**	(1,581,890)
Gross profit		**1,454,318**	501,633
Marketing, selling and distribution costs	*31*	**(416,689)**	(160,056)
Administrative expenses	*32*	**(307,745)**	(108,543)
Other expenses	*33*	**(256,199)**	(100,671)
Other income	*34*	**45,744**	134,743
		(934,889)	(234,527)
		519,429	267,106
Finance costs	*35*	**(381,647)**	(174,965)
Profit / (loss) before taxation		**137,782**	92,141
Taxation	*36*	**(88,909)**	(55,645)
Profit / (loss) for the period		**48,873**	36,496
Profit per share - basic and diluted *(Rupees)*	*37*	**0.18**	0.20

RSM

The annexed notes 1 to 49 form an integral part of these financial statements.

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

Waves Home Appliances Limited
Statement of Comprehensive Income
For the year ended 31 December 2022

	Note	**01 Jan 2022 to 31 Dec 2022**	01 July 2021 to 31 Dec 2021
		-------- (Rupees in '000) --------	
Profit / (loss) for the period		**48,873**	36,496
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
- Actuarial gain on employee retirement benefits	*13.7*	**19,099**	1,013
Total comprehensive income for the period		**67,972**	37,509

The annexed notes 1 to 49 form an integral part of these financial statements.

Lahore	Director	Director	Chief Financial Officer

Waves Home Appliances Limited
Statement of Changes in Equity
For the year ended 31 December 2022

	Issued, subscribed and paid-up capital	Capital Reserve						Revenue Reserve	Total
		Shares to be issued under scheme of arrangement	Capital redemption reserve	Share premium reserve	Merger reserve	Loan from sponsors	Surplus on revaluation of land, building and plant and machinery	Unappropriated profit / (loss)	
	---------- (Rupees in '000) ----------								
Balance as at 01 July 2021	**267,280**	-	-	-	-	**113,855**	-	**(420,346)**	**(39,211)**
Total comprehensive loss for the year									
Profit for the priod of six months	-	-	-	-	-		-	36,496	36,496
Remeasurement of defined benefit obligation								1,013	1,013
Incremental depreciation relating to surplus on revaluation - net of tax							(8,761)	8,761	-
Transactions with owners of the Company									
Consolidation of shares under scheme of arrangement - *note 2*	(148,489)		148,489						
Shares to be issued under scheme of arrangement - *note 2*		2,560,062		3,642,002					6,202,064
Sponsors loan during the year						1,445			1,445
Transferred from Waves Corporation Limited - note 2 and 46							377,745	750,000	1,127,745
- Revaluation surplus									-
- Retained earnings									-
Merger reserve under scheme									-
of arrangement - (note 2 & 46)					(263,296)				(263,296)
As at 31 December 2021	**118,791**	**2,560,062**	**148,489**	**3,642,002**	**(263,296)**	**115,300**	**368,984**	**375,924**	**7,066,256**
Total comprehensive income for the year									
Profit for the period	-	-	-	-	-		-	48,873	48,873
Other comprehensive income for the period									
Remeasurement of defined benefit obligation	-	-	-	-	-		-	19,099	19,099
	-	-	-	-	-		-	**67,972**	**67,972**
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	-	-	-	-	**(26,280)**	**26,280**	-
Share capital issued under scheme of arrangement	2,560,062	(2,560,062)	-	-	-	-	-	-	-
Sponsors loan during the year	-	-	-	-	-	**4,197**	-	-	**4,197**
Shares capital issuance expenses	-	-	-	(22,011)	-	-	-	-	**(22,011)**
Balance as at 31 December 2022	**2,678,853**	-	**148,489**	**3,619,991**	**(263,296)**	**119,497**	**342,704**	**470,176**	**7,116,414**

The annexed notes 1 to 49 form an integral part of these financial statements.

Lahore

Director

Director

Chief Financial Officer

Waves Home Appliances Limited

Statement of Cash Flows

For the year ended 31 December 2022

	Note	01 Jan 2022 to 31 Dec 2022	01 July 2021 to 31 Dec 2021
Cash flows from operating activities		-------- (Rupees in '000) --------	
Profit before taxation		**137,782**	92,141
Adjustments for non-cash items:			
Depreciation on property, plant and equipment	*21.1.4*	**252,998**	82,390
Amortisation of intangible asset	*22.3*	**40,857**	15,362
Finance costs	*35*	**381,647**	174,965
Gain on sale of property, plant and equipment	*34*	**(14,023)**	(1,463)
Notional interest on amount due to holding company	*33*	**168,968**	56,821
Workers' Profit Participation Fund	*33*	**6,889**	4,980
Interest on Workers' Profit Participation Fund	*35*	**-**	163
Workers Welfare fund		**3,751**	-
Amortisation of deferred income	*34*	**(4,956)**	(5,730)
Liabilities no longer payable written back	*34*	**-**	(121,669)
Provision for employee retirement benefits	*13*	**1,429**	586
Profit / (loss) before working capital changes		**975,341**	298,546
Effect on cash flows due to working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		**1,580**	(234)
Stock-in-trade		**765,737**	(867,155)
Trade debts		**2,143,660**	(1,705,741)
Advances, deposits, prepayments and other receivables		**35,889**	1,877,786
Increase / (decrease) in trade and other payables		**(416,064)**	568,395
		2,530,802	(126,949)
Cash generated from / (used in) operating activities		**3,506,143**	171,597
Income tax - net		**(98,752)**	-
Employee retirement benefits paid		**(9,675)**	
Workers' Profit Participation Fund paid		**(21,954)**	-
Workers Welfare fund paid		**(8,889)**	
Net cash generated from / (used in) operating activities		**3,375,762**	171,597
Cash flows from investing activities			
Capital expenditure		**(2,421,464)**	(84,905)
Long term deposits - net		**(11,981)**	-
Proceeds from disposal of property, plant and equipment		**23,734**	11,625
Net cash (used in) / generated from investing activities		**(2,409,711)**	(73,280)
Cash flows from financing activities			
Long term loans received / (repaid) - net		**328,227**	(66,182)
Long term advance due to holding Company		**(226,807)**	
Lease rentals paid - net		**(60,706)**	(26,124)
Finance costs paid		**(226,518)**	(161,297)
Short term finances availed / (piad) - net		**(827,416)**	87,562
Shares capital issuance expenses paid		**(22,011)**	-
Loan from Sponsors		**4,197**	1,445
Net cash (used in) / generated from financing activities		**(1,031,034)**	(164,596)
Net decrease in cash and cash equivalents		**(64,983)**	(66,279)
Cash and cash equivalents at beginning of the year		**(992,830)**	58
Cash and cash equivalents acquired in scheme of arrangement		**-**	(926,609)
Cash and cash equivalents at end of the year	38	**(1,057,813)**	(992,830)

RSM

The annexed notes 1 to 49 form an integral part of these financial statements.

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

Waves Home Appliances Limited

Notes to the financial statements

For the year ended 31 December 2022

1 Status and nature of business

1.1 Waves Home Appliances Limited (formerly, Samin Textiles Limited) ("the Company") is incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as a public limited company. The registered office of the Company is situated at 8.7 KM Hanjarwal Multan Road Lahore. The Company is currently listed on Pakistan Stock Exchange. The principal business of the Company was 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.

The Company is a subsidiary of Waves Corporation Limited (formerly Waves Singer Pakistan Limited), the ultimate parent Company.

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

- 9-K.M, Hanjarwal, Multan Road, Lahore.
- Mouza Mustafabad, 41-K.M., Ferozpur Road, Off 2-K.M. Rohi Nala Road, Tehsil & 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 Waves Corporation Limited (WCL - formerly Waves Singer Pakistan Limited), a related entity and Amalgamation into WHAL

During the six months ended 31 December 2021 Samin Textiles Limited now renamed as Waves Home Appliances Limited ("the Company-WHAL") completed a Scheme of Arrangement as follows:

- Carving out / seperation of home appliances business from WCL by transferring certain assets, liabilities, obligations, contracts and undertakings and amalgamating the same with and into the Company as of the effective date of 01 September 2021 against allotment and issue of WHAL shares to WCL. WCL was a related party of the Company by virtue of common shareholding. Refer to note 46 of these financial statements for details of assets transferred and liabilities assumed.

- 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.

RSM

- 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 the Company for their approval. After approval by the BOD, the said scheme was submitted to Court for approval. As per requirements, the Company subsequently obtained approval of the Scheme of Arrangement from its shareholders and secured creditors of the Company. Shareholders of the Company also approved the change of name of the Company in accordance with Section 12 of the Companies Act, 2017 from "Samin Textiles Limited (SMTM)" to "Waves Home Appliances Limited (WHAL)". Further, shareholders have also resolved to change the year-end of WHAL from 30 June to 31 December to be aligned with the year-end of the holding company subsequent to amalgamation.

- As envisaged by the scheme of arrangement approved by the Honorable Lahore High Court, the books of accounts of WCL and WHAL shall be updated to record the necessary fair value accounting entries in accordance with the applicable accounting standards and applicable laws.

- As consideration for the transfer of the home appliances business, WHAL shall:

  - issue a total of 256,006,196 shares:

    - Out of above, 199,724,956 shares shall be issued and allotted to WCL.

    - Remaining 56,281,240 shares of the Company shall to be issued and allotted to shareholders of WCL in the swap ratio of 20 shares for every 100 shares held in WCL. The 20 shares of the Company directly issued to the shareholders of WCL 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 WCL; no additional compensation shall be applicable against this amount if the said amount is settled by the Company 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 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 focused business and customer base.

At the same time, as a consequence of the arrangement, accounting year-end of WHAL shall change from 30 June to 31 December and WHAL shall become a subsidiary of WCL. Separation of the different undertakings and assets of WCL and merger of the demerged undertaking with and into WHAL will allow the management of each company to focus on the business segment sought to be carried out by the respective company, resulting in better performance of the same.

Details of assets and liabilities demerged along with other disclosures are given in note 46 to these financial statements.

3 Basis of preparation

3.1 Statement of compliance

These 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.

Consequent to approval of the scheme of arrangement by the Honorable Lahore High Court as explained in note 2, the financial year of the Company has changed from 30 June to 31 December. This change has been made to bring the financial year of the Company in line with the financial year followed by the holding company. Accordingly, these financial statements are prepared for six months period from 01 July to 31 December 2021. The corresponding figures shown in these financial statements pertain to financial statements for the year ended 30 June 2021 and therefore, are not entirely comparable in respect of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for employee retirement benefits and lease liabilities which are stated at present value.

3.3 Functional and presentation currency

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

4 Use of estimates and judgments

The preparation of these 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 relevant 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	*5.3*
-	Useful lives of intangible assets	*5.4*
-	Provision for employee retirement benefit plans	*5.5*
-	Stock in trade and stores and spares and loose tools at net realisable value / net of impairment losses	*5.7*
-	Provisions	*5.10*
-	Provision for warranty obligation	*5.11*
-	Taxation	*5.14*
-	Impairment of financial and non-financial assets	*5.16*

5 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements other than mentioned in 5.1.

5.1 Change in accounting policy

As explained in note 2, effective 01 September 2021 WHAL has become the subsidiary of WCL and the policies of the Company have been aligned with the Holding Company's policies accordingly. Accordingly, there is no material impact on these financial statements as there were no balances prior to the scheme.

Following significant change in accounting policies are applied:

- Property, Plant, and Equipment from cost to revaluation model.
- Stock-in-trade has been valued on FIFO basis.

5.2 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 the control is not transitory. Such common control transactions have been excluded from the scope of International Financial Reporting Standards 3 dealing with Business Combinations.

The Institute of Chartered Accountants of Pakistan ("ICAP") through S.R.O 53(I)/2022 notified accounting standard 'Accounting for Common Control Transactions' effective for annual period beginning on or after 30 June 2022. This standard establishes the principles to account for the effects of business combinations under common control and group restructurings in the financial statements of a receiving entity. This standard is applicable on common control transactions occurring on or after 30 June 2022. The Company has opted for earlier application as permitted under the accounting standard.

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The Holding company (WCL) was applying book value method to account for common control transactions. Under the book value method, the assets and liabilities are recognized under the book value basis (carry-over basis) of accounting.

Under the application of ICAP 'Accounting for Common Control Transactions' standard as referred above, the receiving entity (WHAL) is adopting 'Predecessor Accounting' which states that the receiving entity shall measure assets acquired and liabilities assumed at their carrying amounts as reflected in the financial statements of the transferring entity (WCL), at the date of transaction.

After the adoption of this standard, and application of 'predecessor method' as prescribed under this standard, there is no material impact on these financial statements. As envisaged by the scheme of arrangement approved by the Honorable Lahore High Court, the books of accounts of WCL and WHAL shall be updated to record the necessary fair value accounting entries in accordance with the applicable accounting standards and applicable laws. Fair value adjustments are only required for assets and liabilities which under the applicable accounting standards are required to be measured at fair values.

5.3 Property, plant and equipment

Owned

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.

Land, buildings and plant and machinery are revalued by professionally qualified valuer with sufficient regularity (every three to five years unless earlier required) 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 21 to these financial statements.

The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant. Normal repairs and maintenance are charged to the statement of profit or loss as and when incurred.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. Gains and losses on disposal of assets are taken to the statement of profit or loss. When revalued assets are sold, the amount included in surplus on revaluation of property, plant and equipment is transferred to retained earnings.

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.

5.4 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 acquiree. 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 amortisation 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.

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Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on a straight-line basis over their estimated useful lives and is generally recognised in profit or loss. The rates of amortization are stated in note 22 to these financial statements.

Subsequent expenditure is capitalised 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 recognised in profit or loss as incurred.

Amortisation 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 recognised 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. (Refer note 5.18 for impairment of non-financial assets).

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

Amount recognised in the 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 recognised in 'Other Comprehensive Income' as they occur. Past service cost resulting from the changes to defined benefit plan is immediately recognised 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 recognised provident fund scheme covering all eligible employees. The Company and employees make equal monthly contributions to the fund.

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Staff Compensated absences

The Company recognises the liability for compensated absences in respect of employees in the period in which they are earned up to the 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 net realizable value and is recognised in the 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 realisable 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 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.

5.9 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.

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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.

5.10 Provisions

A provision is recognised 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.

5.11 Warranty obligations

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.

<u>Other income</u>

- Income on investments and profit and loss sharing bank accounts are recognised on accrual basis using the effective interest rate method.
- Dividend income and entitlement of bonus shares are recognised when the right to receive is established

5.13 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.

5.14 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised 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.

__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 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.

5.15 Borrowings 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 statement of profit or loss in the period in which they are incurred.

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

5.16 Financial instruments

5.16.1 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.

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.

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5.16.2 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 statement of profit or loss. Any gain or loss on derecognition is recognized in 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 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 statement of profit or loss. However, the Company has no such instrument at the reporting date.

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 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 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 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 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, amount due to Holding Company, lease liabilities, 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 statement of profit or loss.

5.17 Offsetting of financial assets and financial liabilities

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

5.18 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

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- 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).

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.

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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 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.

5.19 Foreign currency transactions and translation

Transactions and balances

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 statement of profit or loss.

5.20 Dividends and appropriations to reserves

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

5.21 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 Company by the weighted average number of ordinary shares outstanding during the year. The Company is not exposed to the dilutive effect on EPS.

5.22 Deferred income

Grant in aid

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.

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.

5.23 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 21.1 of the 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.

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.

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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 12 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 amortised over the lease term. However, sale proceeds less than the carrying value is immediately recognised in the statement of profit or loss.

5.24 Allocation of expenses

Certain expenses are allocated by the Company to its subsidiaries in accordance to a basis approved by the Board of Directors of the Company and the subsidiaries.

5.25 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.

5.26 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.

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	Note	31 December 2022	31 December 2021	31 December 2022	31 December 2021
		(Number of shares)		(Rupees in '000)	

6 Share capital

	Note	31 December 2022	31 December 2021	31 December 2022	31 December 2021
6.1 Authorized share capital	*6.1.1*	**425,000,000**	425,000,000	**4,250,000**	4,250,000

6.1.1 In line with the scheme of arrangement, effective on 01 September 2021, as discussed in note 2, the authorized share capital of the Company stands increased from Rs. 300 million to Rs. 4,250 million and accordingly the Memorandum and Articles of Association of the Company are in process of amendment after order of the court.

6.2 Issued, subscribed and paid-up capital

Fully paid-up ordinary shares of Rs. 10 each	Note	31 December 2022	31 December 2021	31 December 2022	31 December 2021
		(Number of shares)		(Rupees in '000)	
Ordinary shares of Rs. 10 each paid in cash		**11,879,111**	11,879,111	**118,791**	118,791
Ordinary shares issued as fully paid for consideration other than cash- Scheme of arrangements	2	**256,006,196**	-	**2,560,062**	-
Balance as at 31 December		**267,885,307**	11,879,111	**2,678,853**	118,791

6.3 Reconciliation of ordinary shares

	Note	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Balance as at 01 January		**11,879,111**	26,728,000	**118,791**	267,280
Consolidation of shares under the scheme of arrangement	*6.3.1*	-	(14,848,889)	-	(148,489)
Shares issued under scheme of arrangements		**256,006,196**		**2,560,062**	
Balance as at 31 December		**267,885,307**	11,879,111	**2,678,853**	118,791

6.3.1 Pursuant to Scheme of Arrangement as referred to in note 2 and approved by Honorable Lahore High Court through its Order dated 22 June 2022, effective 01 September 2021 the issued share capital of the Company shall be consolidated to 2.25 shares and the share capital of the Company will reduce from every 225 shares to 100 shares i.e. number of existing paid-up shares (prior to issuances of shares to WCL) will reduce from 26,728,000 to 11,879,111. The resultant amount has been transferred to 'Capital redemption reserve'.

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

	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	(Percentage held)		(Number of shares)	
- Haroon Ahmad Khan (CEO)	**9.78%**	34.97%	**26,208,977**	4,154,224
- Waves Corporation Limited	**74.56%**	-	**199,724,956**	-
	84.34%	34.97%	**225,933,933**	4,154,224

7 Shares issued pursuant to merger and share premium

Pursuant to Scheme of Arrangement as referred to in note 2 and approved by Honorable Lahore High Court through its Order dated 22 June 2022, effective 01 September 2021 the Company issued 199,724,956 shares to Waves Corporation Limited and 56,281,240 shares to the shareholders of Waves Corporation Limited at the rate of Rs. 24.24 per share. The excess of market value over the face value of the shares at the effective date amounting to Rs. 3,642 million has been recognized as share premium.

8	Amount due to holding Company	Note	31 December 2022	31 December 2021
			(Rupees in '000)	
	Balance as at 01 January		1,779,177	-
	Gross consideration payable to WCL		-	2,000,000
	Less: Fair value adjustment		-	(277,644)
	Less: Adjustment of short term advance		(226,807)	-
	Fair value of deferred consideration	8.1 & 8.2	1,552,370	1,722,356
	Notional interest on amount due to holding Company	33	168,968	56,821
	Carrying value		1,721,338	1,779,177

8.1 As per scheme of arrangement described in note 2 and 46, WHAL is liable to pay Rs. 2 billion to WCL within two years of the sanction of the scheme. However, if the said amount is still wholly or partially payable, 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.

8.2 This represents interest free amount discounted at the average borrowing rate (9.87%) of the Company and has been classified in equity as a 'contribution from Holding Company' - net of tax.

9	Loan from sponsors	Note	31 December 2022	31 December 2021
			(Rupees in '000)	
	Loan from sponsors		119,497	115,300
		9.1	119,497	115,300

9.1 These represent interest free loans from members of the Company (novated to major shareholders as detailed in note 18.1.1) to meet financing requirements. These loan are designated interest free and are repayable at the discretion of the Company. Further, in accordance with Technical Release - 32 "Accounting Directors' Loan" issued by the Institute of Chartered Accountants of Pakistan, the loan has been classified as part of equity.

10	Surplus on revaluation of property, plant and equipment - net of tax	Note	31 December 2022	31 December 2021
			(Rupees in '000)	
	Revaluation surplus - as on 01 January		494,700	-
	Transferred from WCL under scheme of arrangement			507,039
	Incremental depreciation transferred to equity	2 & 46	(37,015)	(12,339)
			457,685	494,700
	Deferred tax liability - as on 01 January		(125,716)	-
	Transferred from WCL under scheme of arrangement	2 & 46		(129,294)
	Tax effect on transfer of incremental depreciation to retained earnings		10,734	3,578
	Deferred tax liability		(114,982)	(125,716)
		10.1 & 10.2	342,704	368,984

10.1 This represents amount of surplus - net of deferred tax transferred from WCL under the scheme of arrangement as referred to in note 2 and note 46. This includes balance of revaluation surplus of land amounting to Rs. 55.65 million (31 December 2021: Rs 55.65 million), building on freehold land amounting to Rs. 7.53 million (31 December 2021: Rs. 7.76 million) and plant and machinery of Rs. 279.52 million (31 December 2021: Rs. 305.57 million)."

10.2 During year 2021, operating fixed assets and their related surplus have been transferred from WCL under the scheme of arrangement, the following details of revaluation have been taken as earlier reflected in the Holding Company's record. The Holding 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 values 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, present operational condition and age of plant and machinery.

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11 Long term loans - Secured

	Note	31 December 2022	31 December 2021
		(Rupees in '000)	
Long term loans - *Banking Companies*	*11.1*	**265,588**	361,016
Long term loans - *Non-banking Companies*	*11.2*	**984,518**	579,697
Less: Deferred grant	*11.3*	**-**	(18,834)
Less: Current maturity presented under current liabilities	*19*	**(460,691)**	(173,733)
		789,415	748,146

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

Bank Name	Facility	31 December 2022	31 December 2021	Mark-up as per Agreement	Scheme of Arrangement Note 2 & Note 46	Tenure and basis of principal repayment	Security
Sindh Bank Limited	Term Finance	**161,958**	162,283	3 Months KIBOR plus 3% per annum, payable quarterly.	Loan amount of 162 million was transferred to WHAL on 31st August 2021 in accordance with scheme of arrangement.	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 Khyber	SBP Salary Refinance Scheme	**28,630**	98,733	SBP rate plus 3% per annum, payable quarterly.	Loan amount was completely transferred to WHAL on 31st August 2021 in accordance with scheme of arrangement.	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**	100,000	3 Months KIBOR plus 2% per annum, payable quarterly.	Loan amount of 100 million was transferred to WHAL on 31st August 2021 in accordance with scheme of arrangement.	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. 100 million on present and future fixed assets of the Company and Cross corporate guarantees of group concerns of the Company. This facility has been obtained to meet long term working capital requirements and balance sheet re-profiling of the Company.
		265,588	361,016				

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

Bank Name	Facility	31 December 2022	31 December 2021	Mark-up as per Agreement	Scheme of Arrangement Note 2 & Note 46	Tenure and basis of principal repayment	Security
Pak Brunei Investment Company Limited	Term Finance	**305,518**	89,063	3 Months KIBOR plus 2.5%- 3% per annum, payable quarterly.	Loan amount of 89 million was transferred to WHAL on 31st August 2021 in accordance with arrangement.	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 pari 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.	Loan amount of 281 million was transferred to WHAL on 31st August 2021 in accordance with arrangement.	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 pari 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	Term Finance	**454,000**	209,384	6 & 3 Months KIBOR plus 2.5% & 2.75%% per annum, payable quarterly.	Loan amount of 210 million was transferred to WHAL on 31st August 2021 in accordance with arrangement.	Balance payable in 31 quarterly instalments starting from 4th January 2023 ending on 17th November 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.
		984,518	579,697				

11.2.1 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 46. In pursuance of WCL demerger plan, WCL approached and reached an arrangement with banks and lenders. The loans will be split between WCL and WHAL, retained with WCL and transferred to WHAL in conformity with the bank arrangement. The scheme of arrangement is applicable effective from 01 September 2021.

11.3 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.

11.4 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 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.

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

	Note	31 December 2022	31 December 2021
		(Rupees in '000)	

12 Lease liabilities

	Note	31 December 2022	31 December 2021
Building under right of use - *unsecured*	12.1	**71,037**	67,315
Other assets under right of use - *secured*	12.2	**53,411**	41,171
		124,448	108,486
Less: Current maturity of liabilities for other assets	19	**(13,165)**	(18,365)
Less: Current maturity of liabilities recognized for buildings	19	**(29,350)**	(33,828)
		81,932	56,293

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

12.1 Building under right of use - *unsecured*

	31 December2022			31 December2021		
	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)					
Not later than one year	**35,883**	**6,532**	**29,350**	38,446	4,618	33,828
Later than one year and not later than five years	**52,110**	**10,423**	**41,687**	35,985	2,498	33,487
	87,993	**16,956**	**71,037**	74,431	7,116	67,315

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%.

12.2 Other assets under right of use - *secured*

	31 December2022			31 December2021		
	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)					
Not later than one year	**19,590**	**6,425**	**13,165**	21,074	2,708	18,365
Later than one year and not later than five years	**46,067**	**5,821**	**40,246**	25,015	2,210	22,806
	65,657	**12,246**	**53,411**	46,089	4,918	41,171

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. Tile to the assets acquired under the leasing arrangements are transferrable to the Company upon payment of entire lease obligations.

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13 Employee retirement benefits

	Note	31 December 2022	31 December 2021
		(Rupees in '000)	
Employee retirement benefits - obligation			
- Pension fund	*13.2*	**(16,092)**	467
- Gratuity fund - permanent employees	*13.3*	**9,943**	13,553
		(6,149)	14,020

13.1 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 Company. 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 freezed at the level that existed as at 31 May 2019.

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:

	Note	Pension Fund		Gratuity	
				Permanent employees	
		31 December 2022 (%)	31 December 2021 (%)	31 December 2022 (%)	31 December 2021 (%)
1) Discount rate per annum		**14.50**	10.50	**15.50**	10.50
2) Expected per annum rate of increase in future salaries		**Nil**	Nil	**Nil**	Nil
3) Expected rate of increase in pension		**Nil**	Nil	**Nil**	Nil
4) Mortality rates		**SLIC (2001-05)-1**	SLIC (2001-05)-1	**SLIC (2001-05)-1**	SLIC (2001-05)-1

The number of employees for Pension Fund are 47 (2021: 68).

The number of employees for Gratuity are 23 (2021: 28).

13.2 Amounts recognised in statement of financial position

	Note	Pension Fund 2022	Pension Fund 2021	Gratuity 2022	Gratuity 2021
Present value of defined benefit obligation	*13.4*	**47,480**	64,191	**10,132**	13,996
Fair value of plan assets	*13.5*	**(63,572)**	(63,724)	**(189)**	(443)
Liability on the reporting date	*13.3*	**(16,092)**	467	**9,943**	13,553

13.3 Movement in net defined benefit liability recognised in statement of financial position

	Note	Pension Fund 2022	Pension Fund 2021	Gratuity 2022	Gratuity 2021
Net liability as at 01 January		**467**	-	**13,553**	-
Net liability transferred from WCL at 01 September 2021			1,007	**-**	13,440
Income cost recognised in profit or loss for the period	*13.6*	**47**	103	**1,382**	483
Contribution during the period		**-**	-	**(2,498)**	-
Total amount of remeasurements recognised in other comprehensive income (OCI) - actuarial gain	*13.7*	**(16,606)**	(643)	**(2,494)**	(370)
Net liability as at 31 December		**(16,092)**	467	**9,943**	13,553

13.4 Movement in present value of defined benefit obligations

	Pension Fund 2022	Pension Fund 2021	Gratuity 2022	Gratuity 2021
Liability for defined benefit obligation at 01 January	64,191		13,996	
Liability for defined benefit obligation Transferred from WCL at 01 September 2021	-	64,731	-	13,883
Benefits paid	**(7,135)**	-	(2,539)	-
Current service cost	-	-	-	-
Past service cost	-	-	-	-
Interest cost	**6,547**	2,144	**1,433**	483
Re-measurements - actuarial loss / (gain) on obligation				
- Change in financial assumptions	**(11,859)**	55	**(1,700)**	3
- Change in experience adjustments	**(4,264)**	(2,739)	**(1,059)**	(373)
Liability for defined benefit obligation at 31 December	**47,480**	64,191	**10,132**	13,996

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13.4.1 Analysis of present value of defined benefit obligation

	Note	Pension Fund		Gratuity Permanent employees	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
		(Rupees in '000)			
Vested / non-vested					
- Vested Benefits		47,480	64,191	10,132	13,996
- Non Vested Benefits		-	-	-	-
		47,480	64,191	10,132	13,996
Benefit obligation by participant status/ cadre					
- Active / Management		6,683	13,104	-	-
- Retirees / Union		40,797	51,087	-	-
		47,480	64,191	-	-
Type of benefits earned to date					
- Accumulated benefit obligation		47,480	64,191	10,132	13,996
- Amounts attributed to future salary increase		-	-	-	-
		47,480	64,191	10,132	13,996

13.5 Movements in the fair value of plan assets

	Note	Pension Fund 2022	Pension Fund 2021	Gratuity 2022	Gratuity 2021
Fair value of plan assets - at 01 January		63,724	-	443	
Fair value of plan assets transferred from WCL at 01 September			63,724	-	443
Contribution during the year		-	-	2,498	-
Benefits paid		(7,135)	-	(2,539)	-
Interest income on plan assets		6,500	2,041	51	-
Re-measurements on assets - actuarial loss					
- Change in experience adjustments		483	(2,041)	(265)	-
Fair value of plan assets - at 31 December	13.9	63,572	63,724	189	443

13.6 Expense recognised in statement of profit or loss

	Pension Fund 2022	Pension Fund 2021	Gratuity 2022	Gratuity 2021
Current service cost	-	-	-	-
Past service cost	-	-	-	-
Interest cost net of expected return on plan assets	47	103	1,382	483
	47	103	1,382	483

The expense is recognised in the following line items in the statement of profit or loss:

	Pension Fund 2022	Pension Fund 2021	Gratuity 2022	Gratuity 2021
Cost of sales	31	67	899	314
Marketing, selling and distribution costs	12	26	137	48
Administrative expenses	5	10	346	121
	47	103	1,382	483

13.7 Actuarial (gain) / loss recognised in income

	Pension Fund 2022	Pension Fund 2021	Gratuity 2022	Gratuity 2021
Actuarial loss / (gain) on obligation	(16,123)	(2,684)	(2,758)	(370)
Actuarial loss on plan assets	(483)	2,041	265	-
Total actuarial loss / (gain) recognised in OCI	(16,606)	(643)	(2,494)	(370)

Net actuarial gain on pension fund and funded gratuity amounts to Rs. 19.9 million (2021: Rs. 1.01 million) which has been taken to other comprehensive income.

	Pension Fund		Gratuity Permanent employees	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	(Rupees in '000)			
13.8 Return on plan assets				
Actual return / (loss) on plan assets	6,983	-	(214)	-

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	Pension Fund		Gratuity	
			Permanent employees (funded)	
	31 December 2022	31 December 2021	**31 December 2022**	31 December 2021

13.9 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	**-**	-
Total fair value of plan assets	**63,572**	63,724	**189**	443

13.10 Historical information

	31 December				
	31 December 2022	31 December 2021	31 December 2020	31 December 2019	31 December 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)**	55	6,508	9,932	(23,496)
Experience adjustments arising on plan liabilities	**(4,264)**	(2,739)	(579)	(6,204)	(653)
Experience adjustments arising on plan assets	**483**	(2,041)	(1,175)	(5,993)	(4,437)
Gratuity - fund					
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)**	3	966	1,525	1,301
Experience adjustments arising on plan liabilities	**(1,059)**	(373)	(1,074)	(9,370)	1,855
Experience adjustments arising on plan assets	**(265)**	-	(147)	(194)	(1,359)

Above balance of defined benefit has been transferred to the Company under the scheme of arrangement effective 01 September 2021. However, the details of the historical information have been taken as earlier reflected in the Holding Company's record.

13.11 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%	-	-	**-**	**-**
	31 December 2021				
Discount rate	0.5%	62,155	66,362	**13,733**	**14,270**
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).

13.12 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-fund	1,101	3,031	2,327	694	1,329	7,920
	4,883	**10,661**	**10,032**	**8,177**	**8,577**	**41,685**

13.13 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
13.14 Number of employees covered in the scheme	47	23

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14 Deferred tax liability - net

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

	2022				
	Balance as at 01 Jan 2022	**Transfer from WCL**	**Recognized in Profit or Loss**	**Recognized in OCI**	**Balance as at 31 December 2022**
	(Rupees in '000)				
Taxable temporary difference					
- accelerated tax depreciation	500,798	-	19,722	-	520,520
- surplus on revaluation of property, plant and equipment	125,715	-	(10,733)	-	114,982
	626,513	-	**8,989**	-	**635,502**
Deductible temporary difference					
- minimum tax	(114,099)	-	(65,320)	-	(179,419)
- other provisions	(49,020)	-	49,020	-	-
	(163,119)	-	**(16,300)**	-	**(179,419)**
Deferred tax liability - net	**463,394**	-	**(7,311)**	-	**456,083**

	2021				
	Balance as at 30 June 2021	**Transfer from WCL at 01 September 2021 (Note 2 & 46)**	**Recognized in Profit or Loss**	**Recognized in OCI**	**Balance as at 31 December 2021**
	(Rupees in '000)				
Taxable temporary difference					
- accelerated tax depreciation	-	483,574	17,224	-	500,798
- surplus on revaluation of property, plant and equipment	-	129,294	(3,579)	-	125,715
	-	**612,868**	**13,645**	-	**626,513**
Deductible temporary difference					
- minimum tax	-	(149,436)	35,337	-	(114,099)
- other provisions	-	(49,712)	692	-	(49,020)
	-	**(199,148)**	**36,029**	-	**(163,119)**
Deferred tax liability - net	-	**413,720**	**49,674**	-	**463,394**

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

14.2 During the current year the Company entered into a scheme of arrangement and as per the scheme balance of deferred tax liability has been transferred from Waves Corporation Limited (WCL), refer to note 46 of these financial statements. Deferred tax asset on tax credits has been recorded based on financial projections indicating the absorption of deferred tax asset over future years against future expected taxable profits. The financial projections involve certain key assumptions such as sales price and composition, raw materials, labour prices etc. Any significant change in the key assumptions may have an effect on the absorption of the deferred tax asset. Nonetheless, the Company is confident of the achievement of its targeted results.

15 Deferred Income	*Note*	**31 December 2022**	31 December 2021
		(Rupees in '000)	
Sale and lease back	*15.1*	-	-
Grant in aid	*15.2*	**6,477**	7,639
Government grant	*15.3*	-	-
		6,477	7,639

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15.1 Sale and lease back

Details of the movement in the balance

Gross balance

Balance as at 01 January	-	-
Balance transferred from WCL	-	2,618
Balance at 31 December	-	2,618

	31 December 2022	31 December 2021
Accumulated amortization	(Rupees in '000)	
Balance as at 01 January	(1,496)	-
Amortization for the period	(1,122)	(1,496)
Balance at 31 December	(2,618)	(1,496)
Carrying amount:		
Balance at 31 December	(2,618)	1,122
Current portion of deferred income	-	(1,122)
Balance as at 31 December	-	-

15.1.1 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). The deferred income has been amortized and recognized in the statement of profit or loss over the lease term.

	31 December 2022	31 December 2021
15.2 Grant in aid	(Rupees in '000)	
Gross balance		
Balance as at 01 January	13,953	-
Balance transferred from WCL	-	13,953
Balance at 31 December	13,953	13,953
Accumulated amortization		
Balance as at 01 January	(5,152)	-
Balance transferred from WCL	-	(4,981)
Amortization for the period	(1,162)	(171)
Balance at 31 December	(6,314)	(5,152)
Carrying amount:		
Balance at 31 December	7,639	8,801
Current portion	(1,162)	(1,162)
Balance as at 31 December	6,477	7,639

15.2.1 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.

	Note	31 December 2022	31 December 2021
15.3 Government grant		(Rupees in '000)	
Balance as at 01 January		3,803	-
Balance transferred from WCL			7,866
Recognized during the period		-	-
Amortization during the period		(3,803)	(4,063)
Unamortized balance of deferred grant		-	3,803
Current maturity			(3,803)
Balance as at 31 December	11.3	-	-

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	Note	31 December 2022	31 December 2021
		(Rupees in '000)	
16 Trade and other payables			
Trade creditors		**948,929**	893,868
Bills payable		**163,705**	336,871
Accrued liabilities	*16.1*	**56,582**	153,854
Contract liabilities		**103,507**	10,275
Security deposits from dealers	*16.2*	**10,200**	11,049
Provisions in respect of warranty obligations		**7,423**	8,118
Sales tax - net		**-**	2,031
Workers' profits participation fund	*16.3*	**6,889**	21,954
Workers' welfare fund		**3,751**	8,889
Advance from employees against vehicle		**30,152**	25,329
Income tax deducted at source		**-**	-
Payable to the provident fund	*39*	**4,348**	4,584
Payable to ex-employees	*16.4*	**-**	3,634
Due to holding company	*16.5*	**-**	298,831
Others	*16.6*	**43,534**	36,001
		1,379,020	1,815,288

16.1 This includes remuneration payable to ex-directors and ex-executives amounting to Rs. 2.28 million (31 December 2021: Rs. 2.28 million)

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

	Note	31 December 2022	31 December 2021
		(Rupees in '000)	
16.3 Workers' profits participation fund			
Balance as at 01 Jan		**21,954**	-
Balance transferred from WCL		**-**	16,811
Allocation for the period	*33*	**6,889**	4,980
Interest on funds utilized by Company	*35*	**-**	163
		28,843	21,954
Less: Payment made during the period		**(21,954)**	-
Balance as at 31 December		**6,889**	21,954

16.4 It includes bonus payable to ex-directors and ex-executives amounting to Rs. Nil (31 December 2021: Rs. 1.21 million)

16.5 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.

16.6 It includes payables for supplies and services amounting to Nil (31 December 2021: 7.10 million) and Rs 43.4 million (31 December 2021: Rs. 3.60 million) respectively.

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17	Mark-up accrued on borrowings	Note	31 December 2022	31 December 2021
			(Rupees in '000)	
	Mark-up based borrowings from banking companies			
	- Long term loans - secured		**247**	6,919
	- Short term borrowings - secured		**234,096**	93,068
	Mark-up based borrowings from non-banking companies			
	- Long term loan - secured		**28,604**	8,602
	Islamic mode of borrowings			
	- Short term borrowings - secured		**21,990**	21,219
			284,937	129,808

18	Short term borrowings	Note	31 December 2022	31 December 2021
			(Rupees in '000)	
	From banking companies - secured			
	Running finance under mark-up arrangements	18.2	**1,063,442**	993,562
	Finance against trust receipt	18.3	**1,796,224**	2,568,459
	Short term borrowings under Murahaba arrangement	18.4	**296,341**	351,523
			3,156,007	3,913,544

18.1	Particulars of borrowings	31 December 2022 Rupees	31 December 2021 Rupees
	Interest / mark-up based borrowings	**2,859,666**	3,562,021
	Islamic mode of borrowings	**296,341**	351,523
		3,156,007	3,913,544

18.2 Short term running finance

Short term running finance facility were transferred from WCL under the scheme of arrangement as per note 2 on 1 Aug 2021. This represents utilized amount of short term running finance facilities under mark-up arrangements availed from various commercial banks aggregating to Rs. 1,063.44 million (2021:Rs. 993.56 million.)

These facilities were 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 11.89% to 18.77% (2021: 9.01% to 10.78%) per annum, payable monthly and quarterly in arrears. These facilities are expiring on various dates (Latest by April 2022 and maximum by June 2023).

18.3 Finance against trust receipt

Facilities has been transferred from WCL under the scheme of arrangement as per note 2 on 1 Aug 2021. This represents Finance Against Trust Receipt (FATR) available from commercial banks aggregating to Rs. 1,740.40 million (2021: Rs. 2,568.85 million). These facilities were secured against charge over current assets of the Company and personal guarantees of the sponsor directors of the 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 has been repayable on different dates starting from June 2022 to June 2023.

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18.4 **Islamic mode of borrowings**

During 2021, facilities has been transferred from WCL under the scheme of arrangement as per note 2. This represents utilized amount of Musharka / Tijara borrowings available from banks aggregating to Rs. 296.34 million (2021: Rs. 351.52 million). These facilities were secured against charge over all current assets and fixed assets of the Company and personal guarantees of the sponsor directors of the Company and carrying mark-up rates ranging from 10.09% to 19.56% (2021: 9.26% to 10.09%) per annum payable quarterly in arrears. These borrowings are repayable between Jan 2022 to May 2023.

18.5 **Unavailed credit facilities**

The facilities for opening of letter of credits and guarantees as at 31 December 2022 amounted to Rs. 4,707.1 million of which remaining unutilized amount was Rs. 3,100.183 million.

18.6 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 46. 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. The scheme of arrangement is applicable effective from 01 September 2021.

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

	Note	**31 December 2022**	31 December 2021
		(Rupees in '000)	
19 Current portion of long term liabilities			
Long term loans - Banking Company	*11*	**190,588**	98,733
Long term loans - Non Banking Company	*11*	**270,103**	75,000
Lease liabilities	*12*	**42,516**	52,193
Deferred income	*15*	**1,162**	6,087
		504,369	232,013

20 **Contingencies and commitments**

20.1 **Contingencies**

20.1.1 **Transferred from WCL under scheme of arrangement**

20.1.1.1 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.

20.1.1.2 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

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resolved in favour of the Company. Accordingly, no provision/liability is required in these financial statements.

20.1.2 Other contingencies (related to SMTM)

20.1.2.1 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.

20.1.2.2 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.

20.1.2.3 An order u/s 122(5A) for Tax Year 2009 on 27-10-2014 has been passed by Additional Commissioner Inland Revenue (Add. CIR) raising demand of Rs. 4,857,801. 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 Company has approached ATIR on 17-05-2015 against the order of CIR-Appeals which is pending adjudication till date. There is likelihood that matter will be resolved in favour of the Company. Accordingly, no provision/liability is required in these financial statements.

20.1.2.4 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.

20.1.2.5 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.

20.1.2.6 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

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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.

20.1.2.7 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.

20.1.2.8 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.

20.1.2.9 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.

20.1.2.10 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.

According to clause 4 of the Share purchase agreement dated 22 January 2021 between Ex-sponsors, New sponsors and the Company, all liabilities whether disclosed or undisclosed including but not limited to direct or indirect liabilities, indebtedness, claim including demand, suit, litigation, arbitration, assessment or proceeding made or brought against the Company and the Purchaser and loss, damage, taxes (direct or indirect), settlement agreements, secured or unsecured related to the Company and pretaining to the period up-to consummation of this transaction shall be responsibility and liability of the Sellers. Accordigly no further provising is required in respect of above mentioned other contingencies.

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 financial statements.

20.2 Commitments

20.2.1 Commitments, for the import of stock in trade, outstanding at year end were for Rs. Nil (31 December 2021: Rs. 592.64 million).

20.2.2 Commitments, for capital expenditure, against irrevocable letters of credit outstanding at year end were for Rs. 6.5 million (31 December 2021: Rs. Nil).

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		Note	31 December 2022	31 December 2021
			(Rupees in '000)	
21	**Property, plant and equipment**			
	Operating fixed assets	21.1	**3,145,131**	2,797,122
	Right of use assets	21.1	**131,641**	156,115
	Capital work in progress	21.2	**2,163,586**	265,582
			5,440,358	3,218,819

21.1 Operating fixed assets

	Operating fixed assets						Right of use assets			
	Land	**Buildings**	**Plant and machinery**	**Furniture and equipment**	**Computers**	**Vehicles**	**Buildings**	**Plant and machinery**	**Vehicles**	**Total**
	(Rupees in '000)									
At 01 January 2022										
Cost / revaluation	528,165	429,907	1,789,548	125,123	69,994	129,322	210,705	74,432	51,708	**3,408,903**
Accumulated depreciation	-	(4,299)	(49,238)	(72,662)	(67,170)	(81,568)	(150,019)	(2,067)	(28,644)	**(455,667)**
Net book value	**528,165**	**425,608**	**1,740,310**	**52,461**	**2,824**	**47,754**	**60,686**	**72,365**	**23,064**	**2,953,236**
Transferred										
Cost / revaluation			48,480			10,770		(48,480)	(10,770)	-
Accumulated depreciation	-	-	(1,913)			(8,749)		1,913	8,749	-
Net book value	-	-	**46,567**	-	-	**2,021**	-	**(46,567)**	**(2,021)**	-
Addition during the period	505,229	-	-	4,977	1,969	246	42,973	-	30,852	**586,246**
Disposals										
Cost	-	-	-	(57)	-	(26,635)	-	-	-	**(26,692)**
Depreciation	-	-	-	6	-	16,975	-	-	-	**16,981**
Net book value	-	-	-	**(51)**	-	**(9,660)**	-	-	-	**(9,711)**
Elimination of fully depreciated assets										
Cost	-	-	-	-	-	-	(71,602)	-	-	**(71,602)**
Depreciation	-	-	-	-	-	-	71,602	-	-	**71,602**
Net book value	-	-	-	-	-	-	-	-		-
Depreciation charge for the period	-	(12,897)	(152,931)	(12,893)	(724)	(23,842)	(34,567)	(2,339)	(12,805)	**(252,998)**
Closing net book value	**1,033,394**	**412,710**	**1,633,946**	**44,494**	**4,069**	**16,518**	**69,092**	**23,459**	**39,090**	**3,276,773**
As at 31 December 2022										
Cost / revaluation	**1,033,394**	**429,907**	**1,838,028**	**130,043**	**71,963**	**113,702**	**182,076**	**25,952**	**71,790**	**3,896,855**
Accumulated depreciation	-	**(17,196)**	**(204,082)**	**(85,549)**	**(67,894)**	**(97,184)**	**(112,984)**	**(2,493)**	**(32,700)**	**(620,082)**
Net book value	**1,033,394**	**412,710**	**1,633,946**	**44,494**	**4,069**	**16,518**	**69,092**	**23,459**	**39,090**	**3,276,773**
Depreciation rate (% per annum)	**Nil**	**3**	**8.33**	**10**	**20**	**20**	**3**	**8.33**	**20**	

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	Operating fixed assets						Right of Use Assets			
	Land	Buildings	Plant and machinery	Furniture and equipment	Computers	Vehicles	Buildings	Plant and machinery	Vehicles	Total
	(Rupees in '000)									
At 01 July 2021										
Cost / revaluation	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-
Net book value	-	-	-	-	-	-	-	-	-	-
Transferred from WCL (note 2)										
Cost / revaluation	528,165	429,858	1,786,368	123,864	69,000	127,953	210,705	74,432	51,708	**3,402,053**
Accumulated depreciation	-	-	-	(70,887)	(67,003)	(79,108)	(133,745)	-	(25,197)	**(375,940)**
Net book value	**528,165**	**429,858**	**1,786,368**	**52,977**	**1,997**	**48,845**	**76,960**	**74,432**	**26,511**	**3,026,113**
Addition during the period	-	49	8,572	1,359	994	8,702	-	-	-	**19,675**
Disposals										
Cost	-	-	(5,392)	(100)	-	(7,333)	-	-	-	**(12,825)**
Depreciation	-	-	760	30	-	1,873	-	-	-	**2,663**
	-	-	**(4,632)**	**(70)**	-	**(5,460)**	-	-	-	**(10,162)**
Depreciation charge for the period	-	(4,299)	(49,998)	(1,805)	(167)	(4,333)	(16,274)	(2,067)	(3,447)	**(82,390)**
Closing net book value	**528,165**	**425,608**	**1,740,310**	**52,461**	**2,824**	**47,754**	**60,686**	**72,365**	**23,064**	**2,953,236**
As at 31 December 2021										
Cost / revaluation	**528,165**	**429,907**	**1,789,548**	**125,123**	**69,994**	**129,322**	**210,705**	**74,432**	**51,708**	**3,408,903**
Accumulated depreciation	-	**(4,299)**	**(49,238)**	**(72,662)**	**(67,170)**	**(81,568)**	**(150,019)**	**(2,067)**	**(28,644)**	**(455,667)**
Net book value	**528,165**	**425,608**	**1,740,310**	**52,461**	**2,824**	**47,754**	**60,686**	**72,365**	**23,064**	**2,953,236**
Depreciation rate (% per annum)	**Nil**	**3**	**8.33**	**10**	**20**	**20**	**3**	**8.33**	**20**	

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21.1.1 Had there been no revaluation of property, plant, and equipment, value as of 31 December 2022 would have been as follows:

	31 December 2022	31 December 2021
	(Rupees in '000)	
Land	**977,741**	472,513
Buildings	**402,161**	416,541
Plant and Machinery	**1,242,463**	1,677,999
	2,622,365	2,567,053

21.1.2 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 on freehold land and plant and machinery was Rs. 528.17 million, Rs. 390.60 million and Rs. 1,488.75 million respectively.

21.1.3 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)
Muaza Mustafabad, 41 KM Ferozepur Road, Off 2-KM Rohi Nala Road, Tehsil & District Kasur	Manufacturing facility (In the process of construction)	278.00	-

21.1.4 Depreciation for the period has been allocated as follows:

	Note	31 December 2022	31 December 2021
		(Rupees in '000)	
Cost of sales	*30.1*	**161,718**	54,217
Marketing, selling and distribution costs	*31*	**34,567**	8,749
Administrative expenses	*32*	**56,712**	19,424
		252,998	82,390

21.2 Capital work-in-progress

Balance as at 01 January		**265,582**	-
Transferred from WCL	*21.2.1*		202,307
Additions during the period		**1,898,004**	63,275
Balance as at 31 December		**2,163,586**	**265,582**

Breakup of capital work in progress is as follows:

- Building	-	27
- Plant and machinery	**844,601**	95,838
- Plant and machinery - in transit	**127,358**	
- Electric installation	**1,315**	1,208
- Kasur Factory Development Expenditure	**1,190,312**	168,509
	2,163,586	265,582

21.2.1 This represents work-in-progress for development, improvement and installation transferred from WCL to the Company under the scheme of arrangement as explained in note 2.

21.3 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)			----------------------------	
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	7,387	
Various assets having net book value up to Rs 500,000 each			13,153	907	7,562	6,655	
	31-Dec-22		**26,655**	**9,660**	**23,703**	**14,042**	
	31-Dec-21		12,825	10,162	11,625	1,463	

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22 Intangible assets and goodwill	Note	31 December 2022	31 December 2021
		(Rupees in '000)	
Software		**29,748**	28,837
Goodwill		**1,070,207**	1,070,207
Brand value		**1,582,147**	1,582,147
Customer relationships		**153,753**	184,481
	22.1	**2,835,855**	2,865,672

22.1 Reconciliation of carrying amounts

Description	Software	Goodwill	Brand value	Customer relationships	Total
	(Rupees in '000)				
Cost					
Balance at 01 January	-	-	-	-	-
*Transferred from WCL	104,203	1,070,207	1,582,147	261,289	3,017,846
Addition during the period	1,954	-	-	-	1,954
Balance at 31 December 2021	106,157	1,070,207	1,582,147	261,289	3,019,800
Additions during the year	11,040	-	-	-	11,040
Balance at 31 December 2022	**117,197**	**1,070,207**	**1,582,147**	**261,289**	**3,030,840**
Accumulated amortization and impairment losses					
Balance as at 01 January	-	-	-	-	-
*Transferred from WCL	(72,171)	-	-	(66,595)	(138,766)
Amortization for the period	(5,149)	-	-	(10,213)	(15,362)
Balance at 31 December 2021	(77,320)	-	-	(76,808)	(154,128)
Amortization for the year	(10,129)	-	-	(30,728)	(40,857)
Balance at 31 December 2022	**(87,449)**	-	-	**(107,536)**	**(194,985)**
Carrying amounts:					
At 31 December 2021	28,837	1,070,207	1,582,147	184,481	2,865,672
At 31 December 2022	**29,748**	**1,070,207**	**1,582,147**	**153,753**	**2,835,855**
Rates of amortization/useful life	**5-10 years**	**Nil**	**Nil**	**10.5 years**	

*This represents balances transferred during 2021 to Waves Home Appliances Limited (WHAL) formerly Samin Textile Limited under the scheme of arrangement as mentioned in note 2 and 46.

22.2 Goodwill and other intangible assets acquired in business combination

Effective 01 September 2021, Waves Home Appliances Limited (WHAL) completed a 'Scheme of Arrangement' as approved by the Honorable Lahore High Court through its Order dated 22 June 2022 for the demerger of home appliances business of Waves Corporation Limited (WCL) and amalgamation of the same into the Company. These intangibles have been transferred from WCL at their carrying values in compliance with the Accounting Standard "Accounting for Common Control Transactions" as issued by ICAP and notified through SRO 53(I) 2022 dated 12 January 2022 as explained in note 2.

22.2.1 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 2022, 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 financial projections involve certain key assumptions such as sales price and composition and raw materials etc. The cash flows are discounted using a discount rate of 16% (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.

22.3 Amortisation for the period has been allocated as follows:	Note	31 December 2022	31 December 2021
		(Rupees in '000)	
Marketing, selling and distribution costs	31	**30,728**	10,243
Administrative expenses	32	**10,128**	5,119
		40,856	15,362

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23 Long term deposits

	Note	31 December 2022	31 December 2021
		-------- (Rupees in '000) --------	
Deposits			
- leases		**7,324**	5,357
- other long term deposits		**13,202**	3,188
	23.1	**20,526**	8,545

23.1 Effective from 01 September 2021, Long term deposits have been transferred from Waves Corporation Limited (WCL) under Scheme of arrangement (refer to note 2 & 46).

24 Stock-in-trade

	Note	31 December 2022	31 December 2021
		-------- (Rupees in '000) --------	
Raw and packing materials			
- in stores (in hand)		**627,165**	779,670
- in bonded warehouse		**1,706,155**	1,169,535
- in transit	24.1	**-**	465,777
		2,333,320	2,414,982
Work in process		**141,300**	239,286
Finished goods			
- own manufactured		**416,049**	1,002,138
Provision for slow moving and damaged stock		**(29,868)**	(29,868)
	24.2	**2,860,801**	3,626,538

24.1 Stock amounting to Nil (2021: Rs. 121.71 million) was cleared subsequent to the period-end.

	2022	2021
Balance as at 01 January	**29,868**	-
*Transfer from WCL	**-**	29,868
(Reversal) / provision during the year	**-**	-
Balance as at 31 December	**29,868**	29,868

24.2 Effective from 01 September 2021 stock-in-trade has been transferred from Waves Corporation Limited (WCL) under Scheme of arrangement (refer to note 2 & 46)

25 Trade debts

	Note	31 December 2022	31 December 2021
		-------- (Rupees in '000) --------	
25.1 Retail network - unsecured			
Considered doubtful		**-**	166,993
Provision for doubtful debts	25.1.1	**-**	(166,993)
		-	-
25.2 Wholesale - unsecured			
Considered good	25.2.1	**4,218,103**	6,361,763
Considered doubtful		**-**	
		4,218,103	6,361,763
Provision for doubtful debts		**-**	-
		4,218,103	6,361,763

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	31 December 2022	31 December 2021
	-------- (Rupees in '000) --------	

25.1.1 Movement in loss allowance against trade debts

	31 December 2022	31 December 2021
Balance as at 01 January	**166,993**	-
Loss allowance transferred from WCL	-	166,993
Balances written off during the year	**(166,993)**	-
Balance as at 31 December	-	166,993

25.2.1 This includes related parties from whom the debts are due and their ageing is as under:

	Less than 6 months	Greater than 6 months	31 December 2022	31 December 2021
	---------- Rupees '000 ----------			
Waves Marketplace Limited	99,476	-	**99,476**	850,327

25.2.2 Maximum outstanding balance with reference to month end balances:

	31 December2022		31 December2021	
	In the month of	Rupees in '000	In the month of	Rupees in '000
Waves Marketplace Limited	**Dec-21**	**99,476**	Dec-21	850,327

26 Advances, deposits, prepayments and other receivables

	Note	31 December 2022	31 December 2021
		-------- (Rupees in '000) --------	
Advances - considered good			
- Employees		**681**	6,907
- Suppliers		**28,403**	22,744
- Against letter of credit		**7,625**	42,396
		36,709	72,047
Deposits			
- Short term deposits		**3,000**	3,000
- Security deposits		**16,068**	16,437
		19,068	19,437
Prepayments		**4,864**	**4,909**
Other receivables			
- Claims	*26.1*	**8,099**	8,236
		8,099	8,236
Loss allowances against other receivables	*26.2*	**(2,342)**	(2,342)
	26.3	**66,398**	102,287

26.1 This includes claims receivable from insurance companies, suppliers and product claims amounting to Rs. 2.79 million against which provision of Rs. 2.34 million is held.

26.2 Movement in loss allowance against other receivables

	31 December 2022	31 December 2021
	-------- (Rupees in '000) --------	
Balance as at 01 January	**2,342**	-
Loss allowance for the period	-	2,342
Balance as at 31 December	**2,342**	2,342

26.3 Effective from 01 September 2021, advances, deposits, and other receivables have been transferred from Waves Corporation Limited (WCL) under Scheme of arrangement (refer to note 2 & 46)

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		Note	31 December 2022	31 December 2021
27	**Cash and bank balances**	*Note*	-------- **(Rupees in '000)** --------	
	Balances with banks			
	- in current accounts		**563**	568
	Cash in hand		**5,066**	164
			5,629	732

		Note	31 December 2022	31 December 2021
28	**Non current assets held for sale**	*Note*	-------- **(Rupees in '000)** --------	
	Non-current assets held for sale	*28.1, 28.2 & 28.3*	**1,470**	1,470
	28.1 Office Equipment			
	Opening balance		**286**	286
	Disposal during the year		**-**	-
			286	286
	28.2 Vehicles			
	Opening balance		**1,184**	1,184
	Disposal during the year		**-**	-
			1,184	1,184

28.3 The estimated realizable value of these non-current assets exceeds their carrying value by approximately Rs. 4.03 million (31 Dec 2021: 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 management is committed to sale of these assets within a period of one year.

		Note	01 Jan 2022 to 31 Dec 2022	01 July 2021 to 31 Dec 2021
29	**Revenue - net**		-------- **(Rupees in '000)** --------	
	Sales - local		**9,022,825**	2,446,061
	Sales return		**(66,376)**	(20,221)
			8,956,449	2,425,840
	Sales tax		**(1,301,122)**	(342,317)
	Trade discount		**(232,824)**	-
			(1,533,946)	(342,317)
		29.1	**7,422,503**	2,083,523

29.1 Revenue from contracts with customers relates to local sales and represents sale of domestic consumer products.

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	Note	01 Jan 2022 to 31 Dec 2022	01 July 2021 to 31 Dec 2021
		-------- (Rupees in '000) --------	

30 Cost of sales

	Note	2022	2021
Opening stock - finished goods			
- own manufactured		**1,002,138**	724,342
		1,002,138	724,342
Purchases		**138,614**	164,942
Cost of goods manufactured	*30.1*	**5,243,483**	1,694,744
		6,384,234	2,584,028
Closing stock - finished goods			
- own manufactured		**(416,049)**	(1,002,138)
		5,968,185	1,581,890

30.1 Cost of goods manufactured

	Note	2022	2021
Raw and packing materials and stores consumed		**4,340,525**	1,445,550
Salaries, wages and other benefits	*30.1.1*	**380,018**	133,335
Depreciation on property, plant and equipment	*21.1.4*	**161,718**	54,217
Fuel and power		**111,792**	29,028
Freight charges		**86,029**	13,515
Insurance expense		**9,888**	3,493
Repairs and maintenance		**21,703**	7,372
Printing and stationery		**19,369**	5,026
Travelling and conveyance		**256**	122
Rent, rates and taxes		**12,170**	2,820
Communication		**64**	308
Others		**1,964**	73
		5,145,497	1,694,859
Work-in-process			
Opening stock		**239,286**	239,171
Closing stock		**(141,300)**	(239,286)
		97,986	(115)
Cost of goods manufactured		**5,243,483**	1,694,744

30.1.1 These include provision of Rs. 0.031 million (2021: Rs. 0.067 million), Rs. 0.089 million (2021:Rs. 0.314 million) and Rs. 10.13 million (2021: Rs. 3.91 million) in respect of pension, gratuity and provident funds respectively.

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31	Marketing, selling and distribution costs	Note	01 Jan 2022 to 31 Dec 2022	01 July 2021 to 31 Dec 2021
			-------- (Rupees in '000) --------	
	Salaries and benefits	31.1	**205,073**	81,262
	Rent, rates and taxes		**4,377**	553
	Publicity and sales promotion		**31,418**	11,104
	Depreciation on property, plant and equipment	21.1.4	**34,567**	8,749
	Warranty expense		**61,791**	25,917
	Utilities		**10,174**	4,347
	Travelling and conveyance		**31,032**	14,902
	Amortisation of intangible assets	22.3	**30,728**	10,243
	Insurance expense		**2,840**	1,765
	Others		**4,689**	1,214
			416,689	160,056

31.1 These include provision of Rs. 0.012 million (2021: Rs. 0.026 million), Rs. 0.0137 million (2021: Rs. 0.048 million) and Rs. 7.82 million (2021: Rs. 2.88 million) in respect of pension, gratuity and provident funds respectively.

32	Administrative expenses	Note	01 Jan 2022 to 31 Dec 2022	01 July 2021 to 31 Dec 2021
			-------- (Rupees in '000) --------	
	Salaries and benefits	32.2	**139,809**	46,083
	Legal and professional charges		**12,719**	8,307
	Auditors' remuneration	32.1	**1,985**	2,013
	Depreciation on property, plant and equipment	21.1.4	**56,712**	19,424
	Communication		**11,123**	4,184
	Travelling and conveyance		**24,666**	6,440
	Repair and maintenance		**2,651**	1,166
	Utilities		**14,076**	3,882
	Printing and stationery		**5,876**	1,811
	Rent, rates and taxes		**3,910**	1,865
	Insurance expense		**5,282**	1,108
	Entertainment expense		**7,449**	750
	Fees and subscription		**7,922**	4,342
	Amortisation of intangible assets	22.3	**10,128**	5,119
	Charity and donations	32.3	**737**	15
	Others		**2,700**	2,034
			307,745	108,543

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		01 Jan 2022 to 31 Dec 2022	01 July 2021 to 31 Dec 2021
32.1	**Auditors' remuneration**	-------- (Rupees in '000) --------	
	Audit fee	**1,050**	1,050
	Fee for the review of interim financial information	**392**	105
	Special audit	**-**	315
	Fee for the review of code of corporate governance and other certifications / reports under agreed upon procedures	**368**	368
	Out of pocket expenses	**175**	175
		1,985	2,013

32.2 These include provision of Rs. 0.05 million (2021: Rs. 0.01 million), Rs. 0.03 million (2021: Rs. 0.12 million) and Rs. 5.07 million (2021: Rs. 1.76 million) in respect of pension, gratuity and provident funds respectively.

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

		Note	01 Jan 2022 to 31 Dec 2022	01 July 2021 to 31 Dec 2021
			-------- (Rupees in '000) --------	
33	**Other expenses**			
	Workers' profits participation fund (WPPF)	*16.3*	**6,889**	4,980
	Exchange loss - net		**68,137**	33,842
	Notional interest on amount due to holding company		**168,968**	56,821
	Research and development expenditure		**8,454**	2,541
	Workers' welfare fund		**3,751**	2,487
			256,199	100,671
34	**Other income**			
	Income from non-financial instruments			
	Profit on a profit and loss sharing bank balance		**1,219**	-
	Gain on disposal of property, plant and equipment - net		**14,023**	1,463
	Liabilities no longer payable		**-**	121,669
	Scrap sales		**4,956**	5,881
	Amortisation of deferred income	*15*	**4,965**	5,730
	Others		**20,581**	-
			45,744	134,743
35	**Finance costs**			
	Interest / mark-up on interest / mark-up based loans			
	- Long term loans		**94,621**	31,090
	- Short term borrowings		**262,695**	131,915
	- Lease liabilities		**13,883**	3,908
	Markup on payable to holding company		**-**	
	Interest on Workers' Profit Participation Fund	*16.3*	**-**	163
	Interest on sponsors' loan - related party		**-**	-
	Bank charges		**10,448**	7,889
			381,647	174,965

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		Note	01 Jan 2022 to 31 Dec 2022	01 July 2021 to 31 Dec 2021
36	**Taxation**	*Note*	-------- (Rupees in '000) --------	
	Current:			
	- for the year	*36.1*	**96,220**	5,971
	Deferred:			
	- for the year		**(7,311)**	49,674
		36.2	**88,909**	55,645

36.1 The provision for current taxation has been determined under 'Minimum Tax' (sec 113 of ITO 2001) @ 1.25%. The current tax includes tax under the final tax regime amounting to Rs. Nil (Rs. 5.97 million).

36.2 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit:

	01 Jan 2022 to 31 Dec 2022	01 July 2021 to 31 Dec 2021
	-------- (Rupees in '000) --------	
Profit / (loss) before taxation	**137,782**	92,141
Tax at the applicable tax rate of 29% (30 June 2021: 29%)	**39,957**	26,721
Tax effect of permanent differences:		
- Differential under normal and final / minimum tax regime	**(65,320)**	6,695
- Other permanent differences	**49,215**	16,478
Effect of pro-ration	**-**	7,004
Property, plant, and equipment additions disallowed	**-**	714
Others	**65,057**	(1,967)
	88,909	55,645

37 Earning / (Loss) per share - basic and diluted

The calculation of earnings/(loss) 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:

		01 Jan 2022 to 31 Dec 2022	01 July 2021 to 31 Dec 2021
		-------- (Rupees in '000) --------	
Profit / (loss) for the period		**48,873**	36,496
Weighted-average number of ordinary shares	*37.1*	**267,885**	181,622
Profit / (loss) per share - basic and diluted	***Rupees***	**0.18**	0.20

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

Opening as at 01 January	267,885	
Issued ordinary shares as at 01 July	-	11,879
Effect of consolidation under scheme of arrangement	-	-
Pro-rated effect of shares issued under scheme of arrangement	-	169,743
Weighted-average number of ordinary shares (31 December / 30 June)	267,885	181,622

37.1.1 These include effect of ordinary shares to be issued under the Scheme of Arrangement (refer note 2 and 46).

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		31 December 2022	31 December 2021
38	**Cash and cash equivalents**	-------- (Rupees in '000) --------	

38.1 Cash and cash equivalents as at 31 December

	31 December 2022	31 December 2021
Cash and bank balances	5,629	732
Short term running finances under mark-up arrangements - *secured*	(1,063,442)	(993,562)
	(1,057,813)	(992,830)

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

	2022								
	Liabilities				Equity				
	Short term borrowings	Long term loans	Lease liability	Mark-up accrued on borrowings	Share capital	Capital redemption reserve	Share premium reserve	Loan from Sponsors	Total
	------- Rupees in '000 -------								
Balance as at 01 January	3,913,544	940,713	108,486	129,808	2,678,853	148,489	3,642,002	115,300	11,677,195
Cash flows									
Short term borrowings payment - net receipts	(827,416)	-	-	-	-	-	-	-	(827,416)
Long term loans received/(repaid)	-	328,227	-	-	-	-	-	-	328,227
Shares capital issuance expenses paid							(22,011)		
Loan from sponsors received	-	-	-	-	-	-	-	4,197	4,197
Finance cost paid	-	-	-	(226,518)	-	-	-	-	(226,518)
Repayment of lease rentals	-	-	(60,706)	-	-	-	-	-	(60,706)
	(827,416)	328,227	(60,706)	(226,518)	-	-	(22,011)	4,197	(782,216)
Non-cash changes									
Changes in running finance	69,879	-	-	-	-	-	-	-	69,879
Addition in lease liabilities	-	-	76,669	-	-	-	-	-	76,669
Finance cost / deferred grant	-	(18,834)	-	381,647	-	-	-	-	362,813
	69,879	(18,834)	76,669	381,647	-	-	-	-	509,361
Balance as at 31 December	3,156,007	1,250,106	124,448	284,937	2,678,853	148,489	3,619,991	119,497	11,404,340

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	2021								
	Liabilities				Equity				
	Short term borrowings	Long term loans	Lease liability	Mark-up accrued on borrowings	Share capital	Capital redemption reserve	Share premium reserve	Loan from Sponsors	Total
	Rupees in '000								
Balance as at 01 July	-	-	-	-	267,280	-	-	113,855	381,135
Cash flows									
Short term borrowings repaid net of receipts	87,562	-	-	-	-	-	-	-	87,562
Loan from sponsors - unsecured	-	-	-	-	-	-	-	1,445	1,445
Long term loans repaid	-	(66,182)	-	-	-	-	-	-	(66,182)
Finance cost paid	-	-	-	(161,297)	-	-	-	-	(161,297)
Repayment of lease rentals	-	-	(26,124)	-	-	-	-	-	(26,124)
	87,562	(66,182)	(26,124)	(161,297)	-	-	-	1,445	(164,596)
Non-cash changes									
Changes in running finance	3,825,982	-	-	-	-	-	-	-	3,825,982
Consolidation of shares under scheme					(148,489)	148,489			0
Ordinary shares against assets transferred from WCL					2,560,062		3,642,002		6,202,064
Transfer from WCL		1,006,895	134,610	116,140					1,257,645
Finance cost	-	-	-	174,965	-	-	-	-	174,965
	3,825,982	1,006,895	134,610	291,105	2,411,573	148,489	3,642,002	-	11,460,656
Balance as at 30 December	3,913,544	940,713	108,486	129,808	2,678,853	148,489	3,642,002	115,300	11,677,195

39 Provident fund related disclosure

This pertains to the approved contributory provident fund for all the employees eligible under the scheme operated by WCL. Till 2018, WCL was operating two separate provident funds in the name of SPL and CIPL but with effect from 01 January 2019, the Company 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. WCL however carved out its home appliances business with effect from 1 September 2021 in which all employees except ten as per scheme of arrangement have been transferred to WHAL as explained in note 2 and 46.

40 Remuneration of Chief Executive, Directors And Executives

The aggregate amounts charged in the 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	
	31-Dec-22	31-Dec-21	**31-Dec-22**	31-Dec-21	**31-Dec-22**	31-Dec-21	**31-Dec-22**	31-Dec-21
	(Rupees in '000)							
Managerial remuneration	-	-	**4,162**	-	**61,107**	20,247	**65,269**	20,247
Contribution to provident fund	-	-	**346**	-	**4,916**	1,531	**5,262**	1,531
Housing allowance	-	-	**1,665**	-	**24,443**	7,363	**26,108**	7,363
	-	-	**6,173**	-	**90,466**	29,141	**96,639**	29,141
Number of persons	**1**	1	**1**	1	**29**	28	**31**	30

40.1 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.

40.2 Aggregate amount charged during 2021 for chief executive, directors and executives are from 01 September 2021 to 31 December 2021 when they have been transferred to Waves Home Appliance Limited (WHAL) on account of scheme of arrangement, for details refer to note 2 of these financial statement except 10 employees who were retained by WCL.

41 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 trade debts note 25, advances, deposits, prepayments and other receivables note 26 and remuneration of directors and key management personnel note 40. Other significant transactions with related parties are as follows:

Name of the Company	Relationship	Nature of transactions	2022	2021
			(Rupees in '000)	
i. Holding Company				
Waves Corporation Limited	Holding Company	Sale of appliances products	-	13,413

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Name of the Company	Relationship	Nature of transactions	2022	2021
			-------- (Rupees in '000) --------	
ii. Associated Undertakings				
Electronics Marketing (Private) Limited	Subsidiary of Holding Company	Sale of Inventory	**275,453**	197,885
Employee's Provident Fund	Post employee contribution plan	Contribution for the period	**26,163**	10,687
Employee's Pension Fund	Post employee benefit plan	Contribution for the period	**47**	103
Employee's Gratuity Fund	Post employee benefit plan	Contribution for the period	**1,382**	483

41.1 The CEO and Directors are not drawing any remuneration including meeting fee.

42 Plant capacity and actual production

	Capacity		Production	
	2022	01 Sep 2021- 31 Dec 2021	**2022**	01 Sep 2021- 31 Dec 2021
	----------- (Units) ---------		----------- (Units) ---------	
Refrigerators	**125,000**	41,667	**38,235**	21,498
Deep Freezer	**115,000**	38,333	**95,239**	21,855
Microwave ovens	**60,000**	20,000	**89**	7,771
Air conditioners	**60,000**	20,000	**-**	-
Washing Machines	**40,000**	13,333	**2,640**	1,042
Gas appliances (water heater and cooking range excluding microwave ovens)	**25,000**	8,333	**3,209**	7,998
Televisions	**22,500**	7,500	**-**	-
Water dispenser	**20,000**	6,667	**-**	-
	467,500	155,833	**139,412**	60,164

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. As per the scheme of arrangement, the Home Appliance Business has been transferred to Waves Home Appliance Limited (WHAL) effective 01 September 2021. Hence during 2021, the capacity is only mentioned for four months from 01 September 2021 to till 31 December 2021.

43 Number of employees

	Total employees	
	2022	2021
	(Number of persons)	
Total number of employees as at 31 December - *note 40*	**1,012**	1,901*
Average number of employees	**1,640**	1,971**

* These employees have been transferred to WHAL from WCL as at 31 August 2021 as per scheme of arrangement described in note 2.

** During 2021, Average number of employees have been calculated for the period after scheme of arrangement based on four months.

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44 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 analyse 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.

44.1 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.

44.1.1 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	**39,594**	27,982
Trade debts	**4,218,103**	6,361,763
Other receivables	**5,757**	5,894
Balances with banks	**563**	568
	4,264,017	6,396,207

44.1.2 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. 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	**4,218,103**	6,361,763
Security deposits		
- individuals (against leases)	**32,270**	22,625
- lease	**7,324**	5,357
-Insurance Company (claims)	**5,757**	5,894
Banks	**563**	568
	4,264,017	6,396,207

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44.1.3 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.

44.1.3(a) Counterparties with external credit ratings

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	2021
				(Rupees in '000)	
National Bank Of Pakistan	PACRA	A1+	AAA	5	4
MCB Bank Limited	PACRA	A1+	AAA	15	15
Bank Alfalah Limited	PACRA	A-1+	AA+	34	532
Habib Bank Limited	JCR-VIS	A-1+	AAA	17	17
JS Bank Limited	PACRA	A1+	AA-	-	-
Sindh Bank limited	JCR-VIS	A-1+	AA	9	
Faisal Bank Limited	JCR-VIS	A-1+	AA	246	
Bank of Khyber	PACRA	A1	A+	236	
				563	568
Security Deposits					
Askari Bank	PACRA	A1+	AA+	5,826	2,772
Sindh leasing company	JCR-VIS	A	A-1	1,498	2,585
				7,324	5,357
				7,887	5,925

44.1.3(b) Counterparties without external credit ratings

These include customers which are counter parties to trade debts and other receivables. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer / dealers. As explained in note 5.18, the Company applies the IFRS 9 simplified approach to measure expected credit losses. The analysis of ages of trade debts including receivable transferred from WCL and loss allowance using the aforementioned approach was determined as follows:

	Note	01 Jan 2022 to 31 Dec 2022	01 July 2021 to 31 Dec 2021
		(Rupees in '000)	
Trade debts	25	4,218,103	1,705,741
Receivables from dealers transferred under scheme of arrangement	26	-	4,823,015
		4,218,103	6,528,756

	2022		2021	
	Gross	Impairment loss	Gross	Impairment loss
	------- (Rupees in '000) -------		------- (Rupees in '000) -------	
Not yet due	1,035,566	-	1,093,909	-
Past due 1 - 30 days	180,235	-	346,450	-
Past due 31 days - 90 days	352,225	-	580,234	-
Past due 91 - 180 days	1,567,177	-	1,310,946	-
Past due 181 - 360 days	1,082,900	-	3,027,882	-
Past due by more than 1 year	8,099	2,342	169,335	169,335
Total	4,226,202	2,342	6,528,756	169,335

The management has established a credit policy under which each new customer is analysed individually for credit worthiness. Most of the customers have been transactioning since many years.

None of the financial assets of the Company are secured or impaired except as those mentioned in these financial statements. Deposits and other receivables are mostly from banks, individuals and holding company. 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.

44.2 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 18 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			
Financial liabilities	*Note*	**Carrying amount**	**Contractual cash flows**	**One year or less**	**One to two years**	**Two to five years**	**More than 5 years**
				(Rupees in '000)			
Long term loans - *secured*	*11*	**1,250,106**	**1,612,637**	**594,291**	**421,882**	**596,464**	**-**
Lease liabilities	*12*	**124,448**	**153,650**	**55,473**	**35,139**	**63,037**	**-**
Amount due to holding company	*8*	**1,721,338**	**1,773,193**	**-**	**1,773,193**	**-**	**-**
Trade and other payables	*16*	**1,220,173**	**1,220,173**	**1,220,173**	**-**	**-**	**-**
Mark-up accrued on borrowings	*17*	**284,937**	**284,937**	**284,937**	**-**	**-**	**-**
Short term borrowings - *secured*	*18*	**3,156,007**	**3,156,007**	**3,156,007**	**-**	**-**	**-**
		7,757,009	**8,200,597**	**5,310,881**	**2,230,214**	**659,501**	**-**

				2021			
Financial liabilities		Carrying amount	Contractual cash flows	One year or less	One to two years	Two to five years	More than 5 years
				(Rupees in '000)			
Long term loans - *secured*	*11*	940,713	1,213,674	520,970	371,746	320,958	-
Lease liabilities	*12*	108,486	120,520	59,519	21,362	39,638	-
Amount due to holding company	*8*	1,779,177	2,000,000	-	2,000,000	-	-
Trade and other payables	*16*	1,428,712	1,428,712	1,428,712	-	-	-
Mark-up accrued on borrowings	*17*	129,808	129,808	129,808	-	-	-
Short term borrowings - *secured*	*18*	3,913,544	3,913,544	3,913,544	-	-	-
		8,300,440	8,806,258	6,052,554	2,393,108	360,596	-

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44.3 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.

44.3.1 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.

44.3.1(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)	432	2,492	97,964	439,778
Trade creditors	(Euro in '000)	-	187	-	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, loss 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	9,796	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 Company.

44.3.2 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.

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44.3.2(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.

44.3.2(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			
Security deposits	**39,594**	**-**	**39,594**
Trade debts	**4,218,103**	**-**	**4,218,103**
Other receivables	**5,757**	**-**	**5,757**
Cash and bank balances	**5,629**	**-**	**5,629**
	4,269,083	**-**	**4,269,083**
Financial liabilities			
Long term loans - *secured*	**(1,250,106)**	**(1,250,106)**	**-**
Amount due to holding company	**(1,721,338)**	**-**	**(1,721,338)**
Lease liabilities	**(124,448)**	**(124,448)**	**-**
Trade and other payables	**(1,220,173)**	**-**	**(1,220,173)**
Mark-up accrued on borrowings	**(284,937)**	**(284,937)**	**-**
Short term borrowings - *secured*	**(3,156,007)**	**(3,156,007)**	**-**
	(7,757,009)	**(4,815,498)**	**(2,941,511)**
	(3,487,926)	**(4,815,498)**	**1,327,572**

	2021		
	Carrying amount	Interest bearing / variable rate financial instruments	Non-interest bearing financial instruments
Financial assets	----------	(Rupees in '000)	----------
Security deposits	27,982	-	27,982
Trade debts	6,361,763	-	6,361,763
Other receivables	5,894	-	5,894
Cash and bank balance	732	-	732
	6,396,371	-	6,396,371
Financial liabilities			
Long term loans - *secured*	(940,713)	(940,713)	-
Amount due to holding company	(1,779,177)		(1,779,177)
Lease liabilities	(108,486)	(108,486)	-
Trade and other payables	(1,428,712)	-	(1,428,712)
Mark-up accrued on borrowings	(129,808)	(129,808)	-
Short term borrowings - *secured*	(3,913,544)	(3,913,544)	-
	(8,300,440)	(5,092,551)	(3,207,889)
	(1,904,069)	(5,092,551)	3,188,482

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44.3.2.1 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*	**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 period by Rs. 47.44 million (2021: Rs 50.92 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

44.3.3 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.

44.4 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).

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44.4.1 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	39,594	-	39,594	-	-	-
Trade debts	4,218,103	-	4,218,103	-	-	-
Other receivables	5,757	-	5,757	-	-	-
Cash and bank balances	5,629	-	5,629	-	-	-
	4,269,083	-	4,269,083	-	-	-
Financial liabilities - amortised cost						
Amount due to holding company	-	1,721,338	1,721,338	-	-	-
Long term loans - *secured*	-	1,250,106	1,250,106	-	-	-
Lease liabilities	-	124,448	124,448	-	-	-
Trade and other payables	-	1,220,173	1,220,173	-	-	-
Mark-up accrued on borrowings	-	284,937	284,937	-	-	-
Short term borrowings - *secured*	-	3,156,007	3,156,007	-	-	-
	-	7,757,009	7,757,009	-	-	-

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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 - amortised cost	(Rupees in '000)					
Security deposits	27,982	-	27,982	-	-	-
Trade debts	6,361,763	-	6,361,763	-	-	-
Other receivables	5,894	-	5,894	-	-	-
Cash and bank balances	732	-	732	-	-	-
	6,396,371	-	6,396,371	-	-	-
Financial liabilities - amortised cost						
Amount due to holding company		1,779,177	1,779,177			
Long term loans - *secured*	-	940,713	940,713	-	-	-
Lease liabilities	-	108,486	108,486	-	-	-
Employee retirement benefit	-	-	-	-	-	-
Trade and other payables	-	1,428,712	1,428,712	-	-	-
Mark-up accrued on short term running	-	129,808	129,808	-	-	-
Short term borrowing - *secured*	-	3,913,544	3,913,544	-	-	-
	-	8,300,440	8,300,440	-	-	-

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

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.

45 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	**4,460,686**	4,887,599
Total equity and debt	**11,577,100**	11,953,855
Debt to equity ratio	**39%**	41%

The Company is not subject to externally imposed capital requirements.

46 Merger under scheme of arrangement

46.1 As explained in note 2 of these financial statements, WCL has transferred its entire home appliance business to the Company. Net assets acquired under scheme of arrangement are stated at their earning values under applicable accounting standards and applicable laws based on sanction of scheme by the Honorable Lahore High Court. These have been recognized in accordance with the 'Predecessor Accounting' method as prescribed under the ICAP Accounting Standard for Common Control Transactions notified under S.R.O. 53(I)/2022 dated 12 January 2022.

This standard is applicable on common control transactions occurring on or after 30 June 2022. The management has opted for earlier application as permitted under the accounting standard.

As envisaged by the scheme of arrangement approved by the Honorable Lahore High Court, the books of accounts of WHAL and WCL shall be updated to record the necessary fair value accounting entries in accordance with the applicable accounting standards and applicable laws.

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Details of the assets and liabilities transferred from WCL to the Company are as follows:

	Book Value		
	Balance as at 31 Aug 2021	Retained by WCL	Transferred to WHAL as at 01 Sept 2021
	-------------------(Rupees in '000)-------------------		
Assets			
Property, plant and equipment	5,594,420	(2,364,500)	3,229,920
Intangible assets and goodwill:			
- Software	32,032	-	32,032
- Goodwill	1,070,207	-	1,070,207
- Brand Value	1,582,147	-	1,582,147
- Customer Relationships	194,694	-	194,694
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**
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, plant 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			**7,665,625**

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	Book Value		
	Balance as at 31 Aug 2021	Retained by WCL	Transferred to WHAL as at 01 Sept 2021
	--------------------(Rupees in '000)--------------------		
Cash consideration (deferred) - gross value			-
Less: fair value adjustment			-
Fair value of deferred consideration - as referred to in note 8			1,722,356
Consideration to be paid by issuance of WHAL shares			
- To WCL (199,724,956 shares @ PKR 24.24*/share)			4,842,093
- To shareholders of WCL (56,281,240 shares @ PKR 24.24*/share)			1,364,472
Total Consideration			7,928,921
Merger reserve - difference between carrying value of net assets acquired and consideration paid			(263,296)

* The fair value of the shares issued to WCL and its shareholders is based on the average of values computed under asset approach and those computed under DCF valuation method under the income approach. The fair value has been determined by an independent professional expert and approved by the Honorable Lahore High Court.

For the eight months period ended 31 August 2021, WCL has contributed revenue of Rs. 6,028.95 million and profit of Rs. 225.45 million. If the amalgamation had occurred on 01 January 2021, the management estimates that the above revenue and profit would have been recognized in the Company.

47 Events after the reporting date

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

48 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

49 Date of authorization of issue

These financial statements were authorised 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

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