



TREET GROUP
OF COMPANIES

Our work is the presentation
of our capabilities

2018 ANNUAL REPORT

Treet Corporation Limited



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FY 17/18 highlights

Rs. 9.41 bn

Net Sales
2017: Rs.8.42 bn

Rs. 2.09 bn

Export Sales
2017: Rs.1.88 bn

Rs. 13.31 bn

Fixed Assets (Net)
2017: Rs.11.38 bn

Rs. 21.00 bn

Total Assets
2017: Rs.17.78 bn

Rs. 9.07 bn

Shareholders' Equity
2017: Rs.9.28 bn

Rs. 1.76 bn

Gross Profit
2017: Rs.2.01 bn

Rs. (0.63) bn

Net Profit/(Loss)
2017: Rs.0.21 bn

Rs. (0.09) bn

Operating Profit/(Loss)
2017: Rs.0.51 bn

For further information



www.treetonline.com

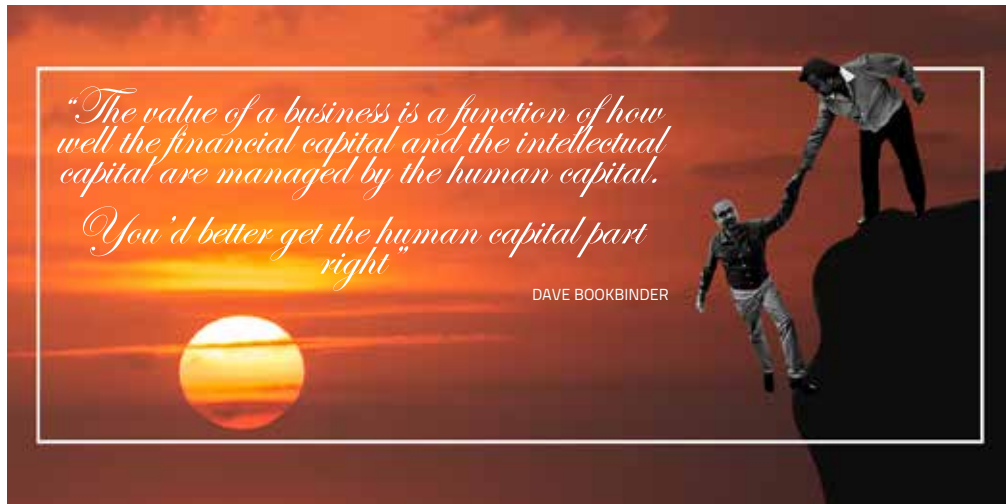


<https://www.facebook.com/TreetGroup/>

On the cover




Financial information, that is being reported, is reliable (and timely), so that all the stakeholders can depend on accurate information to make programmatic and other decisions



A satisfied customer is the best business strategy of all.

Michael LeBoeuf



There are no secrets to success. It is the result of preparation, hard work, and learning from failure.

Colin Powell



"Happiness does not come from doing easy work but from the afterglow of satisfaction that comes after the achievement of a difficult task that demanded our best"

THEODORE ISAAC RUBIN





We are
Treet

چھوٹے ذہنوں میں ہمیشہ
خواہشیں اور بڑے ذہنوں میں ہمیشہ
مقاصد ہوا کرتے ہیں۔

"Be The Change You Want To
See In The World"

In Loving Memory



SYED WAJID ALI (Late)
(20 December 1911 – 14 June 2008)

Born in 1911, Syed Wajid Ali was a leading citizen and a prominent businessman. He completed his Education at Government College in Lahore and Simla before serving the Army and eventually joining the family business.

Despite his hectic industrial engagements, Syed Wajid Ali was a great son of the soil who gave generously his time and money for extending health services and sports facilities to people of Pakistan. His activities in the health sector included his efforts in founding the Liaquat National Hospital, Karachi, in 1953 of which he was the Chairman. This non-profitable hospital has 700 beds and is dedicated to provide the most modern facilities to humanity, especially the poor.

Syed Wajid Ali was the chairman of Gulab Devi Hospital. He took over the important responsibility and remained the institution's chairman. During this long association, he made this small chest hospital as a major hospital in Pakistan, specializing in TB and other chest related diseases.

He was a very ardent sport lover and Promoter of sports. As a sportsman, he became involved with shooting, riding and hockey besides serving as president of the Pakistan Olympic Association. He was also a member of the International Olympic Committee from 1959 to 1996.

His contribution to the cause of public service is unparalleled including representations on hospital boards and involvement with the Red Cross and Red Crescent societies.

May God rest his soul in eternal peace,

Ameen.

Diversification Strategy

New Projects / Up Coming Projects

LEAD ACID BATTERIES

100% Maintenance-Free Batteries For Automotive

Live with peace of mind



100% Maintenance Free

No hassle of checking and filling electrolyte throughout its life time



Ready-to-use

The battery comes charged and filled with good quality electrolyte by manufacturer



Cold Crank Amperage

Daewoo Battery comes equipped with highest CCA that perfectly withstands cold weather

LEAD ACID BATTERIES

Deep Cycle Batteries For UPS

Longer life



Longest Back-up time

Equipped with longest back up time due to maximum deep discharge rate



Low Maintenance Battery

Minimum hassle of checking and filling electrolyte throughout its life time



Longest Life

Comes with the longest life with the highest number of discharge cycles

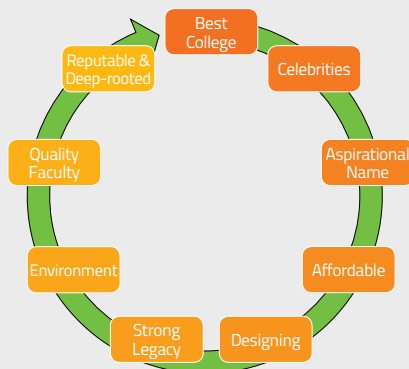


Heaviest Battery Weight

Thicker plates ensuring long life and a much longer back-up time

EDUCATIONAL PROJECT

IAC Institute For Art And Culture



ALLOY RIM

INITIAL PUBLIC OFFERING HI-TECH ALLOY WHEELS LIMITED



THE TRANSACTION

Overview	Hi-Tech Alloy Wheels Limited intends to issue 150mn shares representing 53% of its post IPO paid up capital through book building mechanism
Issuer	Hi-Tech Alloy Wheels Limited ("HAWL" or the "Issuer")
Issue Size (shares)	150,000,000 ordinary shares representing 53% of the total Post-IPO Paid-up Capital of the Company
Floor Price	PKR 10 per share
Transaction Size	PKR 1,500mn
Premium	As a greenfield project, premium will be restricted to Rs. 4/Share
Offer Structure	The Issue is being made through 100% book building process whereby the bidders shall place bids for 100% of the Issue Size. However, the successful bidders will be allocated only 75% shares and the remaining 25% shall be offered to the general public (retail portion). In case retail portion remains unsubscribed, the unsubscribed shares will be allotted to the successful bidders on pro rata basis
Consultant to the Issue	Arif Habib Limited
Book Runner	BMA Capital Management Limited



Business Review

Corporate Matters

Accrual of Profit on Participation Term Certificates (TCLTC) based on the full year consolidated results: The following accrual of profit is being made on TCLTC on the basis of yearly results:

Pay-OFF MATRIX :		Calculation of Category "B" Payment	
Profit * from	Profit * to	Payoff % on Excess Amount of profit	
-	179,500,000	NIL	
179,500,001	250,000,000	72% of amount exceeding Rs. 179,500,000.00	
250,000,001	350,000,000	Rs. 50,760,000.00 and 25% of amount exceeding Rs. 250,000,000.00	
350,000,001	450,000,000	Rs. 75,760,000.00 and 20% of amount exceeding Rs. 350,000,000.00	
450,000,001	550,000,000	Rs. 95,760,000.00 and 15% of amount exceeding Rs. 450,000,000.00	
550,000,001	650,000,000	Rs. 110,760,000.00 and 10% amount exceeding Rs. 550,000,000.00	
650,000,001	and above	Rs. 120,760,000.00 and 5 % of amount exceeding Rs. 650,000,000.00	

	Rs.in 000
Consolidate Profit*	Minimum

*Profit means Consolidated Profit before Tax, WPPF / WWF and financial Charges on account of any payment or accrual made for TCLTCs.

	Rs. in 000	Rs. per TCLTC
Category "B" Payment (Additional Profit in Cash)	-	-
Minimum Profit Payment in Cash	173,145	4.14
Financial Charges i.e. Total Profit in Cash	173,145	4.14

Pay-OFF MATRIX (PER TCLTC)					
Principal Redemption in Cash	Minimum Profit Payment in Cash	Minimum Payment in Cash	Category "B" Payment (Additional Profit in Cash)	Total Profit in Cash	Total Payment in Cash
(1)	(2)	(3) = (1) + (2)	(4)	(5) = (2) + (4)	(6) = (1) + (5)
0.15	4.14	4.29	-	4.14	4.29

Payment will be made on following dates:

Respective Date(s) of Entitlements and Date(s) of Payment under Category "A" and Category "B" Payment for the 4th year will be as follows:

Year	Book Closure Dates (both days inclusive)		Entitlement Date	Minimum Payment in Cash Date	Allotment Date for Conversion	Category "B" Payment (in Cash) Date
	From	To		under Category "A" Payment		
2018	21-10-2018	28-10-2018	19-10-2018	02-11-2018	02-11-2018	02-11-2018

Apart from the "Total Payment in Cash", TCLTC holders [who are entitled on October 19, 2018] will also get Ordinary Shares of the Company on the following basis:

Corporate Matters

Principal Redemption through Conversion	No. of Shares through Conversion	Conversion Price per Share
4.14	0.07	59.14

The conversion price per share is for information/accounting/taxation purpose. No further amount will be paid by the PTC holders. *This is the opportunity cost of the principal value of PTC forgone to get One additional Ordinary Share of the Company.*

Example: Thus holder of 1,000 TCLTCs will get 70 Ordinary Shares of the Company on or before November 02, 2018 vis-à-vis principal value of Rs. 4,140/- forgone.

TCLTCs were offered to existing shareholders of the Company. Company's financial strategy was not only to mitigate the financial risk by reducing its borrowings but also to ensure healthy returns to its shareholders (in the form of Dividend plus Category "A" and Category "B" Payments).

Note: after the above payments, ONE more payment to the TCLTC holders will be made i.e. last one in November 2019 and on the start of book closure date in 2019 TCLTC will be ceased to exist.

■ Conversion against TCLTC

Your Company has issued 2,927,557 ordinary shares of the Company against principal redemption through conversion under Category "A" payment of TCLTC.

Thus, total no. of shares issued during the period is as follows:

On Conversion	
No. of Shares Issued	2,927,557
Nominal Value of Shares (Rs. in 000)	29,276
Share Premium (Rs. in 000)	143,869
	173,145

Code of Corporate Governance

The requirements of the Code of Corporate Governance, as introduced by the Securities and Exchange Commission of Pakistan (and set out by the Pakistan Stock Exchange Limited in its Listing Rules), have been duly complied with. A statement to this effect is annexed with the report.

Compliance with Code of Corporate Governance

In compliance with the Code, the Board of Directors of your Company states that:

- The financial statements, prepared by the management of your company, fairly present its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained by your company.
- Appropriate accounting policies are consistently applied by your Company in the preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment.

- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of these financial statements and any departure there from, if any, has been adequately disclosed.
- The system of Internal Control, being implemented in your Company is sound and has been effectively persisted throughout the year.
- Keeping in view the financial position of your Company, we do not have any significant doubt upon its continuance as a going concern.
- There also has not been any material departure from the best practices of corporate governance, as detailed in the listing regulations, during the year under review

Employee Benefit Funds

Values of investments (in Rs. Million) of employees' retirement funds as per their respective audited accounts for the year ended on June 30, 2018 are as follows:

Provident Fund	437.006
Gratuity Fund	349.276
Superannuation Fund	386.546
Service Fund	196.951
Housing Fund	86.573
Benevolent Fund	9.191



Audit Committee

The Board of Directors of the Company has established an Audit Committee comprising of four members, in compliance with the Revised Code of Corporate Governance 2013 (CCG). Whom three are Non-Executive Directors including Chairman of the Committee. During the year June 30, 2018, the Committee met four times. The Meetings of the Audit Committee were held at least once every quarter prior approval of the interim and final results of the Company as required by CCG. The attendance of the Board Members was as follows:-

Sr. No.	Name	Designation	5/Oct/17	30/Oct/17	27/Feb/18	27/Apr/18	2017-2018
1	Dr. Salman Faridi	Chairman/Independent Director	P	A	P	P	3/4
2	Mr. Imran Azim	Non-Executive Director	A	P	P	P	3/4
3	Mr. Munir Karim Bana	Non-Executive Director	P	P	P	A	3/4
Quorum of Meetings			2/3	2/3	3/3	2/3	
P	Present in the Meeting						
A	Leave of Absence						

Chief Financial Officer, Secretary of Audit Committee and Head of Internal Audit were also attended all meetings during the year under review. The Committee also met the External Auditors separately in the absence of Chief Financial Officer and Head of Internal Audit to get their feedback on the overall control and Governance structure within the Company.

Terms of reference of Audit Committee

The Committee reviews the periodic financial statements and examines the adequacy of financial policies and practices to ensure that an efficient and strong system of internal control is in place. The Committee also reviews the audit reports issued by the Internal Audit Department and compliance status of audit observations.

Corporate Matters

The Audit Committee is also responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and considers any question of resignation or removal of external auditors, audit fees and provision of any service to the Company by its external auditors in addition to the audit of its financial statements.

The Terms of Reference of the Audit Committee are consistent with those stated in the Code of Corporate Governance and broadly include the following:

- (i) Review of the interim and annual financial statements of the Company prior to approval by the Board of Directors.
- (ii) Discussions with the external auditors of major observations arising from interim and final audits; review of management letter issued by the external auditors and management's response thereto.
- (iii) Review of scope and extent of internal audit ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- (iv) Ascertain adequacy and effectiveness of the internal control system including financial and operational controls, accounting system and reporting structure.
- (v) Determination of compliance with relevant statutory requirements and monitoring compliance with the best practices of corporate governance.
- (vi) Institute special projects, value for money studies or other investigations on any matters specified by the Board of Directors.
- (vii) Review of management letter issued by the External Auditors and Management response thereto:

Report of the Audit Committee

The Committee performs its functions in accordance with the terms of reference as approved by the Board and reviewed the following key items during the current financial year.

Financial Reporting:

The Committee reviewed, discussed and recommended for Board approval, the draft Interim and Annual Results of the Company. The Committee discussed with the CFO, HIA and External Auditors of the Company on significant accounting policies, estimates and judgments applied in preparing the financial information.

- Review of Compliance with the Code of Corporate Governance (CCG):

The committee places great importance on ensuring compliance with the best practices of the Code of Corporate Governance. In this respect, the Committee annually reviews the Company's Compliance with the CCG.

- Appointment of External Auditors:

As per the requirements of the CCG and term of reference of the Audit Committee, the Committee recommended the appointment and remuneration of External Auditors to the Board for their approval.

- Review of Management Letter issued by the External Auditors:

The Committee also reviews the Management Letter issued by the External Auditors' wherein control weaknesses are highlighted. Compliance status of previously highlighted observations by the External Auditors' is reviewed and corrective measures are discussed to improve the overall control environment.

Internal Audit

In compliance with the Code, the Board of Directors of your Company has also established an Internal Audit Function to monitor and review the adequacy and implementation of Internal Control at each level of your Company.

Transfer Pricing

It is the company's policy to ensure that all transactions entered with related parties must be at arm's length. In exceptional circumstances, however, company may enter into transactions, other than arm's length transaction, but company should, subject to approval of Board of Directors and Audit Committee, justify (and duly jot down & present in the financial statements) its rationale and financial impact of the departure from the arm's length transaction.

Risk Management Policy

The Board plays a key role in risk management principally through the Risk Management Committee. Programs have been established to consider and manage operational, strategic, technological, scientific, reputation, environmental health and safety and other risks to the Company's businesses. These are reviewed with the committees on a regular basis.

All operational units incorporate Risk Management into their planning process:

- To minimize risk within the Company.
- To ensure Risk Management is incorporated into the corporate governance systems and management structure of the Company.
- To ensure that significant Risks within the Company are identified and appropriate strategies are in place to manage them.
- To develop effective and efficient Risk Management procedures

Strategic Planning

It is company's mainstay policy to position itself strategically in order to achieve its vision of being recognized as a world-class manufacturer of top quality products and to deliver value to its consumer; and

1. To ensure that decisions about strategic positioning are made within the context of a comprehensive and shared understanding of the External/Internal environment.
2. To identify and consider opportunities for the Company to consolidate and strengthen its position.
3. To establish productive and mutually-beneficial partnerships to develop a sustainable competitive advantage.
4. To ensure that the Company has strong and effectively aligned planning and budget processes, incorporating review and continuous improvement mechanisms.

Human Resources

The company is committed to equal opportunity employment. It accepts the obligation as a member of the community-at-large and as an employer to exercise an active and positive program of non-discrimination in all areas of employment. Employment decisions are made by providing equal opportunity and access on the basis of qualification and merits.

Corporate Matters

Moreover, the company shall ensure that fair, consistent, effective and efficient recruitment and selection practices exist in hiring the most suitable candidates.

Your Company has recomposed the HR & Remuneration Committee (Compensation Committee) and following are the members of the Committee;

Sr. No.	Name	Designation	28/Jun/18	2017-2018
1	Mr. Imran Azim	Chairman/Member	P	1/1
2	Mr. Munir Karim Bana	Member	P	1/1
3	Mr. Muhammad Shafique Anjum	Member	P	1/1
4	Syed Sheharyar Ali	Member	A	0/1
5	Dr.Salman Faridi	Member	A	0/1
6	Mr. Amir Zia	Member	P	1/1
7	Mr. Jahangir Bashir	Member	P	1/1
8	Rana Shakeel Shaukat	Secretary	P	1/1
Quorum of the Meetings			6/8	
P	Present in the Meeting			
A	Leave of Absence			



Terms of Reference of the Human Resource & Remuneration Committee:

The Committee shall be responsible for making recommendations to the Board for maintaining:

- i. A sound plan of organization for the company.
- ii. An effective employees' development programme.
- iii. Sound compensation and benefits plans, policies and practices designed to attract and retain the caliber of personnel needed to manage the business effectively.
- iv. Evaluate and recommend for approval of changes in the organization, functions and relationships affecting management positions equivalent in importance to those on the management position schedule.
- v. Determine appropriate limits of authority and approval procedures for personnel matters requiring decisions at different levels of management.
- vi. Review the employees' development system to ensure that it:
 - a. Foresees the company's senior management requirements.
 - b. Provides for early identification and development of key personnel.
 - c. Brings forward specific succession plans for senior management positions.
 - d. Training and development plans
- vii. Compensation and Benefits:
 - i) recommending human resource management policies to the board;
 - ii) recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;
 - iii) recommending to the Board the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit; and senior management reporting to CEO.

Meetings of the Board of Directors

During the year, the Board of Directors of your company has met **Six** times and the attendance at each of these meetings is as follows:-

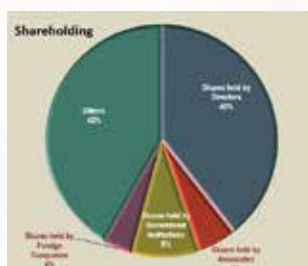
Sr. No.	Name	Designation	14/Jul/17	5/Oct/17	30/Oct/17	27/Feb/18	27/Apr/18	2017-2018
1	Dr. Mrs. Niloufer Qasim Mahdi	Chairperson	P	P	A	A	P	3/8
2	Syed Shahid Ali Shah	Chief Executive Officer	P	P	P	P	P	5/8
3	Mr. Saulat Said	Executive Director	P	P	P	P	P	5/8
4	Dr. Salman Faridi	Independent Director	P	P	A	P	P	4/8
5	Mr. Imran Azim	Non-Executive Director	P	A	P	P	P	4/8
6	Mr. Munir Karim Bana	Non-Executive Director	P	P	P	P	P	5/8
7	Mr. Muhammad Shafique Anjum	Executive Director	P	P	P	P	P	5/8
8	Syed Sheharyar Ali	Executive Director	P	P	P	P	P	5/8
Quorum of Meetings			8/8	7/8	6/8	7/8	8/8	

P Present in the Meeting

A Leave of Absence

Pattern of Shareholding

The pattern of shareholding of your Company as on June 30, 2018 is annexed with this report. This statement is in accordance with the amendments made through the Code.



Share Trading

All trades in the shares of the Company, carried out by its directors, CEO, CFO, Company Secretary, their spouses and minor children is also disclosed in Form 34 annexed with this report.

For the purpose of this clause 5.19.11(xii) and clause 5.19.15 of the Code of Corporate Governance of PSX Regulations, the expression "executive" means the CEO, COO, CFO, Head of Internal Audit and Company Secretary and employees of the Company for whom the Board of Directors has determined [in their meeting held on October 04, 2018] the minimum threshold of gross salary (excluding retirement funds) of Rs. 7.00 million per annum for the financial year 2018-2019.

Future Expansion / Plans:

Your Company is also seeking the feasibilities of the following avenues to harness its plans of concentric and conglomerate diversification;

- Medical Complex that will provide comprehensive and advanced state of the art healthcare facilities that meet best international standards;
- Specialized Pharmacy Chain;
- Multi-purpose Commercial Complex;

Corporate Matters

Renacon Pharma Limited

We strongly believe that stock markets are a catalyst to economic development through access to finance [primary market] by perpetual funding augmented with reduction of financial risk. It is the beauty of this market where the initial owners may en-cash their investments and can run two businesses instead of one (with the same equity) with constant ability to raise further capital due to the valuation for the stock offering which may be very generous particularly when the market is booming.

Your Company has acquired majority equity stake (in Rs.407.00 million) in Renacon Pharma Limited. Mandate has been given to financial consultants offering its shares to the public through listing process and to raise funding to meet its expansion/diversification plan;

Funds will be raised from Capital Market for the following business plan:

- 15 acres of land has been acquired in the Faisalabad Industrial Estate (M3-Industrial City), Faisalabad.
- Increasing the capacity of existing dialysis products;
- Manufacturing of pharma grade sodium chloride;
- Manufacturing of Blood Tubing Lines (BTL);
- General medicines (capsules, tablets etc.)

To augment this plan (particularly to increase the free float) bonus issue is made to bring the book value near to par value.

Application for listing is already filed with PSX and 50.00 million shares are being offered to the public through IPO / Book Building Process at the floor price of Rs. 12.50 per share.

Date	Issue Type	No. of Shares Nos.	Par Value per Share Rs.	Total (Nominal Value) Rs.	Right Price per Share Rs.	Right Proceeds Rs.
31-12-2016	Opening Shares	60,000	100	6,000,000		
17-01-2017	Right Issue	83,400	100	8,340,000	4,877	406,741,800
	Stock Split	1,434,000	10	14,340,000		
06-07-2017	Right Issue	400,086	10	4,000,860	500	200,043,000
17-07-2017	Bonus Issue	60,524,838	10	605,248,380		
30-09-2017	Shares Outstanding	62,358,924	10	623,589,240		606,784,800
	Share Premium					
		Rs.				
31-12-2016	Opening Balance	-				
17-01-2017	Right Issue	398,401,800				
06-07-2017	Right Issue	196,042,140				
16-07-2017	Balance before Bonus Issue	594,443,940				
17-07-2017	Bonus Issue out of Share Premium	594,443,940				
30-09-2017	Balance	-				
17-07-2017	Bonus Issue out of Retained Earnings	10,804,440				-
		No. of Shares				
	Issued for Cash	1,834,086				
	Issued as Bonus Issue	60,524,838				
		62,358,924				

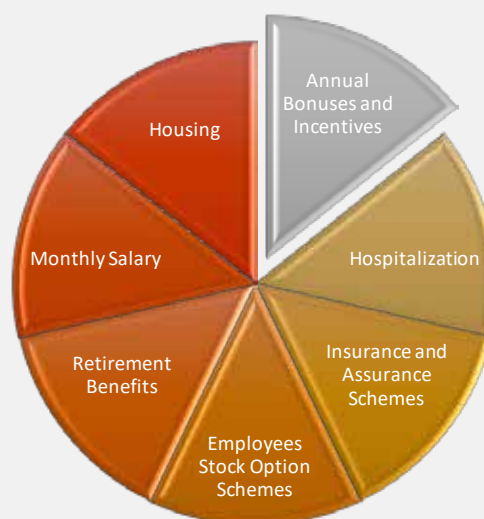
Human Resource Management



We consider our employees to be our most valuable asset and to get their commitment and efforts, your Company firmly believes in providing them conducive environment and making them feel a sense of security.



We divide our total payroll costs into Seven segments:



Generally employees are not good in their personal financial management. Neither they have required skills nor have proper vision to make a trade-off between present and future. Your Company has taken this responsibility. We have designed total payroll cost in such a way to cater each sphere of his/her life. Our ultimate task is to give him/her tension free environment.

- 1) **Monthly Salary** to cover day to day expenses;
 - a) Annual Salary increase is linked Consumer Price Index (CPI)
 - i) Employees get annual increments in July based on CPI;
 - b) Increment based on Performance
 - ii) This is based on annual performance evaluation;



Human Resource Management

- 2) Annual bonuses/and incentives that covers durables and to plan vacations [and these bonuses/incentives are variable part of salary that is linked with the Company's performance so if Company performs well so do the employees];

- i) Bonuses that are linked to production quantities/ sales volume;
- ii) Profitability linked Incentives ;



- 3) Hospitalization coverage for self, immediate family and dependent parents;

This includes hospitalization, major and minor surgery, dentistry, eye operation, optical, maternity, costly tests etc.



- 4) Currently Company is running various retirement benefit funds;

Retirement Funds are designed to ensure reasonable accumulation of wealth [professionally managed by the Company itself] at the time of retirement and that includes;

- a) Defined Contribution Plans
 - Provident Fund
 - Service Fund
 - Benevolent Fund
 - Superannuation Fund -2
 - Housing Fund

- b) Defined Benefit Plans
 - Gratuity Fund
 - Superannuation Fund -1



- 5) Company is providing various insurance plans/ schemes for its employees to financially secure them and/or their family in the event of any mishap;

Insurance / Assurance Schemes that covers contingencies/mishaps and includes;

- a) Group Life Insurance
- b) Insurance Coverage that is linked to no. of Years Served x Last Salary drawn
- c) Insurance Coverage that is linked to no. of Years Remaining in the Service x Last Salary drawn
- d) Provident Fund Multiple Insurance
- e) Pay Continuation Plan that insures pay continuation for 15 years with Inflation Indexing
- f) Unit Plans Assurance Schemes linked to Benevolent Fund





All schemes are designed in such a way to ensure to meet financial requirements of a family whose bread earner [who has suffered any mishap (disability (partial or full) or death)] is in his/her different life cycle [young, middle age or late age];

- 6) Owning a home is a keystone of wealth - both financial affluence and emotional security. Company has also initiated scheme to provide shelters (house or land) under Housing Fund. Initially it is limited to management employees [who opt for it] and gradually it will be broadening to other cadres of employees as well.



- 7) Employees Stock Option Scheme (ESOS):

We consider our employees to be our most valuable asset and to get their commitment and efforts, we firmly believe in providing them conducive environment and making them feel a sense of security.

Your Company got approval of Treet Corporation – Employees Stock Option Scheme (ESOS) from Securities and Exchange Commission of Pakistan. Core objective of the scheme is to provide incentives to Management & Junior Executive employees of the Company (including subsidiary companies). This will not only slow down employee turnover but will also provide them a sense of ownership of the Company resulting in better performance towards growth of the Company.

The Compensation Committee shall determine and recommend to the Board of Directors about Eligible Employees who are entitled to grant of Options for the Financial Year preceding the Date of Entitlement, and the proposed terms and conditions and quantum of each Option and shall be subject to such other requirements and modalities, as the Company may from time to time prescribe.



"There are no secrets to success. It is the result of preparation, hard work, and learning from failure"

COLIN POWELL

Human Resource Management

Your Company has granted following options to the employees of the Company (including employees of the subsidiary companies):

Date of Grant	Financial Year	Share Strike Price	No. of Options Granted	No. of Employees
July 30, 2018	2017-2018	35.44	4,768,700	298

Following is the summary of the options granted till to date:

Treet Corporation Limited - Employees Stock Option Scheme (ESOS)

Financial Year	2014-2015	2015-2016	2016-2017	2017-2018	No. of Shares Outstanding (A)	latest	160,084,685
Date of Grant	14/Jul/15	16/Jul/16	14/Jul/17	30/Jul/18	Option Pool	15%	24,012,702
Date of Entitlement	1/Jul/15	1/Jul/16	1/Jul/17	1/Jul/18			
Share Price (Option Price) from	14/Apr/15	16/Apr/16	14/Apr/17	30/Apr/18	Grant of Option	2014-2015	1,604,800
Share Price (Option Price) to	13/Jul/15	15/Jul/16	13/Jul/17	29/Jul/18	Grant of Option	2015-2016	4,114,100
Weighted Average Price i.e. Exercise Price in Rs. per Share	90.58	51.79	66.45	35.44	Grant of Option	2016-2017	4,259,400
Revised Price i.e. Exercise Price in Rs. per Share (Revised)	51.79	Not Revised	25.00	Not Revised	Grant of Option	2017-2018	4,768,700
Minimum Vesting Period : from	15/Jul/15	17/Jul/16	15/Jul/17	31/Jul/18			
Minimum Vesting Period : to	14/Jul/16	17/Jul/17	15/Jul/18	31/Jul/19			
Exercise (Option) Period : from	15/Jul/16	18/Jul/17	16/Jul/18	1/Aug/19	Option Granted		14,747,000
Exercise (Option) Period : to	14/Jul/17	17/Jul/18	15/Jul/19	30/Jul/20			
Grant of Option as a % of Shares Outstanding	2.97%	2.99%	3.00%	2.98%	Balance Available in Option Pool		9,265,702
Share Outstanding (at the Date of Grant)	53,950,701	137,804,309	142,143,666	160,084,685			
No. of Options Granted	1,604,800	4,114,100	4,259,400	4,768,700			
No. of Options Exercised	1,411,800	533,451	-	-			
No. of Options Declined / Lapsed but subsequently Offered	193,000	-	-	-			
No. of Options Lapsed / Declined - [and subsequently NOT offered]	-	3,580,649	-	-			
No. of Shares Issued (pursuant to exercise of options granted & offered)	1,604,800	533,451	-	-			
Status	Closed	Exerciseable	Exerciseable	Vesting Period			
No. of Employees	210	202	271	298			
Minimum Lock Period	Nil	Nil	Nil	Nil			
Summary							
No. of Options Vested	14,747,000						
No. of Options Exercised	1,945,251						
No. of Options Declined / Lapsed but subsequently Offered	193,000						
No. of Options Lapsed / Declined - [and subsequently NOT offered]	3,580,649						
No. of Shares Issued (pursuant to exercise of options granted & offered)	2,138,251						



Information System & Control

Management of the Company believes that they are responsible for providing accurate financial information, both externally and internally. The control environment is the foundation for the other components of internal control. It is the attitude set by management regarding the importance of establishing and maintaining control.

The Company wishes to improve the control of production, reduce inventories and improve customer service in order to achieve ultimate goal to create value for its stake-holders (i.e. consumers, share-holders, employees etc.).

The management of the company is committed to implementing and maintaining a documented quality system. This commitment includes;

- ensuring that customer, regulatory and legal requirements are understood and appropriately addressed;
- the quality policy is understood and implemented at all levels of the organization, quality objectives and plans are established as necessary and that the responsibilities of all functions affecting quality are clearly defined;
- provision of the necessary resources and personnel to maintain the system, including a management representative, who will ensure that the requirements of quality assurance are met.
- management reviews of the system on annual basis to determine its effectiveness.

Your Company has successfully implemented Oracle Financials across its business units (SBUs). It has covered following business processes in its implementation:

1. Inventory
2. Sales & Receivables
3. After Sale Service
4. Procurement & Payables
5. Human Resources & Payroll
6. Retirement Funds
7. Fixed Assets & Capital Work in Process
8. Treasury Management
9. General Ledger
10. Taxation
11. Import
12. Manufacturing



Your Company is in the process of extending its application to manufacturing processes as well.

What is important in the implementation of any information system in the organization is to adhere the following principles:

- Proper mapping of the business processes;
- Implementation of Internal Control Procedures;
- Introduction of series of "Validations" in the data entry;

Thousands of thousands transactions are keyed in the system by the hundreds of people having different mind sets and knowledge skills. Training of the employees is very important but not enough. We have to give them a framework within which each user has to work. Here concept of internal controls and validations is very important. Restrict the user through series of controls and validations to enter the false data or to make mistake at outset. Role of Business Analyst and System Analyst is very important in implementing the ERP in the Organization. Expecting these areas from outside consultant/implementer is **NOT ENOUGH** resulting into failure of even very good software.

Your company is in the process of implementing comprehensive campus management system from one of the leading firms which covers complete student lifecycle, admissions through graduation. It manages three major operational areas for a University i.e. Admissions, Academics and Financials.



Administrative Procedures & Control



To ensure that the plans of organization and all methods and procedures that are concerned mainly with operational efficiency and adherence to managerial policies, that relate only indirectly to the financial records, are continuously updated and functional; and to ensure that Administrative Controls, which includes such controls as physical safeguarding of assets, time and motion studies, performance reports, employee training programs, and organizational controls etc. are operational.

Your Company has effective system of insurance in place. All physical assets that include fixed assets, inventory, stock in transit, inland and marine cover notes for import and export etc are duly insured. Apart from these insurances, fidelity insurance for employees, cash in hand and cash in transit, public liability, product liability, contractors / erection all risks, international travel insurances for employees, official vehicles of Treet Group are also comprehensively insured. Your Company has internal control system in place where risks and perils pertaining to fire, machinery breakdown, earthquake, electrical upsurge, atmospheric disturbances, forcible theft, riot, terrorism, warranty claims etc. are properly examined and covered adequately.

Succession Policy & Planning for Management Staff

Since change is inevitable for any organization and can be a very challenging at times, it is mainstay policy of the company to be proactive for any change in managerial talent too – either planned or unplanned – to ensure the stability and accountability of the organization until such time as new permanent talent is identified. The company believes in the process of systematically identifying, assessing, and developing employee talent to meet the future staffing needs of the organization. The board of directors (through



Human Resource & Remuneration Committee) shall be responsible for implementing this policy and its related procedures.

Human Resource Management Policy

We shall ensure fair, consistent, effective and efficient recruitment and selection practices exist in hiring the most suitable candidates. This policy confirms and communicates the commitment of the company's equal employment opportunities and compliance with applicable laws and regulations.

Retirement funds shall consist of all sums contributed by the Company* from any source, interest accruing on the total fund and any accretions thereto, may they be invested or otherwise, in accordance with the Rules. The objects of the Retirement Funds are to accumulate certain sums for the benefit of the Employees of the company and their families in the event of the Employee's termination of service, resignation, retirement or death.

*Company means all Companies within Treet Group



Introduction to Financial Management

Similarities between Shares and Debentures

- Investment decisions determine operating profits [and operating cash flows] but how this pie is divided amongst shareholders, lenders [providers of capital] and government [in the form of direct taxation] is the scope of financing decisions.
- We can increase the share of pie for providers of capital if we can manage taxation.
- Distinction between lenders and shareholders [particularly minority shareholders] is pedagogical. Lending and equity instruments are the ways issuing them under legal framework. Moreover, tax laws favour interest based security (lending instruments) but increases the cost of financial distress. Equity instruments are not tax efficient but reduce the cost of financial distress. Is there any way to combine the good features of debt and equity instruments in one financial instrument?
- A person / institution who is shareholder can also be a lender and vice versa;
- Features of the equity instruments can be embedded in the lending instruments (hybrid instrument) and issuing them under legal framework of debt instruments;



Features	Debt Instrument	Equity Instrument	Hybrid Instrument* (as debt instrument)
Tenor	Usually time bound but can be perpetual	Usually perpetual but redeemable equity instrument can be time bound	Perpetual
Dividend / Fixed Rate Return	KIBOR based (or fixed rate instrument) but can be linked to profitability and/or dividend yield of equity instrument	Profitability based(e.g. dividend payouts but KIBOR based or fixed rate can also be paid (e.g. preference shares)	Profitability based linked to dividend yield
Participation in Surplus Assets in case of Liquidation	Usually not participate but redeemable capital can participate	Usually participate but in certain cases (e.g. preference share) may not participate in surplus assets	Through conversion (from debt to equity) mechanism

Introduction to Financial Management

Pre-emptive Rights	Usually no pre-emptive rights in case of further issue of capital. In certain cases through contractual arrangement (with the approval of shareholders) and from relevant authority this right can be given.	Pre-emptive rights in case of further issue of capital.	With the approval of shareholders this right can be given. Getting this approval from relevant authority is relatively easy if hybrid instrument is being issued to existing shareholders by way of right.
Bonus Issue	Bonus debt instrument can be paid to the lenders (although rare and not tested in Pakistan) and debt instrument can also be issued to shareholders.	Bonus shares can be issued to existing shareholders. Debt instrument can also be issued to shareholders.	Debt instrument can also be issued out of retained earnings to the hybrid instrument holders.
Voting Rights	Usually no voting rights but Convertible debt instrument can have voting right but those rights should not exceed rights of ordinary shares.	Usually having voting rights but certain equity instruments (e.g. preference shares or different class of ordinary share) can have NIL voting rights.	Convertible instrument can have voting rights.
Conversion	Debt instrument can be converted to Equity Instrument (with the approval of shareholders and relevant authority).	Equity instruments (theoretically) can be converted into debt instrument. But this option is rare and not happened in Pakistan.	Convertible debt instrument.
Cumulative / Non-Cumulative	Usually these are committed payments (and will trigger default procedures if not paid in time).	Equity instruments can be cumulative or non-cumulative.	Committed payments but, if linked to dividend, it can be avoided if no dividend is paid to the shareholders.
Security	It can be unsecured or secured (i.e. charge can be created on assets e.g. floating charge or fixed charge).	No Security (charge) is possible.	Unsecured or secured. Usually secured instrument is easy to be listed on Stock Exchange.
Put Option / Call Option	Put Option and/ call options can be embedded in the structure.	Put Option and/ call options can be embedded in the structure.	Put Option and/ call options can be embedded in the structure.
Issuance Procedure	Through Prospectus, Private Placement.	Through Prospectus, Private Placement (with approvals) and by way of Right to the existing Shareholders.	Through Prospectus to the existing Shareholders by way of Right.

Listing	KIBOR based instruments are listed on Bonds Automated System (BAT)	Equity instruments are listed on Karachi Automated Trading System (KATS) of PSX	Hybrid instrument can be listed on KATS and can be tradable like shares
Denomination	Usually in the denomination of Rs. 10,000 and Rs. 25,000 but it can be any amount (e.g. Rs. 10)	Par value of share can be any amount (but usually it is Rs. 10/- per share)	It can be any amount like share [usually tradability and hence liquidity factors requires par value to be at lower amount like share
Premium on Issuance	Usually it is issued at face value (but there is no bar in issuing debt instrument on premium)	Premium (price over and above par value) can be charged	There is no bar in issuing hybrid instrument on premium
Taxation	Return on debt instrument is tax deductible under existing tax laws	Return on equity instrument is NOT tax deductible under existing laws	Return under Hybrid instrument (being issued under Redeemable Capital i.e. legal framework of debt instruments) are tax deductible. Bonus is also tax deductible for the Company

*Keeping above factors in mind we have structured Treet Perpetual Sukuk in a way that combined the good features of equity and debt in one instrument and being issued under legal framework of debt instrument.



*“Our eyes are in front Because it’s more important to look ahead than to look back.
Don’t dwell on things in the past.
Learn from them and keep **MOVING** forward”*

Financial Planning

“All you need is the plan, the road map, and the courage to press on to your destination”

EARL NIGHTINGALE

Your Company has embarked various projects and strongly believes in promising future of the Country. Moreover, your Company is managing business risk through its diversification strategy. We have following projects that are either materialized this financial year or will be operational next financial year i.e. 2018-2019.

Project	Type	Funds Deployed
Lead Acid Battery	New Project – Operational in February 2018	Rs. 7.75 billion *
Educational Project	New Project – Operational in September 2018	Rs. 1.60 billion
Pharmaceutical Business	Expansion / Concentric Diversification – Under Progress	Rs. 0.80 ~ Rs.1.00 billion
Chemical Business	New Trading Business – Operational	Rs. 0.10~ 0.30 billion
		Rs. 10.25 ~ 10.65 billion

*it includes financial expenses incurred against project and pre-operational expenses capitalized.

Investment decision determines our business risk but financial decision governs financial risk; Your Company's general financial philosophy is to finance the long term (perpetual) project with the perpetual financing. Although law of the Country favors debts instruments for taxation purpose but we are managing our taxation either through our group structure or through hybrid instruments.

Your Company has raised Rs. 4.00 billion (app) in FY 2015-2016. Rest of the requirements are either met internally [e.g. operating cash flows, disposal of short term investments etc.] or through bridge short term financing. Your Company has various plans to pay off this short term financing and one of the plan to meet the funding requirements of Pharmaceutical business that is already communicated to the PSX is through IPO/ book building process in the listing process and rest of the plans will be communicated to the PSX as soon it is finalized/approved (e.g. issuance of preference shares, SUKUK, disposal of Modaraba certificates etc.)

Summary of Financing Transactions / Plan:

Transaction	Amount (Rs. in million)	Funds Deployed
Right Issue made in 2015-2016	4,000	Completed
Issuance of Sukuk	1,000	Under Process (approval from Shareholders is already obtained)
Issuance of Preference Share	1,000	Under Process (approval from Shareholders is already obtained)
IPO/Book Building – Renacon Pharmaceutical Business	625~875	Under Process – Application is already filed with PSX
Other Sources	2,000 ~ 3,000	Under Planning Stage
	8,625 ~ 9,875	

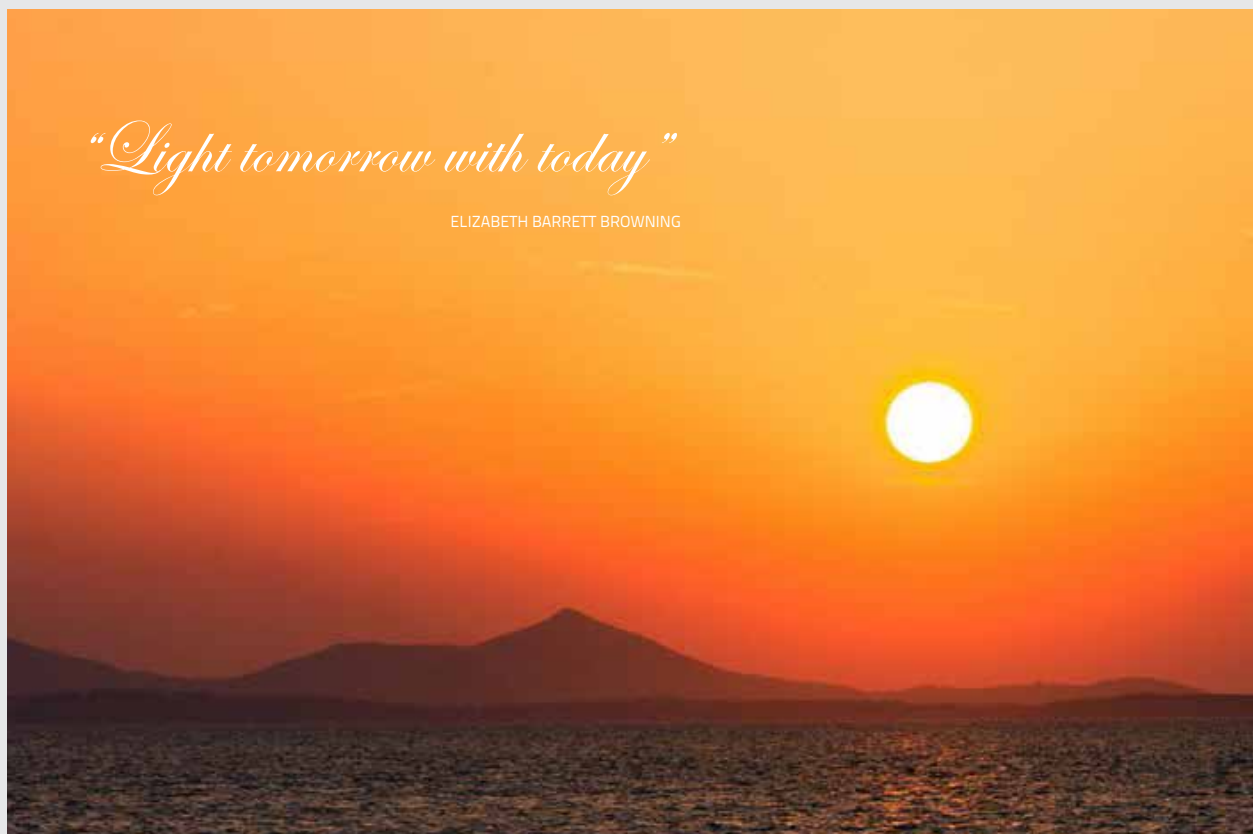
Financial Planning

Current borrowing level is Rs. 10.00 billion and with the above measures it will be reduced to 4.00 ~ 5.00 billion which is mainly due to increased working capital and advance sales tax paid at import stage [Rs. 800 million is carried forward sales tax] and will be adjusted in the coming months (and accordingly borrowings will be reduced).

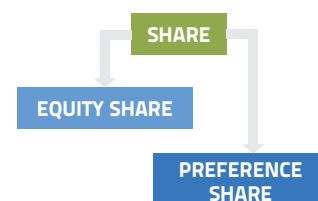
What is important to understand is we are raising capital now to finance the new projects but earnings will come in future thus increasing capital base is reducing EPS and it may in turn result into Price to Book Value to be less than 1 in the short run. Second trade off comes from the group structure that to follow the 100% owned companies (or just one company) or raising capital in each Company / or Project.

"Light tomorrow with today"

ELIZABETH BARRETT BROWNING



Preference Shares



Pursuant to the approval of the shareholders of the Company in the Extraordinary Ordinary General Meeting (EOGM) held on October 31, 2016, the Company intends to issue Preference Shares of up to Rs. 1,000,000,000/- (Rupees One Billion Only) divided into 100,000,000/- (One Hundred Million Only) of Rs. 10/- each subject to the approval of Securities & Exchange Commission of Pakistan (SECP).

The following are salient features of the proposed preference shares:

1.	Total No. of Preference Shares	100,000,000 preference shares of Rs. 10/- each (Authorized Capital – Preference Shares : 150,000,000) Authorized capital can be utilized in one or more tranche(s)
2.	Cumulative / Non-Cumulative	Cumulative Preference Shares
3.	Issue Price	Rs. 10/- per share with NIL premium
4.	Rate of Preference Dividend	Linked to Profitability of “Designated Subsidiary” i.e. Global Arts Limited as elaborated in the “Special Resolution”
5.	Mode of Issuance	By way of Right to the existing shareholders
6.	Purpose of the Issue	To finance the diversification stratagem of the Company i.e. for the educational project of the Company (detail is given below)
7.	Listing	Listing will be applied at Pakistan Stock Exchange Limited
8.	Redemption	Redemption any time after 04years of its first issue at par value in cash at option of preference shareholder
9.	Exit Strategy	Two exit options will be given to the Preference Shareholders: <ul style="list-style-type: none"> ▪ Secondary Market : Preference Shares will be listed on Pakistan Stock Exchange Limited. ▪ Redemption Option to the Preference Shareholder after expiry of 04years of first issue.
10.	Participation in the Surplus Assets	in the event of winding up of the Company or repayment of the capital of the Company, the Preference Shares will carry a preferential right over Ordinary Shares only to the extent of proceeds arising from sales of shares of the Designated Subsidiary and/or assets of the Designated Subsidiary
11.	Convertibility	Non-Convertible
12.	Voting Right	The following decisions shall not be taken either by the Company or the Designated Subsidiary except with the approval of the Preference Shareholders by means of an ordinary resolution passed at a general meeting of the Preference Shareholders: <ul style="list-style-type: none"> ▪ Any sale, transfer, encumbrance or alienation of shares of the Designated Subsidiary owned by the Company or dilution of Company’s shareholding in the Designated Subsidiary through any other means;

		<ul style="list-style-type: none"> ▪ Nomination/selection of not less than 50 % of the proposed directors to be elected by the Company on the Board of Directors of the Designated Subsidiary; ▪ Any sale, transfer, lease, encumbrance or alienation of the business, assets, undertaking etc. of the Designated Subsidiary or any portion thereof; ▪ Any resolution for the winding-up of the Designated Subsidiary;
13.	-----	Clauses 4 & 4A [of the Articles of Association] for Preference Shares is attached herewith

Justification of the Issue

The Company is considering various project as a part of diversification stratagem and one of the project is educational project.

Company is considering various funding options for any of the educational project. One of the funding option that management of the Company is considering is preference shares that is structured in a unique way to track the performance of the "designated subsidiary" that will be undertaking the said project.

Preference shares are designed to track the performance of the designated subsidiary and its payouts will be directly linked to the performance of that subsidiary. These preference shares will be offered to the existing shareholders by way of right.

The designated project is educational project and designated subsidiary is "Global Arts Limited (GAL)" as follows:

1. Educational Project

The Company's corporate strategy is to develop synergies by sharing and coordinating staff and other resources across business units, investing financial resources across business units, and using business units to complement other corporate business activities. One of the Projects that Company has embarked is an "educational project" in field of Art, Culture and Architecture. This Project is implemented through two subsidiaries i.e. Global Arts Limited (GAL) and Society for Cultural Education (SCE). SCE has established an Institute in the field of Art, culture and Architecture through promulgation of an Act by National Assembly through "The Institute for Art and Culture Act, 2018 (Act No.XXX1 of 2018)".

2. Global Arts Limited

Global Arts Limited (GAL) is wholly owned subsidiary of Treet Corporation Limited. Global Arts Limited (GAL), previously, Treet Services (Private) Limited was incorporated in Pakistan on 26th October 2007 as a private limited company under the Companies Ordinance, 1984. Subsequently, on 23 July 2014, the Company was converted into a public limited company. Initially Company was envisaged to cater technical services but Company did not operate as such and thereafter has changed the name of the Company to "Global Arts Limited". Objects clauses are also changed to promote, establish, run manage and maintain, educational institutions, colleges of arts, research, sciences, information technology and business administration; higher level schools, academics, technical training centers and such other educational institutions as may be considered appropriate for the promotion and advancement of education in the country with national and international affiliations to acquire the services of professors, associate professors, lecturers, teachers, managements skills and other professional from within the country and abroad as would be needed to run and promote educational institutions set up by the Company subject however, to the permission of competent authority but not to operate itself as a university and not to act as a degree awarding institution. Its registered office is situated at 72-B, Industrial Area Kotlakhpat, Lahore.

Financial Planning | Preference Shares

3. Society for Cultural Education

Society for Cultural Education (SCE) is a Society registered under the Societies Registration Act, XXI of 1860, and having its Registered/Head Office at, 72-B, Kotlakhpat Industrial Area, Lahore. Object clauses include to establish, construct, run, maintain and manage schools, professional schools and colleges, universities, coaching classes, offices, libraries, information centers and other institutions for imparting moral, academic and technical education to children and adults and to promote and encourage the study of all arts, sciences, culture, history and general knowledge, subject to necessary permissions from regulatory bodies, if any and to take over running business of, or affiliate with or obtain affiliation from, any universities, colleges, schools, educational institutes, information centers and/or any other institutions etc.



Treet Corporation Limited, is entitled to nominate 70% of the members as well as governing body of the Society. The remaining members are to be nominated by PSV (Private) Limited another Company that is being governed by Professor Pervaiz Vandal and Professor Sajida H. Vandal who are veterans of this field and renowned for their contribution towards Culture and Art.

Since SCE comes under the definition of body corporate, SCE is a subsidiary of the Treet Corporation Limited under Section 3 of the Companies Ordinance, 1984, since Company is entitled to nominate majority of the governing body of SCE. However, as a non-profit entity, SCE is not entitled to declare any dividends or profits and on dissolution, its assets must be transferred to another non-profit entity having similar objectives. Therefore, SCE will be excluded from consolidation since it will be operating under severe long-term restrictions which significantly impair its ability to transfer funds to the parent.

As per applicable requirements, SCE (a non-profit entity) is the sponsoring body for the degree awarding institute (i.e. Institute for Art and Culture).

4. Detail of the Project

GAL has acquired 15.29 acres of land for the construction of a purpose designed state of the art educational campus. This campus / building is constructed and ready for operational use and is being leased to "Institute for Art and Culture" (IAC). As stated above, SCE has established one of the Asia's best Institute/University in the field of Art, Culture and Architecture

Concurrently, GAL may itself also engage in activity of operating and running educational institutions / programmes in affiliation with other institutions.

The land is to accommodate all the facilities and requirements of a university campus of international standard. There is sufficient area available for future expansion. The campus facilities would include sports, parking, botanical garden of endangered indigenous plants and medicinal herbs along with the educational facilities.

5. Project Cost

Below is the break-up of the project cost:

	Rs.
Land	540,844,109
Building	900,000,000
Equipment	159,155,891
	<u>1,600,000,000</u>

6. Project Implementation Schedule

Acquisition of Land	15.29 acre of land at Raiwind Road, Lahore (near bhubhatian Chowk)
Completion of Civil Work	July 31, 2018
Start of First Session	September ~ October 2018
Areas of Disciplines	<ul style="list-style-type: none"> ▪ School of Architecture, Design & Urbanism ▪ School of Digital & Cinematic Art ▪ School of Art ▪ School of Culture & Language

7. Means of Funding

The project will be funded entirely through equity. The parent Company (i.e. Treet Corporation Limited) has already injected net equity (in the GAL) amounting to Rs. 1,600 million. This amount is generated from the internal sources mainly borrowings. Funds so generated [through issuance of preference shares] will be utilized in paying off those borrowings.

Day to day running costs of the Society as well as initial endowment for the Institute is being met by the parent company (i.e. Treet Corporation Limited) in the form of donations. Since the Society and Institute are being run as a non-profit entities, such donations shall be accounted for as Corporate Social Responsibility activities of the Company and shall be duly reported as such in accordance with applicable laws. Subsequently Society and the Institute is expected to generate revenues/donations from its own activities.

8. Benefits to the Company

GAL will be receiving revenues from the following sources:

- Lease rentals linked to revenue;
- Income from provision of amenities, utilities or any other service connected with renting of building;
- Short term courses and diplomas;
- Revenue from club/gym and allied services;
- In the medium term, from running, managing and maintaining colleges and schools;

Management of the Company is confident that such form of investment will be beneficial to the shareholders of the Company in the form of dividends and appreciation of share's value.

9. Financial Feasibility & Financial Projections

Financial Projections, Market Report and Feasibility of the project will be circulated to the shareholders once it is approved by the SECP.

10 Rationale

Trend of Art and Culture education in Pakistan remained subdued due to various reasons. However, as Pakistan is opening up to the world need of Art and Culture education is eminent. What is needed is the state of the art facilities, with trained [and satisfied faculties] coupled with closed coordination with industry [to meet their requirements] that ensures not only groomed students [personally and professionally] but with their better chances to get jobs and thriving at their career path. Treet Group of Companies (Treet) recognized this gap and bringing state of the art degree awarding institute [with the national charter]. Since it



Financial Planning | Preference Shares

is the unique project and getting quality and trained faculty coupled with designing up to the mark syllabus [catering modern industry requirements] and process of getting charter was quite lengthy and time consuming, Treet has undertaken this project with the internal finance (mainly borrowings). But since this project is now kicked off and revenue streams is coming from the project [again revenue streams will increase with each semester as they will be filled up e.g. 04 years bachelor degree is having 08 semester and some programmes are having 10 semester], management of the Company feels that it is right time to offer this project to the existing shareholders of the Company and to pay back its borrowed funds.

Moreover, this is the start and Company has full intention to develop the backward integration (e.g. colleges, schools etc.) and it will consummate the whole educational process.

Features of Preference share are designed in such a way that ensure the following:

1. Exit strategy is available to the shareholders
 - a. Through secondary market
 - b. Redemption option
2. Participation in profitability of Global Arts Limited
 - a. Profitability of Global Arts Limited (GAL) is the bench mark for the return on investments. One of the option is to make listing of ordinary share of GAL through offering of ordinary shares of GAL to the existing shareholders of the Company (Treet). But same results can be achieved if same features of ordinary shares are embedded in the structured preference shares. Moreover, cumulative dividend feature is the added advantage.
3. Preference shareholders may appoint their member(s) on the Board of Directors of GAL.
4. Better protection in case of liquidation of the Company or GAL.

Clauses 4 & 4 A of the Articles of Association of the Company is reproduced below:

"4. Authorized Share Capital

The Authorized Capital of the Company is Rs. 4,000,000,000 (Rupees Four Billion Only) divided into 250,000,000 (Two Hundred & Fifty Million) Ordinary Shares of Rs. 10/- each and 150,000,000 (One Hundred & Fifty Million) Preference Shares of Rs. 10/- each of different classes comprising Redeemable or Non Redeemable, Cumulative or Non Cumulative, Convertible or Non Convertible with attached thereto respective such preferential, deferred, qualified or special rights, privileges or conditions as provided in the Articles of Association of the Company or in accordance with the Companies Ordinance, 1984."

"4A Preference Shares

The Preference Shares of up to Rs. 1,500,000,000 (Rupees Fifteen Hundred Million Only), divided into 150,000,000 (One Hundred & Fifty Million) Preference Shares of Rs.10/- each (the "Preference Shares"), to be issued from time to time subject to approval of the members through special resolution and approval of Securities & Exchange Commission of Pakistan, shall have the following rights and privileges attached thereto (subject to any changes or amendments made by Securities and Exchange Commission of Pakistan and accepted by the Board of Directors of the Company, which changes and amendments (if any) shall be deemed to form part of this clause 4A without need for any further action):

- a. The Preference Shares shall be Non-Convertible Cumulative Redeemable Preference Shares and may also be listed on the Pakistan Stock Exchange;

- b. The Preference Shares shall be cumulative and shall carry entitlement of a variable annual dividend ("VAD") per Preference Share to be paid out of the normal profits of the Company in each financial year. The VAD for each financial year shall be calculated as follows:

$$\text{VAD} = 'X' + 'Y'$$

Where:

X = the higher of 'A' and 'B'

A = 80 % (eighty percent) of amount of dividend (net of taxes) paid to the Company by the Designated Subsidiary of the Company in respect of the Company's shareholding in the Designated Subsidiary, in relation to the financial year for which VAD is being calculated, divided by the number of Issued Preference Shares.

B = 40 % of the Net Profits after Tax of the Designated Subsidiary, in relation to the financial year for which VAD is being calculated, divided by the number of Issued Preference Shares;

"Designated Subsidiary" means the nominated subsidiary company of the Company, as decided/nominated by the Board of Directors any time prior to the first issuance of the Preference Shares, which decision/nomination may not subsequently be changed;

"Net Profit after Tax" means the net profit after tax calculated as per applicable accounting conventions and accounting standards prevailing in Pakistan; and

"Issued Preference Shares" means on any date the actual number of preference shares issued in terms of this clause 4A up till such date without taking into account any redemption of Preference Shares up till such date;

Y = the aggregate of VADs per Preference Share accumulated and unpaid for the financial years preceding the financial year for which VAD is being calculated

- c. Any portion of the VAD not declared and paid in any financial year shall cumulate towards entitlement of VAD in future years. The Company shall only be able to declare and pay dividends to ordinary shareholders out of its normal profits if:
- prior to declaration and payment of dividend to such ordinary shareholders, all amounts of VAD (including previously accrued VAD), if any, have already been declared out of its normal profits, and
 - the VAD (if any) is paid prior to or simultaneous with the payment of dividends to ordinary shareholders.
- d. The Preference Shares shall not carry any entitlement of ordinary dividend, rights shares or bonus shares, or have any right to participate in the profits of the Company, save as specified in Clause 4A(b) above or as otherwise provided in the Companies Ordinance, 1984;
- e. The Preference Shareholders shall not be entitled to receive notice of or attend General Meetings or vote at such General Meetings of the Company, except as stated in Clause 4A (f) below or as otherwise provided in the Companies Ordinance, 1984 whereby holders of such shares would be entitled to vote separately as a class, i.e. with respect to voting entitlement of Preference Shareholders on matters/issue affecting substantive rights or liabilities of Preference Shareholders;
- f. The following decisions shall not be taken either by the Company or the Designated Subsidiary except with the approval of the Preference Shareholders by means of an ordinary resolution passed at a general meeting of the Preference Shareholders:
- Any sale, transfer, encumbrance or alienation of shares of the Designated Subsidiary owned by the Company or dilution of Company's shareholding in the Designated Subsidiary through any other means;

Financial Planning | Preference Shares

- ii. Nomination/selection of not less than 50 % of the proposed directors to be elected by the Company on the Board of Directors of the Designated Subsidiary;
- iii. Any sale, transfer, lease, encumbrance or alienation of the business, assets, undertaking etc. of the Designated Subsidiary or any portion thereof;
- iv. Any resolution for the winding-up of the Designated Subsidiary;

The Company shall use its shareholding in the Designated Subsidiary to give effect to the foregoing requirement.

- g. in the event of winding up of the Company or repayment of the capital of the Company, the Preference Shares will carry a preferential right over Ordinary Shares only to the extent of proceeds arising from sales of shares of the Designated Subsidiary and/or assets of the Designated Subsidiary;
- h. the Preference Shares shall, subject to Clause 4A (i) below, be redeemable at par value at the option of the preference shareholder at any time after expiry of four years of date of first issue of the Preference Shares;
- i. the Preference Shares shall automatically stand redeemed in the following circumstances:
 - i. in case any resolution for voluntary winding-up of the Designated Subsidiary is passed or a winding-up order for the Designated Subsidiary is passed by the competent court;
 - ii. in case the aggregate shareholding of the Company in the Designated Subsidiary becomes equal to or less than 50% of the voting shares of the Designated Subsidiary;
 - iii. in case a breach by the Company of the terms and conditions of the Preference Shares is not remedied within 90 days of receipt of a written notice from Preference Shareholders holding not less than 20 % in value of the outstanding Preference Shares to the Company specifying such breach.
- j. The redemption in terms of sub-clause (h) or (i) of Clause 4A shall be in cash at par value and shall be in accordance with and subject to the provisions of Section 85 of the Companies Ordinance, 1984. Furthermore, the Board of Director Company may, from time to time, prescribe modalities, procedure and steps to be taken in case redemption under sub-clause (h) or (i) is triggered.
- k. the Preference Shares shall rank pari passu inter se each other notwithstanding different dates of issue; and
- l. the Preference Shares shall be under the control of the Board of Directors who may allot, forfeit, surrender, rectify or otherwise dispose of the same to such persons, firms, corporation or corporations on such terms and conditions and at any such time as may be thought fit, subject to and in accordance with the provisions of the Companies Ordinance, 1984 and the Securities Act, 2015.

*“If opportunity doesn’t knock,
build a door”*

MILTON BERLE

Treet Perpetual Sukuk



Pursuant to the approval of shareholders of the Company in Extraordinary General Meeting (EOGM) held on March 31, 2018 the Company intends to issue rated, listed, secured, perpetual and convertible instruments of redeemable capital in the form of Treet Perpetual Sukuk subject to the approval of the Securities and Exchange Commission of Pakistan (SECP) and Pakistan Stock Exchange Limited (PSX).

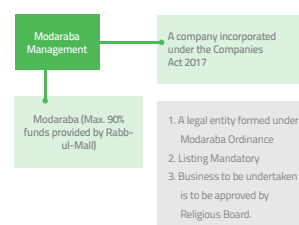
Salient feature of the Issue [subject to such modifications as may be approved from time to time by the Board of Directors of the company and/or as required by PSX and/or SECP or any other relevant authority.

ISSUE OF RATED, LISTED, SECURED AND PERPETUAL SUKUKS, HEREINAFTER REFERRED TO AS "TREET PERPETUAL SUKUK" OR "SUKUK" TO THE EXISTING SHAREHOLDERS OF TREET CORPORATION LIMITED	
Issuer	Treet Corporation Limited
Purpose of the Issue	The overall objective of the Issue is to meet the working capital requirement of the Company, including but not limited to stock in trade, trade debts and operating & maintenance expenses (but excluding insurance and advertising) to the extent of Rs. 960,508,110/-
Issue Size	Rs. 960,508,110 divided into 32,016,937 Sukuks of face value of Rs. 30/- each (Premium: Nil)
Type of Sukuk	Sukuk is based on Shirkat-ul-Aqd where the Issuer and the Investor (through Investment Agent) have agreed to contribute their investment in cash and in kind through stock in trade and trade debts for participating in operating activities of the business including but not limited to manufacturing and selling blades, educational project, soaps, corrugation, lead acid batteries, pharmaceuticals products, corrugation, motorcycles and to participate in the Musharakah Profits so generated at pre-agreed ratio between them.
Tenor	Perpetual unless otherwise converted into Ordinary shares by the Sukukholders or exercise of put option for redemption in cash by the Sukukholders.
Profit Payment in Cash per Sukuk	Profit Payment in Cash will be made to the Sukukholder on annual basis per Sukuk. The Profit Payment in Cash for each Sukuk will be the higher of the following: <ol style="list-style-type: none"> 6% of the Musharakah Profit of the relevant financial year divided by number of Issued Sukuk; such share/amount as may be determined by the Board of Directors of the Company, in their discretion, provided that it does not exceed the Cash dividend (interim plus final) declared by the Issuer per Ordinary share for the relevant financial year.
Eligibility & Procedure for the offer of the Sukuks	Sukuks are being offered to all the existing shareholders of the Company through ROL in the ratio of one Sukuk against 5.00 Ordinary shares held on the date of entitlement. ROL will be listed at Pakistan Stock Exchange Limited (PSX). For subscription and trading of ROL, procedure devised by the PSX and CDC will be applicable.
Listing	Sukuks will be listed at PSX

Financial Planning | Treet Perpetual Sukuk

Trading	ROL and the resultant Sukuks will be traded on the trading terminals of the Pakistan Stock Exchange Limited (PSX).
Instrument Rating	"AA –" (Double A MINUS) by JCR-VIS
Entity Rating	Long Term: "AA –" (Double A Minus) by JCR-VIS Short Term: "A1" (A One) by JCR-VIS
Bankers to the Issue	<ul style="list-style-type: none"> ▪ Meezan Bank Limited ▪ Faysal Bank Limited ▪ Bank Alfalah Limited ▪ Habib Bank Limited
Call Option	The Company has no call option to redeem the Sukuks against cash or to Convert the Sukuks into Ordinary shares.
Put Option in Cash	<p>After expiry of three years from the Issue date of the Sukuk (and thereafter after every third anniversary of such date), the Sukukholder shall have a time-bound* option to ask the Company to redeem the Sukuks against cash only.</p> <p>*The aforementioned option shall be available for exercise for a period of 15days from its effective date, i.e. date of expiry of every such three year period.</p>
Put Option in Shares	Company shall convert the Sukuk into Ordinary share at the ratio of One Sukuk to One Ordinary share of the Company as and when demanded by the Sukukholders through extraordinary resolution. Only all outstanding Sukuks can be converted into Ordinary shares of the Company through exercise of this Put Option in Shares.
Rights of Sukukholders in case of further issue of Capital	In case of Right and/or Bonus issue of shares, Issuer will carry out similar Rights and/or Bonus Issue of the Sukuks.
Risk Factors	For detail please refer to Para 5.4 of the Prospectus
Underwriting	<p>None.</p> <p>Undertaking from the major shareholders has already been taken to subscribe to at least 60 % of this Issue.</p>
Voting Rights	The Sukuks will carry voting rights equivalent to one tenth of the Ordinary share of the Company (i.e. for voting purposes, Ten Sukuks shall have the same voting rights as One Ordinary share).
Security	The Sukuks are secured by way of First Pari Passu Hypothecation charge of Rs. 1,280,000,000/- (Rupees One Thousand Two Hundred and Eighty Million only) over the present and future Current Assets and long term investments. For detail please refer to Para 6 of the Prospectus.
Shari'ah Structuring Advisor	Meezan Bank Limited
Financial Advisor to the Issue	<ul style="list-style-type: none"> ▪ Topeline Securities Limited ▪ Equity Advisors (Private) Limited
Legal Advisor to the Issue	<ul style="list-style-type: none"> ▪ Cornelius, Lane & Mufti
Trustee/ Investment Agent	Faysal Bank Limited
Taxation	Please refer to Annexure – A to the Prospectus
Prospectus	Draft Prospectus is also be available at Company's web site www.treetonline.com

Voting Trust - Non-Treet Certificate Holders



Your Company has decided to reduce its certificate holding in First Treet Manufacturing Modaraba. Initial shareholding was 89.85%* but it may be reduced up to 60.00% (i.e. maximum reduction may be up to 29.85%) either through disposal of certificates in the market or otherwise.

*Group's holding was 99.87%.

The Company has created a trust over a certain percentage of its present and future voting rights in Treet Holdings Limited ("THL") in relation to election of directors at any general meeting of THL (not exceeding in aggregate 40 % of its total voting rights in THL exercisable at any such general meeting) (the "Trustee Voting Rights") for the benefit of the Non-Treet Certificate Holders, with the intent that such Non-Treet Certificate Holders shall be entitled to instruct the Company to exercise such voting rights to elect the independent directors selected by the Non-Treet Certificate Holders, up to a maximum of 02 directors or 30 % of the Board of Directors of THL, whichever is less (the "Selected Directors").

Rationale

In order to broaden the investors in certificates of First Treet Manufacturing Modaraba ("FTMM") and to attract investment by other individuals in such certificates, and to promote transparency and openness in the affairs of THL, the Company wanted to have representation of independent directors on Board of Directors of THL selected by existing and future certificate holders of FTMM other than the Company and/or any of its subsidiaries ("Non-Treet Certificate Holders"). To give effect to this, the Company has created a trust over a certain percentage of its present and future voting rights in THL in relation to election of directors at any general meeting of THL (not exceeding in aggregate 40 % of its total voting rights in THL exercisable at any such general meeting) (the "Trustee Voting Rights") for the benefit of the Non-Treet Certificate Holders, with the intent that such Non-Treet Certificate Holders shall be entitled to instruct the Company to exercise such voting rights to elect the independent directors selected by the Non-Treet Certificate Holders, up to a maximum of 02 directors or 30 % of the Board of Directors of THL, whichever is less (the "Selected Directors").

It is pertinent to note that copy of "voting trust" is made available at our web site www.treetonline.com and is subject to such modifications as be approved from time to time by the Board of Directors of the Company and/or required by the Securities and Exchange Commission of Pakistan ("SECP") or any other competent authority.

Current Status	
Maximum Voting Rights that is allowed to be transferred to the Trust by the shareholders of the Company	40%
Rights Transferred to the Trust	25%
Trust to be effective on the date the Non-Treet Certificate Holders collectively hold more than certain % of the total number of FTMM Certificates issued by FTMM.	15%
Currently No. of FTMM Certificates held by Non-Treet Certificate Holders	2.45%
Trust Status	Non-Active (since below 15% threshold)
Total No. of Directors at the Board of Treet Holdings Limited (THL)	08
Maximum no. of Directors that can be appointed by Non-Treet Certificate Holders	02
Procedure for exercising Voting Rights	As given in the Trust Deed and communicated on the election of the Board of Directors of THL



Treet Group of Companies comprises of the following businesses:

1. Treet Corporation Limited [TREET]

- Shaving Blade Manufacturing
- Disposable Razor Manufacturing
- Sales & Marketing of following products:

	Local	Export
Shaving Blades and Disposable Razors	Sales & Marketing	Sales & Marketing
Chemicals [initially Epoxy / Resin]	Import, Sales & Marketing	

2. Treet Holdings Limited [THL]

- Motor Cycle Assembly & Marketing
- Modaraba Company

3. First Treet Manufacturing Modaraba [FTMM]

- Manufacturing and selling of Corrugated Packaging
- Manufacturing and selling of Soaps
- Manufacturing and selling of Lead Acid Batteries (under process)

4. Treet HR Management (Private) Limited [THRM]

Providing Workforce to Group Companies under Service Agreement and taking all responsibilities of workforce and meeting allied legal requirements.

5. Global Arts Limited [GAL]

Objective is to promote, establish, run, manage and maintain, educational institutions, colleges of arts, research, sciences, information technology and business administration; higher level schools, academics, technical training centers and such other educational institutions as may be considered appropriate for the promotion and advancement of education in the country with

national and international affiliations to acquire the services of professors, associate professors, lecturers, teachers, management skills and other professionals from within the country and abroad as would be needed to run and promote educational institutions set up by the Company subject, however, to the permission of competent authority but not to operate itself as a university and not to act as a degree awarding institution.

6. Society for Cultural Education [SCE]

Society for Cultural Education (SCE) is a Society registered under the Societies Registration Act, XXI of 1860, and having its Registered/Head Office at, 72-B, Kotlakhpat Industrial Area, Lahore. Object clauses include to establish, construct, run, maintain and manage schools, professional schools and colleges, universities, coaching classes, offices, libraries, information centers and other institutions for imparting moral, academic and technical education to children and adults and to promote and encourage the study of all arts, sciences, culture, history and general knowledge, subject to necessary permissions from regulatory bodies, if any and to take over running business of, or affiliate with or obtain affiliation from, any universities, colleges, schools, educational institutes, information centers and/or any other institutions etc.

Your Company, Treet Corporation Limited, is entitled to nominate 70% of the members as well as governing body of the Society. The remaining members are to be nominated by PSV (Private) Limited another Company that is being governed by Professor Pervaiz Vandal and Professor Sajida H. Vandal who are veterans of this field and renowned for their contribution towards Culture and Art.

Since SCE comes under the definition of body corporate, SCE is a subsidiary of your Company under Section 3 of the Companies Ordinance, 1984, since your Company is entitled to

TREET GROUP – An Introduction

nominate majority of the governing body of SCE. However, as a non-profit entity, SCE is not entitled to declare any dividends or profits and on dissolution, its assets must be transferred to another non-profit entity having similar objectives. Therefore, SCE will be excluded from consolidation since it will be operating under severe long-term restrictions which significantly impair its ability to transfer funds to the parent.

SCE has established an Institute in the field of Art, culture and Architecture through promulgation of an Act by National Assembly through "The Institute for Art and Culture Act, 2018 (Act No.XXX1 of 2018).

7. Renacon Pharma Limited

Renacon Pharma Limited specializes in the production of all types of formulations of Hemodialysis Concentrate in powder and solution form for all brands of machines since 1996. Products also include fully automated mixers for powder form.

8. Treet Power Limited [TPL] - Dormant for the time being

Companies within a Group are strategic business units that are semi-autonomous units responsible for their own budgeting, new product / market decisions, and new venture exploration and pricing. They are treated as internal profit centers by the corporate headquarter i.e. Treet Corporation Limited, the parent company. Each SBU is responsible for developing its business strategies independently from the other businesses but these must be in tune with the broader corporate strategies. Corporate strategy (by the parent company) seeks to develop synergies by sharing and coordinating staff and other resources across business units, investing financial resources across business units, and using business units to complement other corporate business activities.

Therefore to summarize businesses of the Treet Group are as follows:

1. Manufacturing and selling blades/ disposable razors ;
2. Manufacturing and selling of corrugated packaging;

3. Manufacturing of soaps and marketing thereof;
4. Assembling [and selling] of Motorcycles;
5. Import, sales and marketing of Lead Acid Batteries;
6. Import, sales and marketing of Specialized Chemicals;
7. Pharmaceutical Business [initially Bicarbonate Hemodialysis Concentrate (solutions & powder)];
8. Labor-Hire Services;
9. Floatation and control of Modarabas;
10. Manufacturing and selling of lead acid batteries;
11. Establish, run, manage and maintain, educational projects; etc.

Factories / Projects:

- Lahore Factory:
72-B Kot Lakhpat, Industrial Area, Lahore
- Hyderabad Factory:
Hali Road, P.O.Box No. 308, Hyderabad
- Packaging Solutions:
Kacha Tiba Rohi Nala, 22-KM, Ferozepur Road, Lahore
- Lead Acid Batteries:
Faisalabad Industrial City (M 3 Industrial City), Faisalabad
- Soap Factory:
Ghakkar [under Toll Manufacturing Arrangement]
- Educational Project:
07- KM, Raiwind Road, Lahore
- Pharmaceutical Business:
18- KM., Ferozepur Road, Opp. Nishtar Colony, Lahore

Others / Future Expansion:

- Land [12 Kanals] at Multan Road, Lahore
- Land [18 Kanals] at Raiwind Road, Lahore
- Land [15 Acres] at Faisalabad Industrial City, Faisalabad

TREET GROUP – An Introduction

LEGAL STRUCTURE OF GORUP COMPANIES - As on 30-06-2018

		Shares held by								Outsider
		Treet	THL	GAL	TPL	THRM	FTMM	RPL	Directors	
Treet Holdings Limited	THL	85.93%		14.07%						
Global Arts Limited	GAL	88.76%	5.58%					5.66%		
Treet Power Limited	TPL		100.00%							
Treet HR Management (Private) Limited	THRM		100.00%							
First Treet Manufacturing Modaraba	FTMM	87.54%	10.02%						0.01%	2.44%
Renacon Pharma Limited	RPL	45.47%		10.39%					38.47%	5.67%









Our Mission

Our MISSION is, to satisfy and meet the needs of our customers, providing our products and services with the quality, adjusted to their needs and preferences and to create value for our stakeholders through originality and strict adherence to our principles. We being a conscientious producer, and having stood the test of time, will continue our emphasis on responding to customer need with value added products and services. It is our belief that we can fulfill this mission through a unique combination of industry vision, effective supply chain management and innovative technology.

Vision Statement

To be innovative in our field to the benefit of society, we will fairly compete in quality, technology, sales and marketing expertise, while ensuring sound financial and sustainable growth of the Treet Group for the sake of its stakeholders and reputation.





Principle

We will base our human resources systems on our proven principles reflective of our core values and our commitment to attract, reward, develop and motivate sophisticated people. They will reflect the global scope of our business while demonstrating responsibility and flexibility with respect to cultural diversity, and statutory and regional business realities.

Emphasis

To be innovative in our field to the benefit of society, we will fairly compete in quality, technology, sales and marketing expertise, while ensuring sound financial and sustainable growth of the Treet Group for the sake of its stakeholders and reputation.

Social Responsibility

We will continually strive to be environmentally responsible and support the communities where we operate and the industries in which we participate.

Corporate Values

- Total Customer Services
- Long-Term Business Focus
- Technology Oriented
- Quality & Reliability
- Staff Development & Teamwork
- Effective Resources & Cost Management
- Corporate Responsibility

Company Information

BOARD OF DIRECTORS	Dr. Mrs. Niloufer Qasim Mahdi Syed Shahid Ali Dr. Salman Faridi Syed Sheharyar Ali Muhammad Shafique Anjum Mr. Saulat Said Mr. Imran Azim Mr. Munir K. Bana	Chairperson / Non-Executive Director Chief Executive Officer Independent Director Executive Director Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
AUDIT COMMITTEE	Dr. Salman Faridi Mr. Imran Azim Mr. Munir K. Bana	Chairman/Member Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Dr. Salman Faridi Mr. Imran Azim Mr. Munir K. Bana Syed Sheharyar Ali Muhammad Shafique Anjum	Chairman/Member Member Member Member Member
CHIEF FINANCIAL OFFICER	Mr. Amir Zia	
COMPANY SECRETARY	Rana Shakeel Shaukat	
HEAD OF INTERNAL AUDIT	Muhammad Ali	
EXTERNAL AUDITORS	KPMG Taseer Hadi & Co. Chartered Accountants, Lahore.	
INCOME TAX CONSULTANTS	Kreston Hyder Bhimji & Co. Chartered Accountants, Lahore.	
LEGAL ADVISORS	Salim & Baig, Advocates - Lahore.	
CORPORATE ADVISORS	Cornelius, Lane & Mufti Legal Advisors & Solicitors - Lahore.	
SHARIAH ADVISOR	Mufti Muhammad Javed Hassan (Only for First Treet Manufacturing Modaraba)	
BANKERS	AL-Baraka Bank Pakistan Limited Askari Bank Limited BankIslami Pakistan Limited Dubai Islamic Bank Pakistan Limited Habib Metropolitan Bank Limited MCB Bank Limited National Bank of Pakistan Silk Bank Limited Soneri Bank Limited United Bank Limited	Allied Bank Limited Bank Alfalah Limited Habib Bank Limited Faysal Bank Limited JS Bank Limited Meezan Bank Limited Samba Bank Limited Sindh Bank Limited The Bank of Punjab MCB Islamic Bank Limited
REGISTERED OFFICE	72-B, Industrial Area, Kot Lakhpat, Lahore. Tel: 042-35830881, 35156567 & 35122296 Fax: 042-35114127 & 35215825 E-mail: info@treetonline.com Home Page: www.treetonline.com	

Company Information

SHARE REGISTRAR	Corplink (Private) Limited Wing Arcade, 1-K Commercial, Model Town, Lahore. Tel: 042-35916714 Fax: 042-35839182
TREET GROUP FACTORIES/ PROJECTS	<p>Head Office 72-B, Industrial Area, Kot Lakhpat, Lahore. Tel: 042-32590701, 35156567, 35122296 & 35830881 Fax: 042-35114127 & 35215825</p> <p>Blade/Razor Hali Road: P.O. Box No. 308, Hyderabad. Tel : 0223-880846, 883058 & 883174 Fax: 0223-880172</p> <p>First Treet Manufacturing Modaraba (Managed by Treet Holdings Limited)</p> <p>Battery project Faisalabad Industrial Estate Development and Management Company(FIEDMC) M-3 Motorway City, Sahianwala Interchange, Faisalabad.</p> <p>Packaging Solutions - Corrugation 22- K.M. Ferozepur Road, Kachha Tiba, Rohi Nala, Lahore. Tel: (042) 8555848</p> <p>Soap Division 80-K.M. G.T. Road, Gujranwala.</p> <p>Treet Holdings Limited (A wholly owned subsidiary of Treet Corporation Limited)</p> <p>Bike Project 72-B, Industrial Area, Kot Lakhpat, Lahore.</p> <p>Renacon Pharma Limited 18 - k.m., Ferozepur Road, Opp. Nishter Colony, Lahore. T: [+92 - 42] 35401847, 35401852, 35401851</p> <p>Institute for Art and Culture 7 Km, Thokar Niaz Baig, Main Raiwind Road Lahore +92 42 32590040 - 7,</p>
GROUP COMPANIES	<ul style="list-style-type: none"> i) Treet Holdings Limited ii) First Treet Manufacturing Modaraba iii) Treet HR Management (Private) Limited iv) Treet Power Limited v) Global Arts Limited vi) Society for Cultural Education vii) Renacon Pharma Limited
ADDRESS	72-B, Industrial Area, Kot Lakhpat, Lahore.
KARACHI OFFICE	6-B (A-1) Saaed Hai Road, Muhammad Ali Co-operative Society, Karachi. Tel: 021-34372270-1 Fax: 021-34372272

Directors' Profile



Dr. Mrs. Niloufer Qasim Mahdi

Chairperson/Non-Executive Director

Dr. Mrs. Niloufer Qasim Mahdi belongs to one of the top industrialist families of Pakistan. She is the daughter of late Syed Wajid Ali. She holds BA (Hons), MA, M.Litt, and D.Phil. degrees from Oxford University.

She owns and is the editor of an independent English-language weekly paper being published from Lahore, namely, "Cutting Edge".

Her portfolio includes:-

- Treet Holdings Limited
- First Treet Manufacturing Modaraba
- Global Arts Limited
- Cutting Edge (Pvt.) Limited
- Convener, Gulab Devi Chest Hospital, Kasur
- Chairperson, All Pakistan Music Conference



Syed Shahid Ali

Chief Executive Officer

Holding a Masters degree in economics, a graduate diploma in development economics from Oxford University and a graduate diploma in management sciences from the University of Manchester, Syed Shahid Ali became Chief Executive Officer for the Treet Group in 1995. Apart from holding directorships in various companies, he is also actively involved in social and cultural activities and holds senior positions on several hospitals.

His portfolio includes:-

- Packages Limited
- IGI Holdings Limited
- Treet Power Limited
- First Treet Manufacturing Modaraba
- Global Arts Limited
- Loads Limited
- Multiple Autoparts Industries (Pvt.) Limited
- Specialized Autoparts Industries (Pvt.) Limited
- Hi-Tech Alloy Wheels Limited
- Treet Holdings Limited
- Gulab Devi Chest Hospital
- Recacon Pharma Limited



Syed Sheharyar Ali

Executive Director

After returning from Saint Louis University, USA in 2001, Syed Sheharyar Ali became one of the youngest directors of Treet Corporation Limited. Currently at the age of 39 he manages a very diversified portfolio consisting of manufacturing, healthcare, information technology, automobiles, sports and music.

His portfolio includes:-

- Treet Power Limited
- First Treet Manufacturing Modaraba
- Global Arts Limited
- Loads Limited
- Multiple Autoparts Industries (Pvt.) Limited
- Specialized Autoparts Industries (Pvt.) Limited
- Specialized Motorcycle (Pvt.) Limited
- Cutting Edge (Pvt.) Limited
- Online Hotel Agents (Pvt.) Limited
- Frag Games (Pvt.) Limited
- Punjab Netball Federation
- All Pakistan Music Conference
- Treet Holdings Limited
- Gulab Devi Chest Hospital, Kasur
- RoboArt (Pvt.) Limited
- Spell Digital Movies (Pvt.) Limited
- Elite Brands Limited
- Hi-Tech Alloy Wheels Limited
- Recacon Pharma Limited

Directors' Profile



Dr. Salman Faridi

Independent Director

He is graduate from Dow Medical College and trained in UK as a Surgeon. He obtained FRCS in 1983. He is also fellow of Royal Society of Medicine. He has vast medical experience of more than two decades in UK, Middle East & Pakistan. Currently, He is Medical Director at the Liaquat National Hospital, Karachi, a largest hospital in the private healthcare in Pakistan. His Portfolio includes:-

- Standing Member of Pakistan Standard and Quality Authority for healthcare issues
- Member Corporate Syndicate for MBA in Healthcare Management at the Institute of Business Management, Karachi
- Member Advisory Board for Formulation of National Guidelines on the Prophylaxis and Management of Venous Thromboembolism (VTE)
- Treet Holdings Limited
- Recacon Pharma Limited



Muhammad Shafique Anjum

Executive Director

Mr. Anjum has been with the Treet Group for over 35 years. With a Mechanical Engineering degree, he has a vast experience in the razor blades and the allied product manufacturing field.

His portfolio includes:-

- Treet Power Limited
- Treet Assets (Pvt.) Limited
- First Treet Manufacturing Modaraba
- Treet HR Management (Pvt.) Limited
- Treet Holdings Limited
- Global Arts Limited



Mr. Saulat Said

Non-Executive Director

Mr. Saulat Said has been involved with some of the largest and oldest names in businesses in Pakistan with experience exceeding 35 years.

His portfolio includes:-

- Multiple Autoparts Industries (Pvt.) Limited
- Specialized Autoparts Industries (Pvt.) Limited
- Specialized Motorcycles (Pvt.) Limited
- Loads Limited
- Treet Holdings Limited
- First Treet Manufacturing Modaraba
- Global Arts Limited
- Hi-Tech Alloy Wheels Limited

Directors' Profile



Mr. Munir Karim Bana

Non-Executive Director

Mr. Munir K. Bana qualified as a Chartered Accountant in 1972 and is a fellow of the Institute of Chartered Accountants of Pakistan. He has been on the Board of Loads Limited and its group companies since 1996, initially serving as Director Finance and later elected as Chief Executive of the Group. Previously, he served on the Boards of multi-national companies, Parke-Davis & Boots, as Finance Director for 18 years. Nominated by the Prime Minister as Honorary Chairman of Karachi Tools, Dies & Moulds Centre, a public private-partnership, he served the institution for over 10 years. He was elected Chairman of Pakistan Association of Automotive Parts & Accessories Manufacturers ("PAAPAM") in 2012-13. He has been Board member of Treet Corporation since 2008.

His portfolio includes:-

- Multiple Autoparts Industries (Pvt.) Limited
- Specialized Autoparts Industries (Pvt.) Limited
- Specialized Motorcycles (Pvt.) Limited
- Loads Limited
- Treet Holdings Limited
- First Treet Manufacturing Modaraba
- Global Arts Limited
- Hi-Tech Alloy Wheels Limited



Mr. Imran Azim

Non-Executive Director

Mr. Imran Azim brings more than a two-decade experience with him to the board of Treet. His experience includes work in one of the largest financial institutions, asset management and manufacturing companies.

His portfolio includes:-

- Habib Asset Management Limited
- Treet Holdings Limited
- First Treet Manufacturing Modaraba
- Global Arts Limited



*We strongly believe
that stock markets are
catalyst to economic
growth and development
through access to finance
(primary market)
by perpetual funding
augmented with reduction
of financial risk.*



Production-Blade/Razor



MUHAMMAD SHAFIQUE ANJUM

Executive Director/COO



Muhammad Javaid Aslam
DGM-Disposable Razors



Akhlaq Ahmed
DGM - Double Edge Blade



Shahid Mehmood
Sr. Manager Civil Works



Rashid Ali Rizvi
General Manager Hyderabad



Ihsan Masih Gill
Sr. Manager Commercial



Muhammad Younas Khan
Sr. Manager MFG-IV(B)



Arshad Latif
DGM QCQA, R&D



Imran Khan
Works Manager



Rana Imran Ahmad
Sr. Manager (QMS)



Mr. Nisar Ahmed
Sr. Manager MFG-II(A)



Mr. Asghar Ali Bhatti
Manager MFG-III(B)



Mr. Amir Kaleem
Sr. Manager MFG-II(B&C)



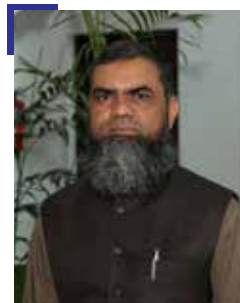
Lt. Col. R. Nisar Ahmed
Sr. Manager MFG-IV(A)



Mr. Azhar Saeed Butt
Manager MFG-III(A)



Mr. Zahid Anwar
Manager MFG-II(C)



Muhammad Azeem
Sr. Manager (PMP)



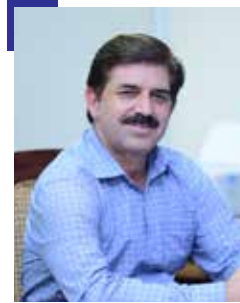
Muhammad Ali
Head of Internal Audit



Jahangir Bashir
Deputy Manager HR



Muhammad Imran Ch.
Manager HR



M. Naseem Khan
Manager MFG-II(A)



Safwan Mushtaq
Manager Store



Rashid Ali Rana
Deputy Manager Commercial



Tariq Mahmood
Deputy Manager Commercial



Ali Hamza
Asst. Manager Commercial

Sales & Marketing and Bike



SHAHID ZIA

Chief Operating Officer
(Sales & Marketing & Soap Operations)



Nasir Mehmood
GM Sales & Marketing



Feroz Hassan Khan
Export Marketing Manager



Israr ul Haq
Works Manager



Hammad Malik
GM Bike Division



Waqar Ali Hijazi
Product Manager



Saadat Ali Khara
Business Development Manager



Waqar Aftab Sherwani
MGR Creative Art & Design



M. Tayyab Akram
Zonal Sales Manager



Abdul Waheed
Deputy Manager Operations



Nadeem Afzal
Sales Analyst



Waqar Ahmed Rana
Manager Legal & Estate Affairs



Syed Basharat Ahmad
Manager Sales Coordination



Farhaan Abid Rao
Deputy Manager Exports



Khawaja Azhar Hussain
Production Manager Bike

Finance & Accounts



AMIR ZIA

Group Chief Financial Officer



Moazzam Hussain Hashmi
Group Chief Accountant



Rana Shakeel Shaukat
Group Company Secretary



Jawad Ahmad
Group Treasury Manager



Imran Munawar
HSE Manager



Adnan Khan Jalwana
Assistant Manager Accounts



Shahid Tanveer
Assistant Manager Accounts



Muhammad Zubair
Manager Costing



Ali Raza Gardezi
Assistant Manager Accounts



Aamir Hameed
Assistant Manager Accounts



Syed Abad Hassan
Assistant Manager Accounts



Danish Christopher
Assistant Manager Accounts



Usman Saleem
Asst Company Secretary



Hajra Noreen
Treasury Executive



Faizan Khalid
Deputy Manager Accounts



Ahsan Haseeb
Deputy Manager Accounts



Fizza Rafiq
Accounts Executive

Battery Project



ALI ASLAM

Chief Operating Officer
(Battery Project)



DongHyun Kim

Marketing & Liaison Director



Bong Ki Park

Production & Technical Head



Sohail Habib

Operations Manager



Farid Rasheed

GM Sales & Marketing



Sungwook Park

Manager QC&QA



Farhan Akhtar

GM Supply Chain



100% MAINTENANCE-FREE AUTOMOTIVE BATTERIES

 **READY TO USE**
ALREADY CHARGED FROM COMPANY AND READY TO INSTALL

 **QUICK ENGINE START**
HIGHEST CCA HELPS START CAR ENGINE IN EXTREME COLD WEATHER



DAEWOO BATTERY

میری طاقت، میرا یقین



Jo Gari sy Kary **Pyar**
Wo **Daewoo** sy kysy kary Inkar



 DaewooBatteryPakistan
  www.daewoobattery.com



Ali Raza Wahid
Manager Planning



Rehan Iqbal
Process Engineer



Col. Retd. Imran Zafar
Administration Manager

Corrugation Division



IMRAN AZIZ

Chief Operating Officer



Syed Ali Zulqarnain Bokhari
Head of Sales & Marketing



Mobeen Akhtar
Deputy General Manager



Azam Tariq Ghauri
System & HR Manager



Sajjad Ahmed Fakhri
Commercial Manager



Harris Najeeb Dar
Chief Accountant Packsol



Rehan Tariq Ghauri
Regional Sales Manager



Khawaja Amir Rehman
Manager Admin & Personnel



Hammad Ahmad
Asst. Manager Accounts



Saleem Fazal
Area Sales Manager



Usman Riaz
Liaison Manager



Shakeel Ahmad
Industrial Performance Coordinator



Nasar Hayat
Planning Officer



Hafiz Faheem Javed
Asst. Manager Sales



Sadia Ibrahim
Sales Coordinator

Information Technology



HUSSAIN YOUSUF

Chief Information Officer



Jamil Malik
Senior Manager MIS



Umar Farooq
Manager MIS



Muhammad Jahanger
Sr. Manager Infrastructure
& Support



Mahmood Aslam
Asst. Manager Infrastructure
& Support



Muhammad Ali Raza
Manager IT Security



Jawwad Ahmed Khan
Manager Infrastructure
& Support



M. Shoaib Mahmood
Manager MIS



M. Usman Ghani
Manager MIS



Institute for Art And Culture



SYED SHAHID ALI

Chancellor



Prof. Sajida Pervaiz Vandal
Vice Chancellor



Prof. M. Pervaiz Vandal
Pro. Vice Chancellor



Saulat Said
Director Administration



Masood ul Hassan
Treasurer



Nadeem Hassan Khan
Registrar



Col. Retd. Rana Irfan
GM Administration



Jamil Malik
Senior Manager MIS



Zafar Iqbal
Professor & Dean



Rehan yacob
Manager IT Infrastructure

Renacon



Dr. Salman Shakoh

Managing Director



Umer Saleem

Chief Operating Officer



Sajjad Haider

Manager Operations and Controls



Faraz Hussain Mirza

Project Manager



Naeem Khalid

Head Sales and Marketing



Mahmood Ahmed

Quality Control Manager



Sohail Qureshi

Manager Export Business



Fareed Ahmad
Manager Quality Assurance



M. Naveed
Asst. Manager Commercial



Muhammad Shafiq
Manager Production



M. Bilal Shafique
Accounts Asst.



M. Usman Faisal
Accounts Officer













Guidelines To Business Conduct

Employees

- No one should ask any employee to break the law, or go against Treet Group policies and values. We treat all employees equally and fairly.
- We do not tolerate any form of harassment.
- Information and necessary facilities are provided to perform jobs in a safe manner.
- Employees must not use, bring, or transfer illegal drugs or weapons on Treet Group's property.
- Employees should report suspicious people and activities.

Business Partners

- Avoid conflict of interest and identify situations where they may occur.
- Do not accept or give gifts, favors, or entertainment if it will appear to obligate the person who receives it.
- Use and supply only safe, reliable products and services.
- Respect our competitors and do not use unfair business practices to hurt our competition.
- Do not have formal or informal discussions with our competitors on prices, markets or products, or production or inventory levels.
- Manufacture and produce products according to contract specifications.

- Market our products and services in an honest and fair manner.

- Do not compromise our values to make a profit.

Business Resources

- Do not use inside information about the Treet Group for personal profit. Do not give such information to others.
- Do not use Treet Group resources for personal gain or any non-business purpose.
- Protect confidential and proprietary information.
- Do not use Treet Group's resources to send, receive, access or save electronic information that is sexually explicit, promotes hate, violence, gambling, illegal drugs, or the illegal purchase or use of weapons.
- Do not make false or misleading entries into the companies' books or records (within Treet Group).

Communities

- Follow all laws, regulations and Treet Group policies that apply to your work.
- Do not entice or give money or anything of value to government officials to influence their decisions.
- We measure and assess our performance, and are open and clear in our environmental communications.
- When Treet Group's standards are higher than what is required by local law, we meet the higher standards.

SADU	SDCA	SCL	SOA
			
School of Architecture, Design and Urbanism	SCHOOL OF DIGITAL AND CINEMATIC ART	School of Culture and Language	School of Art
<ul style="list-style-type: none"> • Bachelor of Architecture • Bachelor of Interior Design • Bachelor of Landscape Design 	<ul style="list-style-type: none"> • Bachelor of Film & Television • Bachelor of Animation Design • Bachelor of Game Design 	<ul style="list-style-type: none"> • Bachelor of Diplomacy and Culture 	<ul style="list-style-type: none"> • Bachelor of Fine Arts • Bachelor of Textile Design • Bachelor of Graphic Design



Corporate Social Responsibility



Treet Group

believes that a responsible attitude toward society and the environment can make a business more competitive, more resilient to shocks, and more likely to attract and hold both consumers and the best employees.

Treet Group

feels that social attitude is a significant part of its risk management and reputation strategy. In a world where brand value and reputation are increasingly seen as a **Treet Group's** most valuable assets, responsible social attitude can build the loyalty and trust that ensure a bright sustainable future.

Customers

Our future existence relies on understanding and satisfying our customers' present and future needs. Our goal is to be recognized by our customers as a high quality, innovative and cost effective supplier, and the most desirable to do business with. We recognize that, as a result, the next person in the process is our customer.

Our People

We value our family of employees as essential to the success of our **Treet Group**. We aim to develop a long term trusting relationship with each employee, encouraging their contributions and assisting in their personal development and education. In all dealings we will be fair and consistent.

Products and Services

We are recognized at large by our end products and services. We will endeavor to produce technologically advanced products and services that offer superior quality and value. Continued innovation and improvement are critical to our survival and growth.

Suppliers

We view suppliers of goods and services as an extension of our **Treet Group**, with whom we wish to develop long term trusting relationships. We expect our suppliers to embrace our quality improvement philosophy in their dealing with us.

Shareholders

We aim to be an organization in whom our shareholders have trust and pride. We will keep our shareholders properly informed of our **Treet Group's** performance and prospects. We recognize the need to provide our shareholders with an excellent return on investment, consistent with long term growth.

Planning

All short term decisions will be consistent with long term objectives that balance the needs of our people, customers, suppliers and shareholders. Each year these objectives will be widely communicated within our **Treet Group**.

Quality Improvement

We believe in step by step continual improvement of everything that we are engaged in, including our administration, marketing, sales, design, service, distribution and manufacturing. We will encourage cross-functional communication and co-operation to aid this.

Environment

Reflecting our commitment to a cleaner world, we aim to develop products and manufacturing processes which are as friendly to the environment as practicable.

Society

We will conduct our business at all times in a fair, ethical, consistent and professional manner. We accept our responsibilities to be a responsible community neighbour, and will continue to support community affairs.





Health, Safety and Environment Policy

Treet Group policy is to; Minimize its environmental impact, as is economically and practically possible.

Save raw material, water and energy and avoid wastage (and reprocess the waste to the maximum possible extent).

Ensure that all its present and future activities are conducted safely without endangering the health of its employees, its customers and the public.

Develop plans and procedures and provide resources to

successfully implement the policy and for dealing effectively with any emergency.

Provide environmental, health and safety training to all employees and other relevant persons to enable them to carry out their duties safely without causing harm to themselves, others and to the environment.

Ensure that all its activities comply with national environmental, health and safety regulations.

Donations, charities, contributions and other payments of a similar nature;

Companies within **Treet Group** are, subject to Board's approval, encouraged to provide support to local communities through donations, charities etc. to fulfill its duty toward social cause. But companies in our **Treet Group** will not, in any case, contribute any amount;

(a) to any political party; or

(b) for any political purpose to any individual or body.

Moreover, Companies in **Treet Group** shall not distribute gifts in any form to its members in its meeting.

“ Loyalty is to the values of the company, not to the company. If there are no values, there is no loyalty. ”



Investment /Funding and Dividend Policies

Investment Policy

The Executive Committee of the Directors is responsible for seeking/evaluating and recommending either;

- Portfolio Investments (i.e. in Shares/ Securities etc. (Fresh Issues or Market Purchase) or Financial claims); or
- Investment in New Projects (either equity based or loan based); or
- Joint Ventures; or
- Investment in Intangibles (Goodwill/ Trade Marks/ Patents etc.)

Moreover, Executive Committee ensures that Proposed Investments are set out in **Treet Group's** vision and Strategic domain.

Funding Policy

It is **Treet Group's** policy not only to utilize funds efficiently but also to seek funds from the cheapest source(s).

Treet Group advertently evaluates, from time to time, different funding options for;

- Working Capital Requirements (including import/ export financing)
- Medium Term Rollovers/Capital Requirements
- Long Term Project Based Requirements
- These funding options may include;
- Internally Generated Funds*
- Bank Borrowings (Short Term as well as Long Term)
- Trade & Sundry Credits
- Debt Instruments (Commercial Papers/ Bonds/ TFC etc.) issued to Institutions or Public in general
- Subordinate- Debts
- Leasing (Operating as well as Capital)
- Equity Financing etc.

** This includes Intra-Treet Group resource sharing. Corporate strategy (by the parent company i.e. Treet Corporation Limited) will seek to develop synergies by sharing and coordinating staff and other resources across business units, investing financial resources across business units, and using business units to complement other corporate business activities.*

Moreover, the above funding options may augment other ancillary financial products (i.e. derivatives like shares options etc.).

Dividend Policy

The Companies in **Treet Group** in general meeting may declare dividends; but no dividend shall exceed the amount recommended by the directors; and

No dividend shall be declared or paid by a company for any financial year out of the profits of the company made from the sale or disposal of any immovable property or assets of a capital nature comprised in the undertaking or any of the undertaking of the company; and

- No dividend shall be paid by a company otherwise than out of profits of the company; and
- The Board may approve and pay to the Members such interim dividends as appears to be justified by the profits of the Company; and
- The Board may, before recommending any dividend, set aside out of the profits of the Company, such sums as they think proper as a reserve(s), which shall, at the discretion of the Board, be applicable for meeting contingencies etc.; and
- Company's dividend decision will be auxiliary to Company's Financing Policy

Dividend Policy for First Treet Manufacturing Modaraba

Not less than 90% of the net income in respect of the Modaraba's business [non-trading] activities, determined after setting aside the mandatory reserves as per Prudential Regulations for Modaraba, is to be distributed at least once in every year to the certificate holders in proportion to the number of certificates held by them. Distribution will be in the form of cash dividend. No dividend shall be paid otherwise than out of the profits of the Modaraba for the year or any other distributed profits.

Quality Policy

Treet Corporation Limited

strives to meet the international standards. Top management of the Corporation is committed to a policy of sustained growth. The employees are quality conscious and work in highly motivated environment. The management is focused on customer satisfaction by continually upgrading human resource skills, technology and promoting a balanced trilateral customer – organization – supplier relationship.



SYED SHAHID ALI
Chief Executive Officer



Endeavors

Fiscal year 2017-18 registered some remarkable endeavors.

1. Lead Acid Battery Project

Your Company is bringing state of the art technology comparatively having more efficiency and bringing maintenance free sealed batteries (MFSB) in Pakistan with multinational brand name (i.e. Daewoo) for Batteries which is already a well established name in the Country. Moreover, Korean experts in the field will be handling this project.

One of the major decision is the pricing strategy of the local production vis-à-vis imported batteries (trading items) since

Maintenance Free Sealed Batteries	Deep Cycle Batteries
Plug and play advantage - no need to recharge before installation.	Longer Life Cycle
Low Self Discharged Rate - even if no recharge for a longer period.	Thicker Plates
No hassle of topping up of water/alkaline	True deep discharged for more amperes
High Cold Cranking Rate - better performance in extreme cold weather	Lower Maintenance hassles

your Company is also importing lead acid batteries to establish the channel of distribution well before our local production. Imported batteries 'costs are substantially higher than the local batteries 'production and to get the volumes of local production pricing has to be competitive thus your Company has to give discounts on imported batteries to clear the stock at Company's level and distribution level. So your Company has booked onetime loss on the stock [and on debtors through discounts plus warranty] of Rs. 380 million (appx). This is one of the major reason of decline in net profits.

2. Educational Project

One of the Projects that Company has embarked is an "educational project" in field of Art, Culture and Architecture. This Project is implemented through two subsidiaries i.e. Global Arts Limited (GAL) and Society for Cultural Education (SCE). SCE has established an Institute in the field of Art, culture and Architecture through promulgation of an Act by National Assembly through "The Institute for Art and Culture Act, 2018 (Act No.XXX1 of 2018)".

School of Digital & Cinematic Art (SDCA)	School of digital and Cinematic Art (SDCA) offers wide-ranged and thorough degree programs for talented youth to become a successful part of an ever growing multi-billion dollar industries: Game design, Animation, Film and Television. The degree programs are practice-oriented, providing hands-on training to the students in the areas of their interest along with critical thinking approach and an eye on the history and culture of the region. The school offers solid foundations in all aspect of the relevant industry requirements, as we untie the entertainment, information and communication world from the general to the specific, from the theoretical to the practical, with the focus on research work and special projects, aiming to put our students at the top of the industry.
School of Architecture, Design & Urbanism (SADU)	The School of Architecture, Design and Urbanism (SADU) looks at design activity that fundamentally shapes our world. The School trains students with a specific focus on the region and culture. The academic programs are based on the process of critical thinking and venture into the areas of inclusive and participatory architecture, design and urbanism. SADU focuses on areas of community participation, creative partnerships and urban research to develop a specialized professional expertise and knowledge.

School of Culture and Language (SCL)	The School of Culture and Language (SCL) aims to create socio-historical consciousness needed to promote cultural sensitivity and culturally driven practices. SCL aims to promote creative expression through exposure to diverse culture practices in which language, art, music, theatre and storytelling constitute an important component. The school offers a Bachelor's degree in Culture and Development Studies. The Degree program explores the dialectics of culture and development and enables students to search and recognize creativity inherent in culture and employ it towards development.
School of Art (SOA)	The School of Art (SOA) offers degree programs in Fine Arts and Design modeled on an integrated approach to Art and Design learning. It bridges the gap between traditional and contemporary Art making practices of the region by recognizing their shared histories, processes of making and the interdependence of their prospective global faces.

3. Pharmaceutical Business

Your Company has acquired majority equity stake in Renacon Pharma Limited in the last year [2016-17]. Renacon Pharma is the pioneer of Bicarbonate Hemodialysis Concentrate manufacturing in Pakistan with ISO 9001, ISO 13485, CE0120 & cGMP certification. It produces various types of high quality Hemodialysis Concentrates (solutions & powder) for all brands of dialysis machines, which is provided at a very reasonable cost.

Research and Development is the backbone of Renacon Pharma which produced Bicarbonate Hemodialysis Concentrates first time in Pakistan in 1997 and introduced at 1/4th of the rate of imported one. Now Renacon Pharma can provide any formulation for any brand of machine in powder and solution form. Citrate Hemodialysis Concentrate can also be provided. Moreover apart from Bicarbonate Cartridge, fully Automate, PLC-controlled mixer has been developed by Renacon Pharma for dissolving Powder Concentrate in Hemodialysis centers. Several Nutritional products for kidney-failure-patients will also be launched shortly. Several other products being developed by R&D department are in the pipeline.

Your Company is expanding its operations and also entering into concentric diversification. Moreover, your Company is also enlisting this Company at PSX.

4. Chemical Business

Epoxy resins have been widely used for coatings, electronic materials, adhesives, and matrices for fiber-reinforced composites because of their outstanding mechanical properties, high adhesion strength, good heat resistance, and high electrical resistance. The final properties of cured epoxy resins are affected by the type of epoxy resin, curing agent, and curing process. Your Company has signed an agency agreement with Kukdo Chemical Company Limited (the world's best epoxy producer) for sales & marketing of their industrial chemicals like Epoxy Resin, Hardener, Polyuria Polyol and other related products in Pakistan.

Detailed marketing study is concluded and your Company is starting to import and market the chemical products in the FY 2017-2018. Initially test marketing will be done and after passing through learning curve of the industry proper sales and marketing strategy will be implemented.

5. Treet Corporation Limited – Employees Stock Option Scheme [ESOS] for its employees

Your Company considers its employees to be the most valuable asset and to get their commitment and efforts, your Company firmly believes in providing them conducive environment and making them feel a sense of security. Core objective of the scheme is to provide incentives to its employees (including employees of its subsidiaries) This will not only slow down employee turnover but will also provide them a sense of ownership of the Company resulting in better performance towards growth of the Company.

The Compensation Committee shall determine and recommend to the Board of Directors about Eligible Employees who are entitled to grant of Options for the Financial Year preceding the Date of Entitlement, and the proposed terms and conditions and quantum of each Option and shall be subject to such other requirements and modalities, as the Company may from time to time prescribe.

Rules & Procedures

Appraisal Process :

On or prior to the Date of Entitlement (and at least once in every Financial Year), Management will recommend a list of employees to the Compensation Committee (CC), the CC shall determine and recommend to the Board as to which Eligible Employees are entitled to grant of Options for the Financial Year preceding the Date of Entitlement, and the proposed terms and conditions and quantum of each Option. The CC shall, in determining the aforementioned entitlement, take into account the Entitlement Criteria and undertake performance evaluation based on a system of ratings, competitive pay levels, level of responsibility, number of years of service and information provided by the heads of department.

Entitlement Criteria shall include the following factors:

- Grade and Pay Scale;
- Performance Evaluation;
- Level of Responsibility;
- No. of Years of Service;

Procedure:

- Within 30 days of the Date of Entitlement, the Board, on recommendation of the CC, may in its discretion grant the recommended Options to the recommended Eligible Employee in respect of the immediately preceding Financial Year.
- In evidence of the Option granted to an Eligible Employee, the Company shall deliver an Option Certificate to such Eligible Employee, stating therein the Entitlement of the Eligible Employee, the Date of Grant, the Exercise Period, the Minimum Vesting Period and the Option Price. Each Option shall be personal to the Eligible Employee to whom it is granted and, other than a transfer to the Eligible Employee's legal heirs on his death, shall not be transferable, assignable or chargeable in any manner whatsoever. Any other purported transfer, assignment, charge, disposal or dealing with the rights and interest of the Option Holder under this Scheme or under an Option shall render such Option null void.
- The aggregate number of the Shares for all Options to be granted under this Scheme to all Eligible Employees shall not, at any time, exceed the Entitlement Pool.

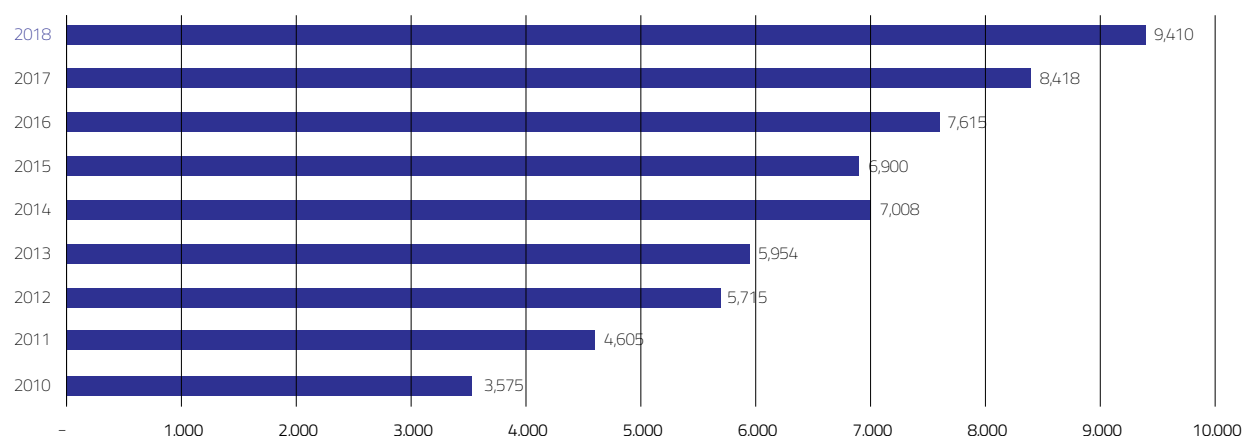
Endeavors

Summary:

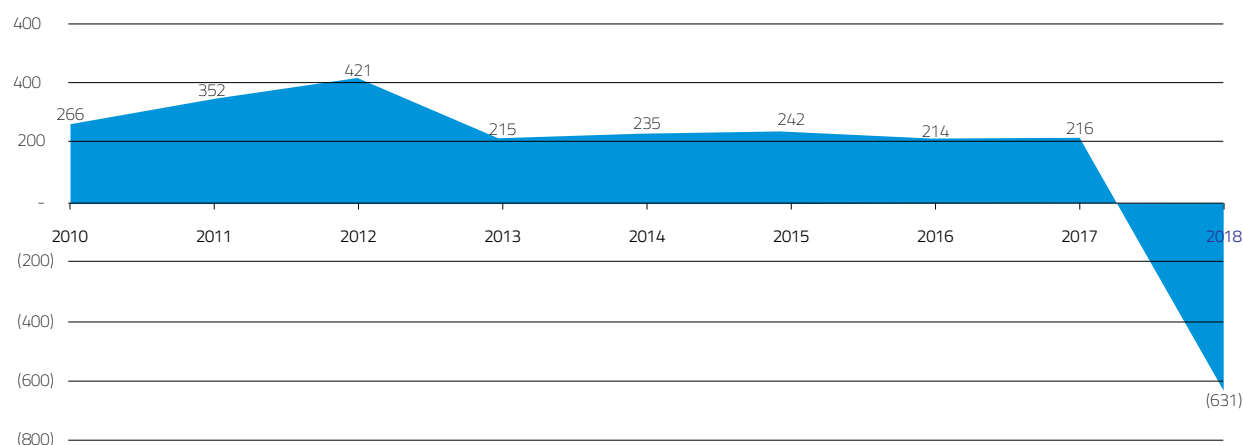
- | | |
|--|---|
| a. Total number of options to be granted: | 15% of the paid-up capital of the Company (as increased from time to time till such time as Shares issued under the Scheme reach 15 % of the paid-up capital) |
| b. Identification of classes of employees entitled to participate in the Scheme: | <p>a. A regular employee who is on payroll of the Company working in Pakistan or outside Pakistan (and who is admitted to the Scheme by the Board);</p> <p>b. An Executive Director who is on the payroll of the Company;</p> <p>c. A Chief Executive who is on the pay roll of the Company;</p> <p>d. Subject to compliance with rule 6 (II)(a) of the Rules, a regular employee of any wholly subsidiary company(ies) of the Company, and/or an Executive Director and/or Chief Executive Officer who is on the payroll of any wholly subsidiary Company(ies) and who is admitted to the Scheme by the Board.</p> |
| c. Requirements of vesting and period of vesting: | <p>An Option or any portion thereof shall be exercised during the applicable Exercise Period, subject to expiry of the relevant Minimum Vesting Period.</p> <p>The Minimum Vesting Period for an Option shall, unless otherwise determined by the Compensation Committee at the time of grant of an Option, be a period of 12 months from the Date of Grant of the Option.</p> |
| d. Maximum period within which any option shall be vested: | One (1) year from the expiry of the Minimum Vesting Period; |
| e. Exercise price or pricing formula: | Weighted average of the closing market price of the Shares of the Company at the Karachi Stock Exchange Limited for the last 90 consecutive calendar days immediately preceding the Date of Grant of the relevant Option. Provided that it shall not in any case be less than the face value of Rs.10.00 per share. |
| f. Appraisal process for determining eligibility of an employee to the Scheme: | On or prior to the Date of Entitlement (and at least once in every Financial Year), the CC shall determine and recommend to the Board as to which Eligible Employees are entitled to grant of Options for the Financial Year preceding the Date of Entitlement, and the proposed terms and conditions and quantum of each Option. The CC shall, in determining the aforementioned entitlement, take into account the Entitlement Criteria and undertake performance evaluation based on a system of ratings, competitive pay levels, level of responsibility, number of years of service and information provided by the heads of department. |
| g. Maximum number of options to be issued per employee and in aggregate | The aggregate number of the Shares for all Options to be granted under this Scheme to any single Eligible Employee shall not, at any time, exceed five percent (3%) of the paid-up capital of the Company (as increased from time to time). Provided that the grant of Options to Eligible Employees in any one calendar year exceeding Three percent (3 %) of the paid-up capital of the Company (as increased from time to time but excluding outstanding conversions) shall require the approval of the shareholders of the Company |

Financial Highlights

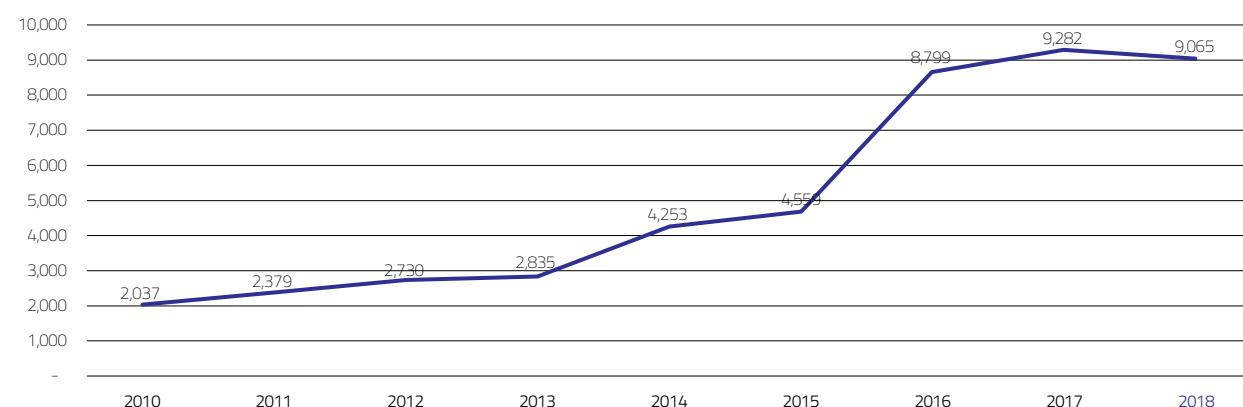
Sales Trend



Net Profit/(Loss) After Tax

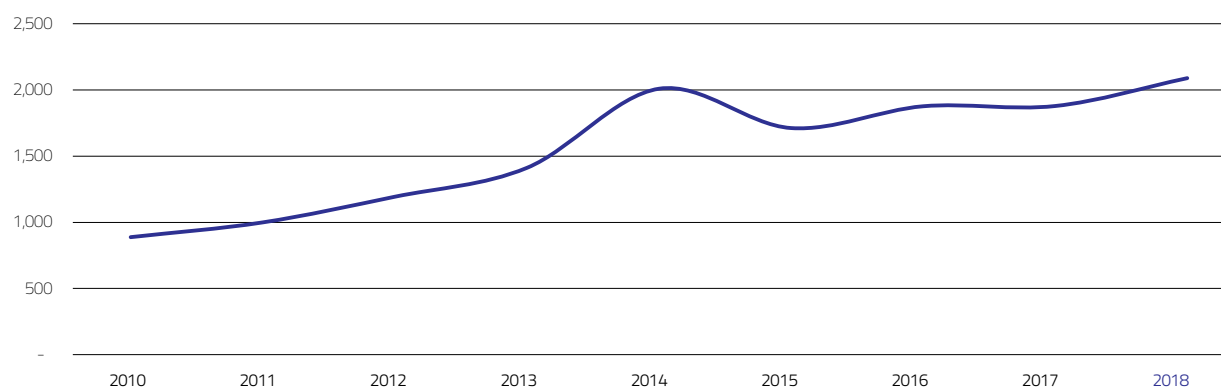


Shareholders' Equity + Revaluation Surplus

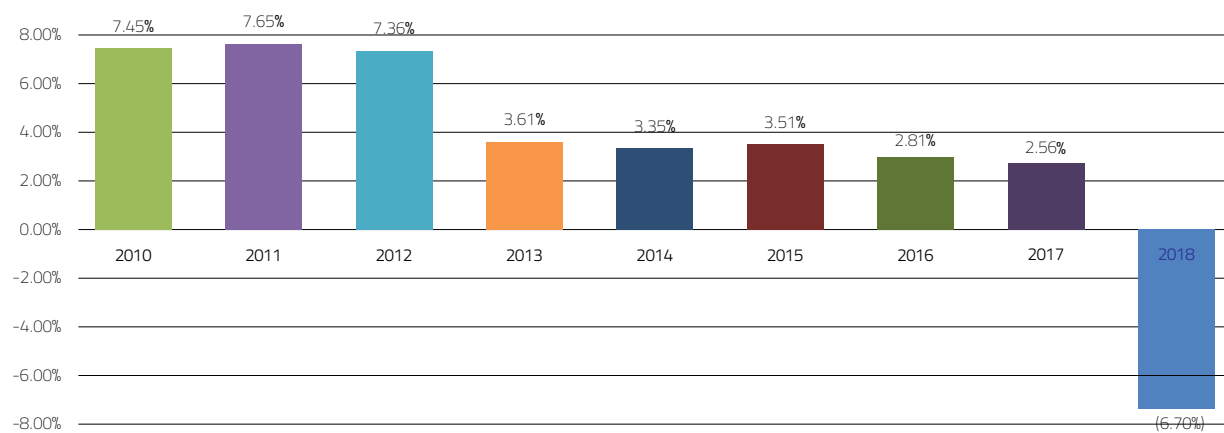


Financial Highlights

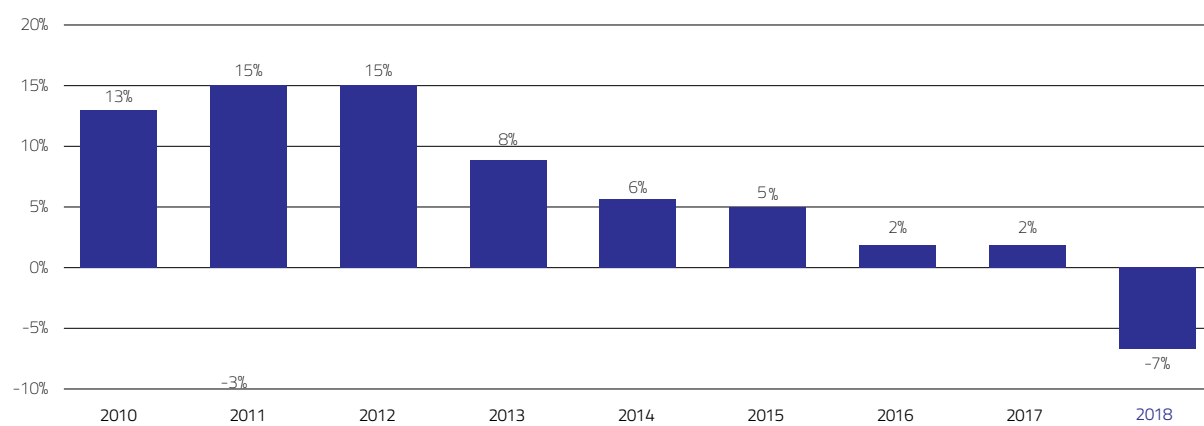
Export



NPAT %

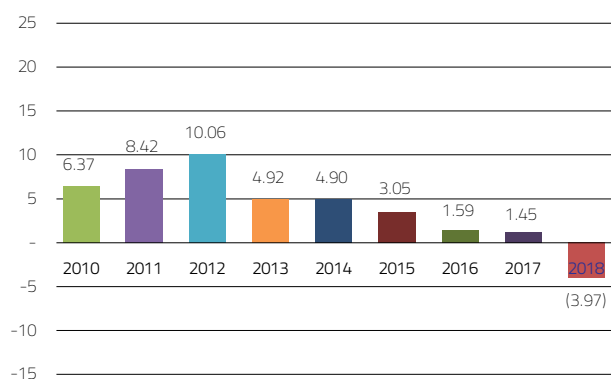


ROE

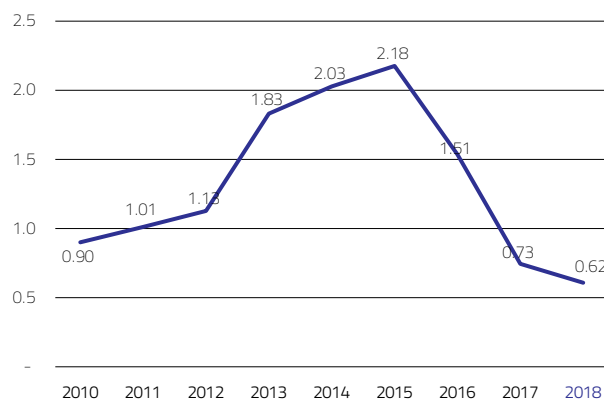


Financial Highlights

EPS

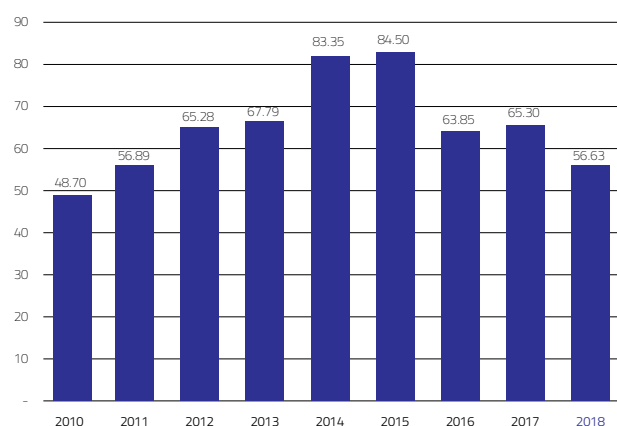


Current Ratio

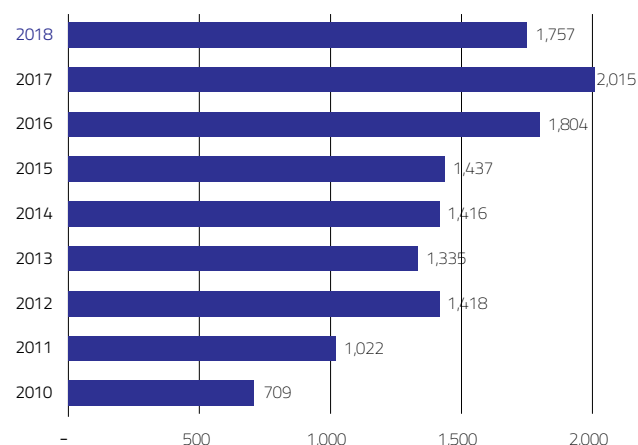


Book Value per Share

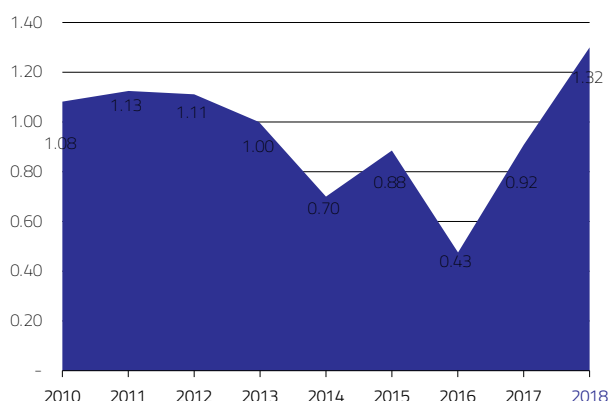
(Including Revaluation Surplus)



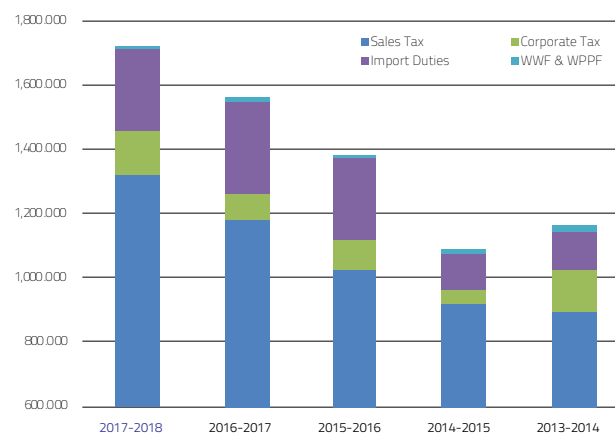
Gross Profit



Total Liabilities to Equity

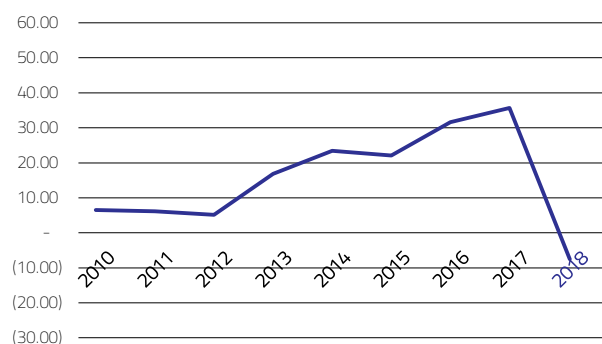


Contribution to Exchequer

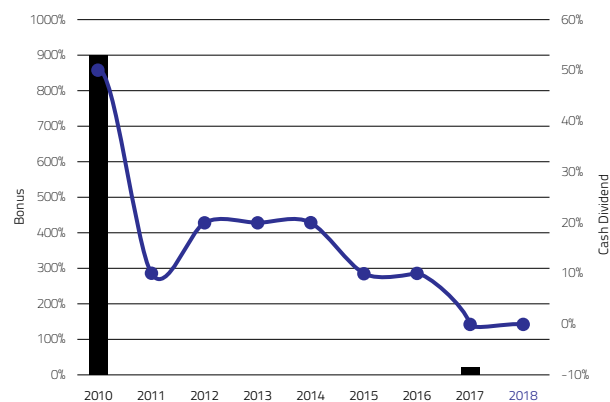


Financial Highlights

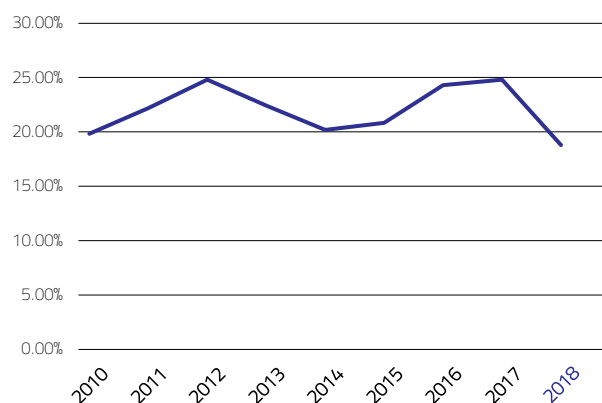
P/E Ratio



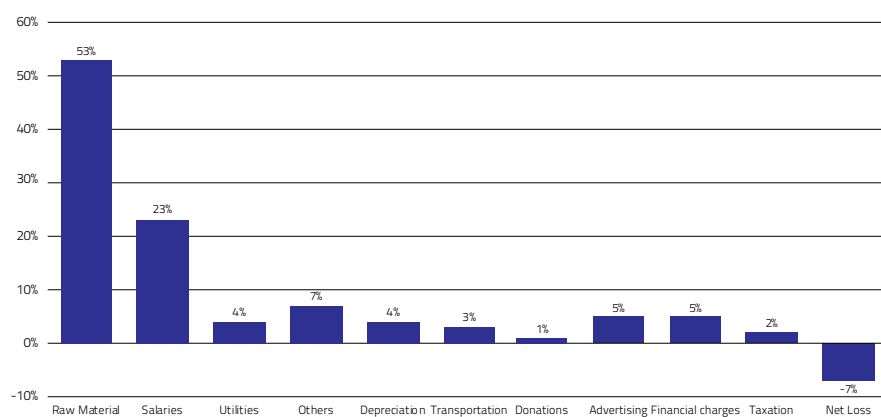
Bonus and Cash Dividend



GP Margin %

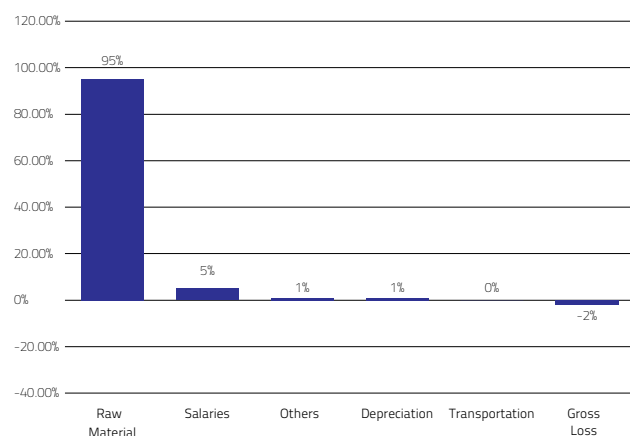


Revenue Distribution-Consolidated

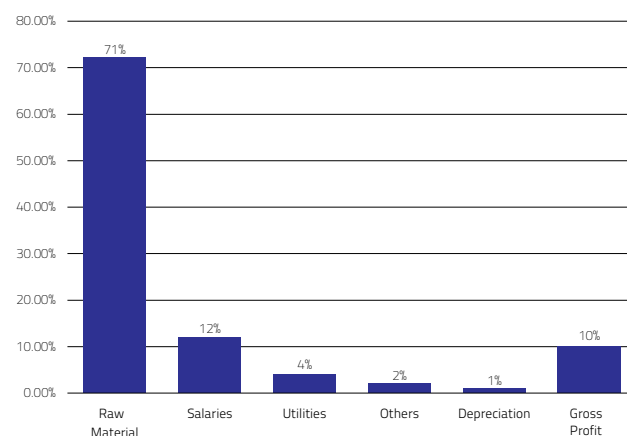


Financial Highlights

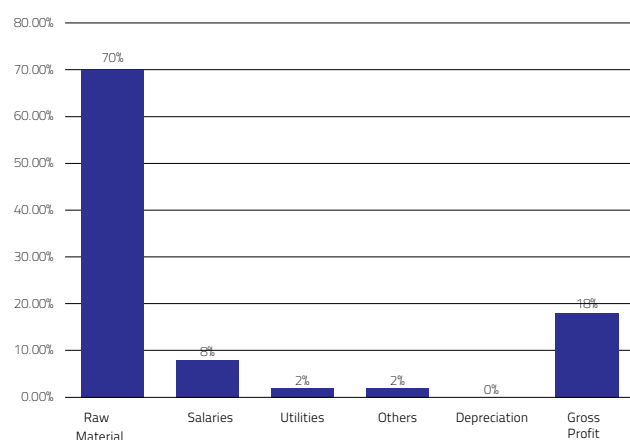
Motor Bike



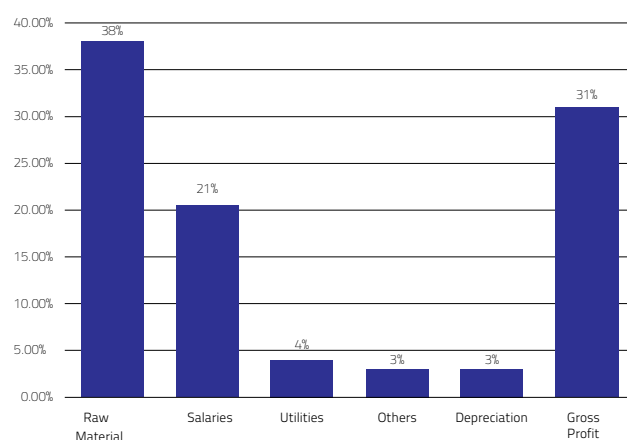
Corrugation



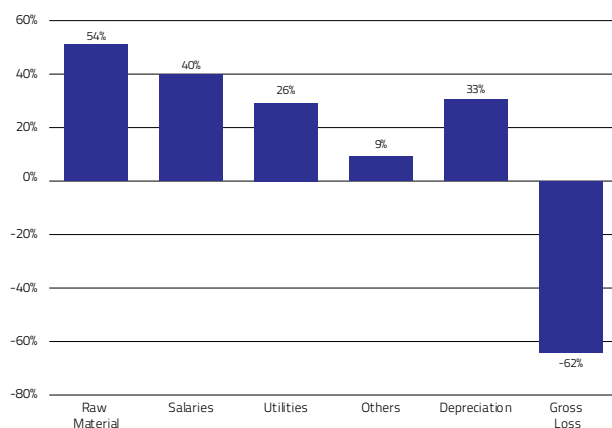
Soap



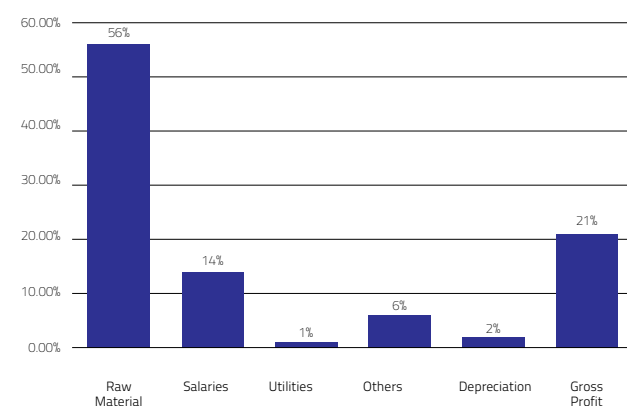
D/E + Bonded



Battery



Renacon



Key Operating Financial Data

Rs. in 000	2018	2017	2016	2015	2014
Sales	9,410,276	8,418,188	7,615,231	6,900,175	7,008,496
Export Sales	2,087,699	1,877,190	1,875,341	1,710,675	2,007,813
Gross Profit	1,757,380	2,014,884	1,804,382	1,437,390	1,415,599
Profit before Taxation	(478,835)	304,576	267,796	214,132	246,522
Profit after Taxation	(630,512)	215,910	214,314	242,213	234,561
Shareholders' Equity + Revaluation Surplus	9,065,394	9,281,533	8,798,692	4,558,790	4,252,574
Fixed Assets - Net	13,308,050	11,383,772	7,840,611	4,202,680	3,081,461
Total Assets	21,001,871	17,777,635	12,544,365	10,990,970	7,245,375
Total Liabilities	11,936,477	8,496,102	3,745,673	4,010,568	2,992,800
Current Assets	7,025,973	5,717,417	4,335,134	6,462,531	3,878,446
Current Liabilities	11,419,384	7,828,940	2,866,738	2,970,673	1,911,553
Cash Dividend	0%	0%	10%	10%	20%
Stock Dividend	0%	10%	0%	0%	0%
Shares Outstanding	160,084,685	142,143,666	137,804,309	53,950,701	51,023,144
*Restated					
Important Ratios	2018	2017	2016	2015	2014
Profitability					
Gross Profit	18.68%	23.93%	23.69%	20.83%	20.20%
Profit before Tax	-5.09%	3.62%	3.52%	3.10%	3.52%
Profit after Tax	-6.70%	2.56%	2.81%	3.51%	3.35%
Return to Equity					
Return on Equity before Tax	-5.28%	3.28%	3.04%	4.70%	5.80%
Return on Equity after Tax	-6.96%	2.33%	2.44%	5.31%	5.52%
Earning per Shares	(3.97)	1.45	1.59	3.05	4.90
Liquidity/Leverage					
Current Ratio	0.62	0.73	1.51	2.18	2.03
Break-up Value per Share	56.63	65.30	63.85	84.50	83.35
Total Liabilities to Equity	1.32	0.92	0.43	0.88	0.70
% Change	2018	2017	2016	2015	2014
Sales	11.79%	10.54%	10.36%	-1.55%	17.71%
Export Sales	11.21%	0.10%	9.63%	-14.80%	42.43%
Gross Profit	-12.78%	11.67%	25.53%	1.54%	6.05%
Profit before Taxation	-257.21%	13.73%	25.06%	-13.14%	9.06%
Profit after Taxation	-392.03%	0.74%	-11.52%	3.26%	9.08%
Shareholders' Equity + Revaluation Surplus	-2.33%	5.49%	93.00%	7.20%	49.99%
Fixed Assets - Net	16.90%	45.19%	86.56%	36.39%	34.59%
Total Assets	18.14%	41.72%	14.13%	51.70%	27.51%
Total Liabilities	40.49%	126.82%	-6.60%	34.01%	5.12%
Current Assets	22.89%	31.89%	-32.92%	66.63%	23.60%
Current Liabilities	45.86%	173.10%	-3.50%	55.41%	11.51%
Dividend		-100.00%	0.00%	-50.00%	0.00%
Shares Outstanding	12.62%	3.15%	155.43%	5.74%	22.00%

Our Products



Grooming is easy only
when you buy **right products**

Our Products



Our Products



Our Products

PACKAGING THAT ENSURES PROTECTION



—
**ECO FRIENDLY
PACKAGING**



PACKAGING SOLUTIONS

- SAFE
- RELIABLE
- AFFORDABLE
- FUNCTIONAL



Our Products



Our Products



Our Products



Governance

"The way to get things done is not to
mind who gets the credit for doing them"

Benjamin Jowell

Chairperson's Review



Dr. Mrs. Niloufer Qasim Mahdi
Chairperson/Non-Executive Director

I am pleased to place before you annual report together with audited financial statements of the Company for the year ended on 30th June 2018 and the auditors' report thereon.

FY 2017-2018 was a good year for the Country generally but since it was the first year (04 month) for the battery operations and Company had to rationalized the price of imported batteries with the locally manufactured batteries, overall battery business (manufactured plus trading) triggered operating losses for the Company.

Generally, factors that contributed to the negative performance were as follows:

1. Battery operations have been kicked-off this period. But since resources (e.g. labour force, technical experts, depreciation etc.) has to be pooled at outset (expense side) before sales volumes are getting momentum;
2. Imported batteries 'costs are substantially higher than the local batteries 'production and to get the volumes of local production pricing has to be competitive thus your Company has to give discounts on imported batteries to clear the stock at Company's level and distribution level. So your Company has booked onetime loss on the stock [and on debtors through discounts plus warranty].
3. Grid installation was under process in this period so your Company had to bear higher fuel costs in the form of diesel generation in battery plant ;
4. Corrugations margins are squeezed due to intense competition;
5. Soaps margins are also dropped due to reduction in sales volumes;
6. Financial charges due to increased bank borrowing levels;

But your management is determined to cope with challenges and is working on the strategy to increase its sales volumes and to avail full benefits of the opportunities by continued focus on quality, productivity, and cost control and after sales service to improve its competitiveness.

Your Company has maintained effective system of Internal Controls, upgraded its Information System and has successfully implemented Oracle Financials across its business units (SBUs).

At the Board level we endeavor to fulfill our Corporate Social Responsibility, nurture Business Ethics across the business units and operate an effective Administrative Procedures and Controls coupled with very sound Human Resource Management Policies.

We stay committed to effective product mix management, optimization of our value chain process, investment in technology and information systems and promoting a balanced trilateral customer-organization-supplier relationship.

We firmly believe in reducing business risk through our diversification stratagem [investment policy] and mitigating financial risk through our Financing Strategy.

We would like to thank our customers for their trust and also like to thank all our colleagues, management and staffs that are strongly committed to their work as the success of your Company is built around their efforts. We also thank our shareholders for their confidence in the Company and assure them that we are committed to do our best to ensure best rewards for their investment in the Company.

Directors' Report to the Shareholders

The directors of your Company take pleasure in presenting the Annual Report together with your Company's Annual Audited Financial Statements for the year ended June 30, 2018.



Syed Shahid Ali
Chief Executive Officer

Economic Outlook

Pakistan has achieved thirteen-year high growth rate of 5.80% p.a. mainly due to major infrastructure projects and low interest rates. Agriculture, LSM, Service sectors performed extremely well during the year.

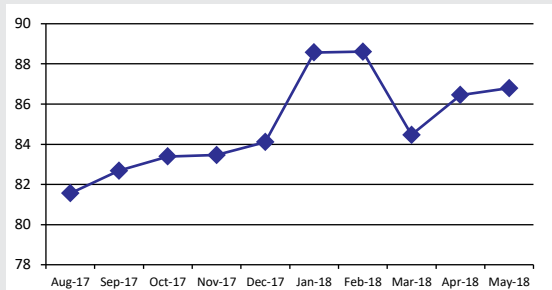
CPI inflation decreased to 3.90% from 4.20% last year

and this inflation is mainly resultant from demand side growth ensuing in declined unemployment rate.

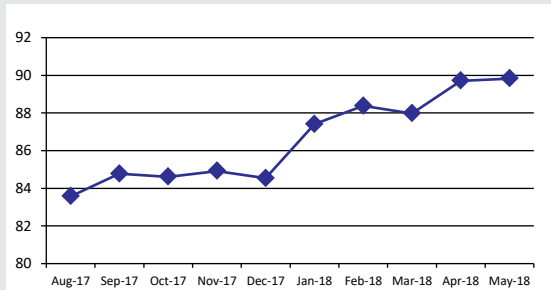
The present economic situation presents some opportunities for Pakistan. But the country also has some serious long-term challenges. Unless the long-term challenges are decisively tackled, such opportunities will only lead to sporadic bursts of growth rather than a sustained upward trajectory.

Prices of commodities and metals have shown increase from July 2017 to June 2018. That will be translated into higher inflation in the coming months.

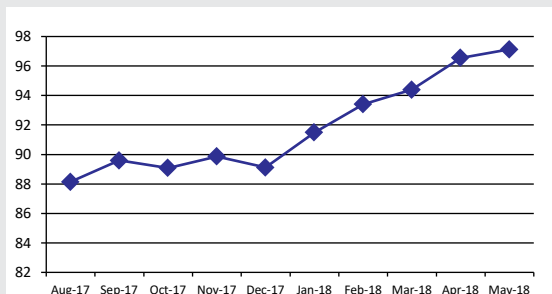
Metal Price Index



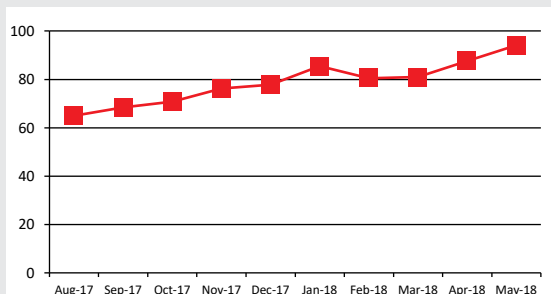
Commodity Non-Fuel Price Index



Commodity Food Price Index



Commodity Fuel (Energy) Index



Operating and Financial Results

The management of your Company is well aware of the posed challenges and is deploying a most feasible marketing mix at trade and retail levels and is taking all possible measures to meet these challenges. Moreover, your Company is continually reviewing its business strategy to cope with the threats and has been incessantly endeavoring not only to tap alternative competitive sources of raw material/ inputs but also trying to optimize the throughput.

Fiscal year 2017-18 registered some remarkable endeavors.

1. Your Company has decided to expand / diversify its pharmaceutical business through Renacon Pharma Limited;
2. Battery plant under First Treet Manufacturing Modaraba has commenced its commercial production;
3. Charter has been granted through promulgation of an Act by National Assembly titled "The Institute for Art and Culture Act, 2018 (Act No.XXX1 of 2018);
4. Securities and Commission of Pakistan (SECP) has accorded its approval for Treet Corporation Limited - Employees Stock Option Scheme [ESOS] for its employees. Your Company has granted 14,747,000 options to its employees so far;

Directors' Report to the Shareholders

Following is the summary of comparative financial results:

(Rupees in thousand)	2018		2017		% Change	
	Treet (1)	Consolidated (2)	Treet (3)	Consolidated (4)	(1) over (3)	(2) over (4)
Sales (net of sales tax)	6,094,956	9,410,276	5,355,311	8,418,188	13.81%	11.79%
Gross Profit	1,598,263	1,757,380	1,631,431	2,014,884	-2.03%	-12.78%
Operating Profit	101,325	(93,357)	313,996	511,999	-67.73%	-118.23%
Profit/(Loss) before taxation	13,670	(478,835)	104,777	304,576	-86.95%	-257.21%
Provision for taxation	(96,694)	(151,677)	(39,096)	(88,666)	147.32%	71.07%
Profit/(Loss) after taxation	(83,024)	(630,512)	65,681	215,910	-226.40%	-392.03%
EPS (in Rupees)	(0.52)	(3.97)	0.43	1.45		

Sales performance showed encouraging results. Export sales has shown impressive growth despite Middle East situation and general slowdown in global economy. However, local market maintained its foothold:

% Change over Corresponding Period (Consolidated)

	Blade/ Razors	Soap	Corrugation	Trading	Pharmaceutical	Bike	Battery
Sales	12%	-23%	-1%	48%	120%	-1%	
COGS	15%	-22%	2%	89%	118%	-13%	
Gross Profit	4%	-27%	-20%	-2574%	129%	-87%	

Gross profit margins are decreased mainly due to the following factors;

- Trading Segment:

- Import and trading of batteries has shown negative results due to increased duties (reclassification of H.S. Code).
- Your Company has started commercial production of lead acid batteries since February 2018. One of the major decision is the pricing strategy of the local production vis-à-vis imported batteries (trading items) since your Company is also importing lead acid batteries to establish the channel of distribution well before our local production. Imported batteries 'costs are substantially higher than the local batteries 'production and to get the volumes of local production pricing has to be competitive thus your Company has to give discounts on imported batteries to clear the stock at Company's level and distribution level. So your Company has booked onetime loss on the stock

[and on debtors through discounts plus warranty] of around Rs. 186 million. Total loss on trading segment is around Rs. 380 million. This is one time loss and is one of the major reason of decline in net profits.

- Lead Acid Batteries Segment:

Your Company has started commercial production of lead acid batteries since February 2018. In the initial period, profitability is in **Red** due to following factors:

- Manpower is to be built up and to be trained through learning curve. Your Company has hired full work force and are being trained by the Korean experts since this is new technology and local expertise are not available and has to be trained and built up with this passage of time;
- Cost of Korean experts is relatively high but has to be borne to develop the local workforce;

Directors' Report to the Shareholders

- Production pace is slow and will be geared up gradually as learning curve is developed;
- Depreciation and other fixed costs are to be borne fully irrespective of production volumes;
- Utilities costs are high due to diesel generation. But this will be calm down in the coming months since Company's own grid is installed and functioning;
- Total impact is Rs. 339.00million (appx). Your Company is making full efforts to achieve positive EBITDA in Financial Year 2018-2019. Moreover, efforts are being made to explore export markets and necessary certifications are under process. Distribution channel is established and will be strengthen further in the coming month.

Operating profit is also in red mainly because of increase in operating costs due to new projects and expansion and that includes;

- Salaries and wages;
- Trade discounts and warranties (as described above);
- Donation to Society for Cultural Education;

Factors having –ve impact Net Profit:

- Financial Charges due to increased borrowings;
- Deferred taxation

Dividend

Due to expansion/diversification plans of the Company, Board of Directors of the Company has decided not to declare dividend for this financial year.

Appropriations

Rs. in 000	2017-2018	2016-2017
Un-Appropriated Profit b/f	974,863	1,083,270
Incremental Depreciation	8,854	6,653
Other Comprehensive Loss	(62,558)	(42,937)
(Loss)/Profit during the period	(83,024)	65,681
Issuance of Bonus Shares @ 10%	(142,870)	-
Dividend Distributed	-	(137,804)
Un-Appropriated Profit c/f	695,265	974,863

Remuneration Policy of non Executive Director

The remuneration of non –Executive Directors including chairman of board and independent directors is determined by the Board of Directors.

Auditors

The Audit Committee of your company has recommended that, the present auditors, M/s KPMG Taseer Hadi & Company Chartered Accountants due to retire and being eligible, are offering themselves for reappointment, may be appointed as auditors of your Company for another term.

Future Outlook

Some of the challenges and prospects faced by Pakistan's economy are as under:

Challenges

- Mounting debt
- Rising imports, declining exports
- Excessive taxation and regulations
- Lack of political consensus
- Low savings, consumption-oriented society
- Lower investment and tax collection
- Increased government borrowing
- Shrinking share in world trade
- Governance and implementation weaknesses
- Uncertainty due to lack of continuity of policies
- Development of 'can-do' mentality
- Building of human capital
- Use of technology
- Young labor force
- Devolution and decentralization
- Improved energy and security situation

A comprehensive growth/ diversification strategy is being evolved, to increase productivity, efficiency, and competitiveness of the Company, and to explore new areas based on concentric as well as conglomerate diversification to ensure high growth rates that are both sustainable as well as more profitable.

Directors' Report to the Shareholders

Segment wise Outlook

Segment	Future Outlook
Blades/ Disposable Razors	Local sales (as well as export sales) as well is not only maintaining its foothold but will be further broadened due to continuous efforts. Exchange rate will play an important role in determining intensity of competition. Margins of this segment is considerably improved and will further be improved due to price rationalization, increased sales volumes. Continuous BMR is under way to enhance the production capacities and to add new products that will help to explore the new markets.
Corrugated Packaging	Competition is immense in this sector. However, toll manufacturing option is being sought to serve the southern part of the Country that will help us to reduce the costs and hence will not only increase the sales volumes but also improve the margins.
Soaps	Sales volumes that were declined due to price rationalization will be improved in the coming months. Prices of raw material mainly palm oil are settled and margins will be improved.
Lead Acid Batteries	Technical capabilities are being built with the help of Korean experts. Pace of production and sales volumes will be improved in the coming months and fixed expenses (e.g. salaries, depreciation, insurance etc.) will be spread to more no. of units. Efforts are being made to get positive EBITDA.
Educational Project	First batch of the students are being taken from September ~ October 2018. Two semesters will be taken in FY 2018-2019. But since it will take time to fill the semesters (8-10 semester depending on the program so offered) but resources has to be pooled at the outset, thus support from the Company has to be given in FY 2018-2019 in the form of donation to the educational project.
Chemicals	Industrial chemicals like Epoxy Resin, Hardener, Polyuria Polyol and other related products are being imported and marketed in Pakistan after detailed study of the domestic market of the said chemicals; Initially test marketing will be done and after passing through learning curve of the industry proper sales and marketing strategy will be implemented;
Pharmaceutical	<ul style="list-style-type: none"> a) Mandate has been given to financial consultants offering its shares [50 million shares at floor price of Rs. 12.50 per share] to the public through listing process and to raise funding to meet its expansion/diversification plan; b) Funds will be raised from Capital Market for the following business plan: <ul style="list-style-type: none"> a) 14 acre of land has been acquired in the Faisalabad Industrial Estate (M3-Industrial City), Faisalabad. b) Increasing the capacity of existing dialysis products; c) Manufacturing of pharma grade sodium chloride; d) Manufacturing of Blood Tubing Lines (BTL); e) General medicines (capsules, tablets etc.)
Financial Planning	Detailed Financial planning is attached with the report. What is import at the moment is to bring the current levels of borrowings down. Since due to restrictive fiscal measures it is expected that KIBOR will be escalated in the ensuing months.

Acknowledgements

We wish to place on record gratitude to our valued customers for their confidence in our products and we pledge ourselves to provide them the best quality by continuously improving our products. We would also like to thank all our colleagues, management and factory staff who are strongly committed to their work as the success of your Company is built around their efforts. We also thank our shareholders for their confidence in the Company and assure them that we are committed to do our best to ensure best rewards for their investment in the Company.



SYED SHEHARYAR ALI
Executive Director

Dated: October 04, 2018
Lahore

شعبہ کی ترتیب

مستقبل کا نقطہ نظر	شعبہ جات
لوکل سیلز اور برآمدات کا تسلسل برقرار رکھا جا رہا ہے بلکہ مسلسل کوششوں سے اس کا دائرہ اور وسیع کیا جا رہا ہے مارکیٹ کی مسابقت میں ایکیچینج ریٹ کا اہم کردار ہے قیمتوں کے معقول تعین اور سیلز کے حجم سے اس سیگمنٹ کے منافع میں مزید اضافہ ہوگا۔ مسلسل کوشش جاری ہیں تاکہ پیداواری قابلیت / صلاحیت کو بڑھایا جاسکے اور نئی پروڈکٹس کے ساتھ مارکیٹ وسیع کی جاسکے۔	بلیڈ ریزر
اس شعبے میں مقابلہ بہت شدید ہے اور پیداوار کے لیے باہر کا ذریعہ اختیار کیا جا رہا ہے تاکہ ملک کے جنوبی حصے تک پھیلاؤ بڑھایا جاسکے اسکی وجہ سے ہمارے خرچے کم ہونگے اور سیلز کے حجم اور منافع میں اضافہ ہوگا۔	کوریٹیو ڈیزائننگ
سیلز کا حجم جو کہ قیمتوں کی نامواری کی وجہ سے کم ہو گیا تھا آنے والے مہینوں میں بڑھے گا۔ خام مال کی قیمت مثلاً پام آئل کی قیمت میں استحکام کی وجہ سے منافع ہو گا۔	صابن
کورین ماہرین کی مدد سے تکنیکی ماہر تیار کیے جا رہے ہیں پیداواری رفتار اور سیلز کے حجم میں بھی آنے والے مہینوں میں اضافہ ہو گا۔ چونکہ ہمارے مقررہ اخراجات میں اضافہ نہیں ہو گا لہذا کوشش کی جا رہی قبل از ٹیکس منافع میں مثبت نتائج آئیں۔	لیڈ ایسڈ بیٹری
سٹوڈنٹس کا پہلا بیچ ستمبر سے اکتوبر ۲۰۱۸ میں لیا جائے گا۔ سال ۱۹-۲۰۱۸ میں ۲ سمسٹرز مکمل ہوں گے۔ مگر مکمل سمسٹرز جو کہ ۱۰-۸ ہیں مہینے میں وقت درکار ہوگا۔ وسائل مہیا کیے گئے ہیں اور کمپنی کی طرف سے سال ۱۹-۲۰۱۸ کے لیے تعلیمی منصوبے کو عطیہ دیا جائے گا۔	لیجو کیشنل پروجیکٹ
لوکل مارکیٹ کا جائزہ لینے کے بعد صنعتی کیمیکل مثلاً لیپو کسی ریسین، ہارڈنر، پولی یوریا پولیول اور اس جیسے اور کیمیکل درآمد اور مارکیٹ میں متعارف کروائے جائیں گے۔ ابتدائی طور پر مارکیٹ کی جانچ پڑتال کی جائے گی لیکن صنعتی رجحان کو دیکھنے کے بعد مناسب فروخت اور مارکیٹنگ کی حکمت عملی لاگو کی جائے گی۔	کیمیکل
<ul style="list-style-type: none"> - ریناکون کی پاکستان شاخ ایکیچینج پر لیسٹنگ کے لیے کنسلٹنٹ کے ساتھ معاہدہ ہو گیا ہے 50 ملین شیئرز جس کی کم از کم قیمت 12.50 روپے ہو گی۔ اس سے ہم اپنے کاروبار کو وسیع کریں گے۔ - کیپٹل مارکیٹ سے پیسے سے لے کر مندرجہ ذیل کاروبار پر لگائیں گے۔ - ۱۴ ایکڑ زمین ایم 3 انڈسٹریل ایریا فیصل آباد میں خرید لی گئی ہے۔ - ڈائلیسز کی اشیاء کو بڑھانے کے لیے۔ - سوڈیم کلورائیڈ کی پیداوار کے لیے۔ - بلڈ ٹیوب لائن کی پیداوار کے لیے۔ - عام ادویات مثلاً کیپسول، گولیاں وغیرہ۔ 	فارما سوئیگل
تفصیلی مالی منصوبہ بندی اس رپورٹ سے منسلک ہے اس وقت ضروری ہے کہ قرضوں کا حجم کم کیا جائے۔ محدود مالیاتی اقدام کی وجہ سے یہ توقع کی جا رہی ہے کہ آنے والے مہینوں میں (کراچی انٹر بینک آفریٹ) کو مزید بڑھایا جائے گا۔	معاشی منصوبہ بندی

اعتراف

ہم اپنے معزز کسٹمرز کو ان کے ہماری مصنوعات پر اعتماد کے لئے شکریہ ادا کرنا چاہتے ہیں اور ہم عہد کرتے ہیں کہ انہیں اپنے بہترین معیار کی مصنوعات فراہم کرتے رہیں گے۔ ہم اپنے تمام ساتھیوں، مینجمنٹ اور فیکٹری کے عملہ کو بھی شکریہ ادا کرتے ہیں۔ جنہوں نے اپنے عہد کے مطابق سخت محنت کی۔ آپکی کمپنی کی کامیابی آپ کی جدوجہد کا نتیجہ ہے ہم حصص رکھنے والوں کا بھی شکریہ ادا کرنا چاہتے ہیں کہ انہوں نے کمپنی پر اپنے اعتماد کا اظہار کیا اور انہیں یقین دلاتے ہیں کہ کمپنی میں ان کی سرمایہ کاری کے لئے بہترین معاوضہ دلانے اپنی بہترین صلاحیتوں کو بروئے کار لانے کا عہد کرتے ہیں



سید شہر علی

ایگزیکٹو ڈائریکٹر

ڈائریکٹر پورٹ برائے حصص یافتگان:

لیڈ ایسڈ بیگز کا شعبہ

آپکی کمپنی کے مضاربہ نے فروری 2018 سے لیڈ ایسڈ بیگز کی پیداوار شروع کر دی ہے۔ شروع میں مندرجہ ذیل عوامل کی وجہ سے منافع میں کمی دیکھی جاسکتی ہے۔

- ورکرز کو با اختیار بنانا اور سیکھانا۔ آپکے مضاربہ نے ورکرز ماہانہ اجرت پر رکھے ہیں جنکو کورین ماہرین کے ذریعے سے ہنر سکھایا جا رہا ہے کیونکہ یہ نئی ٹیکنالوجی ہے اور اسکا کوئی ماہر پاکستان میں میسر نہیں ہے لہذا اس ٹیکنالوجی کو سیکھانے میں وقت درکار ہے۔
- کورین ماہرین کی لاگت نسبتاً زیادہ ہے لیکن ہمیں اپنی ورک فورس کو تیار کرنے کے لیے یہ لاگت لازمی ہے۔
- پیداوار کی رفتار سست ہے لیکن مقامی افرادی قوت کے تیار ہونے کے ساتھ اس میں اضافہ ہوگا۔
- پیداواری حجم کو بالائے طاق رکھتے ہوئے ڈیپریسیشن اور دوسرے مقررہ خرچے برداشت کیے گئے ہیں۔
- جزیئر میں ڈیزل کے استعمال کی وجہ سے خرچ میں اضافہ ہوا ہے لیکن آنے والے مہینوں میں اس میں کمی واقع ہوگی کیونکہ مضاربہ کا اپنا گرڈ اسٹیشن تیار ہو گیا ہے جو کہ عنقریب کام شروع کر دے گا۔
- آپکی کمپنی پوری کوشش کر رہی ہے کہ مالی سال 2018-19 میں قبل از ٹیکس منافع حاصل کیا جائے۔ مزید برآں مختلف سرٹیفیکیشن اور برآمدات کے لیے کام جاری ہے۔ ڈسٹریبوشن چینل قائم ہو چکا ہے جو آنے والے مہینوں میں مزید مضبوط ہوگا۔

اسکے علاوہ آپکی کمپنی مسلسل اپنی کاروباری حکمت عملی کا جائزہ لے رہی ہے۔ اور سستے متبادل خام مال اور باقی شعبوں کے لیے بھی اصلاح کی کوشش کی جا رہی ہے۔

ڈیویڈنڈ

کاروبار میں توسیع کی وجہ سے کمپنی کے بورڈ آف ڈائریکٹرز نے فیصلہ کیا ہے کہ اس مالی سال ڈیویڈنڈ نہ دیا جائے۔

آڈیٹرز

آپکی کمپنی کی آڈٹ کمیٹی موجودہ آڈیٹرز میسرز کے پی ایم جی تاثیرہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی سبک دوشی اور اہل ہونے کی وجہ سے ان کی دوبارہ تقرری کی سفارش کی ہے کہ انہیں اگلی مدت کے لیے آپکی کمپنی کا بحیثیت آڈیٹرز تقرر کیا جائے

مستقبل کا نقطہ نظر

کچھ چیلنجز اور امکانات جن کا پاکستانی معیشت نے سامنا کیا ہے مندرجہ ذیل ہیں۔

چیلنجز

- بڑھتے ہوئے قرض
- درآمد میں اضافہ اور برآمدات میں کمی
- ٹیکس اور قواعد و ضوابط میں اضافہ
- سیاسی اتفاق رائے کی کمی
- کم بچت اور کھپت پر مبنی سوسائٹی
- سرمایہ کاری اور ٹیکس کی مد میں کمی
- حکومتی قرضوں میں اضافہ
- عالمی تجارت میں حصص کا حصول
- گورننس اور عملدرآمد کی کمزوری
- پالیسوں کے تسلسل کی کمی کی وجہ سے غیر یقینی صورتحال
- ذہنی ترقی
- انسانی سرمایہ کی تعمیر
- ٹیکنالوجی کا استعمال
- نوجوان مزدور قوت
- بہاؤ اور مہذبیت
- بہتر توانائی اور سیکورٹی کی صورتحال

کمپنی کی پیداواری کارکردگی اور مقابلہ کو بڑھانے کے لئے جامع ترقی کی حکمت عملی تیار کی جا رہی ہے۔ اعلیٰ ترقی کی شرح کو یقینی بنانے اور زیادہ منافع حاصل کرنے کے لیے نئی مارکیٹ کو تلاش کرنے کی ضرورت ہیں۔

تصرفات

2016-2017	2017-2018	روپے ہزار میں
1,083,270	974,863	غیر تصرف شدہ منافع b/f
6,653	8,854	اضافی ڈیپریسیشن
(42,937)	(62,558)	دیگر جامع نقصان
65,681	(83,024)	مدت کے دوران نفع/نقصان
-	(142,870)	پونس شیئرز کا اجراء ۱۰ فیصد
(137,804)	-	تقسیم کیا گیا ڈیویڈنڈ
974,863	695,265	غیر تصرف شدہ منافع c/f

ڈائریکٹر پورٹ برائے حصص یافتگان:

آپریٹنگ اور مالیاتی مناظر

آپ کی کمپنی اوپر دیے گئے چیلنجز سے واقف ہے اسی لیے ایک ٹریڈ اور ریٹیل کا منظم نظام موجود ہے جو کہ ان چیلنجز سے نمٹنے کی صلاحیت رکھتا ہے۔ اسکے علاوہ آپ کی کمپنی مسلسل اپنی کاروباری حکمت عملی کا جائزہ لے رہی ہے اور سستے متبادل خام مال اور باقی شعبوں کے لیے بھی اصلاح کی کوشش کی جا رہی ہے۔

مالی سال 2017-18 کی چند نمایاں کاوشیں

(1) آپ کی کمپنی نے فیصلہ کیا ہے کہ ریناکون فارما سوئیٹل کمپنی لیمیٹڈ کے ذریعے اپنے فارما انڈسٹری کے کاروبار کو فروغ دیں گے۔

(2) آپ کی کمپنی نے اپنے ذیلی ادارے فرسٹ ٹریٹ مینیوفیکچرنگ مضاربہ کے تحت فیصل آباد میں بیڑی کی تجارتی پیداوار شروع کر دی ہے۔

(3) قومی اسمبلی سے ایکٹ کی منظوری کے بعد ادارہ برائے آرٹس اینڈ کلچر کو چارٹرڈ جاری کر دیا گیا ہے۔

(4) سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے ٹریٹ کارپوریشن لیمیٹڈ کو اس کے ملازمین کے لیے ایمپلائز سٹاک آپشن اسکیم کی اجازت دی۔ آپ کی کمپنی اب تک اپنے ملازمین کو 14,747,000 روپے کے سٹاک آپشن کی منظوری دے چکی ہے۔

مالیاتی نتائج کے موازنے کا خلاصہ

% تغیر		2017		2018		(روپے ہزاروں میں)
(2) / (4)	(1) / (3)	کیجائی (4)	ٹریٹ (3)	کیجائی (2)	ٹریٹ (1)	
11.79%	13.81%	8,418,188	5,355,311	9,410,276	6,094,956	سیلز (سیلز ٹیکس کا کل)
-12.78%	-2.03%	2,014,884	1,631,431	1,757,380	1,598,263	مجموعی منافع
-118.23%	-67.73%	511,999	313,996	(93,357)	101,325	آپریٹنگ منافع
-257.21%	-86.95%	304,576	104,777	(478,835)	13,670	قبل از ٹیکس نفع / (نقصان)
71.07%	147.32%	(88,666)	(39,096)	(151,677)	(96,694)	ٹیکس کے لیے پروویژن
-392.03%	-226.40%	215,910	65,681	(630,512)	(83,024)	بعد از ٹیکس نفع / (نقصان)
		1.45	0.43	(3.97)	(0.52)	ای پی ایس (روپوں میں)

سیلز کی کارکردگی کے نتائج حوصلہ افزاء ہیں برآمدات کی فروخت نے مشرق وسطیٰ کے حالات اور عالمی معیشت کی سست روی کے باوجود متاثر کن کارکردگی دکھائی۔ مگر مقامی مارکیٹ اپنی جگہ پر برقرار رہی۔

رواں سال میں تبدیلی

بلیڈ	صابن	گنتہ / ڈبہ	ٹریڈنگ	ادویات	ہائیک	بیڑی
12%	-23%	-1%	48%	120%	-1%	-
15%	-22%	2%	89%	118%	-13%	-
4%	-27%	-20%	-2574%	129%	-87%	-

کر دی ہے۔ بڑھے فیصلوں میں سے ایک لوکل بیڑی کی پیداوار کی قیمتوں کا تعین ہیں۔ بیڑی کو درآمد کرنے کا مقصد لوکل پیداوار سے پہلے ڈسٹریبوشن چینل کا منظم قیام ہیں۔ لوکل بیڑی کی مارکیٹ بنانے کیلئے کمپنی نے درآمد شدہ بیڑیز کی قیمتوں میں نمایاں کمی رکھی ہے جسکی وجہ سے کمپنی کو شروع میں تقریباً 186 ملین کا نقصان برداشت کرنا پڑا۔ یہ ایک دفعہ کا نقصان ہے۔ جسکی وجہ سے خالصتاً منافع میں کمی واقع ہوئی ہے۔

مجموعی منافع میں مندرجہ ذیل عوامل کی وجہ سے کمی واقع ہوئی ہے۔

تجارت کا شعبہ

- درآمدات پر ڈیوٹیز بڑھنے کی وجہ سے بیڑیز کی درآمدات اور تجارت میں منفی نتائج حاصل ہوئے ہیں۔
- آپ کی کمپنی کے مضاربہ نے فروری 2018 سے لیڈ ایسڈ بیڑی کی پیداوار شروع

ڈائریکٹر رپورٹ برائے حصص یافتگان:

گزشتہ سال کے دوران سی پی آئی افراط زر کی شرح 4.20% سے کم ہو کر 3.9% ہو گئی ہے افراط زر میں کمی کی وجہ بیروزگاری میں کمی ہے۔

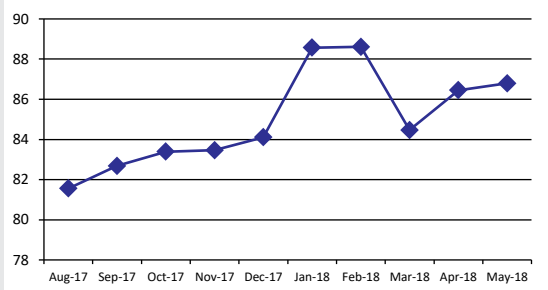
موجودہ معاشی صورت حال پاکستان کے لیے کچھ مواقع فراہم کر رہی ہے لیکن ملک کو کچھ پیچیدہ چیلنجز درپیش ہیں جب تک ان چیلنجز کا ٹھیک طریقے سے سامنا نہیں کیا جائے گا تب تک کمپنی کو ترقی کی راہ پر گامزن نہیں کیا جاسکتا۔

آپ کی کمپنی کے ڈائریکٹر کو 30 جون 2018 کو ختم ہونے والے سال کے لیے سالانہ آڈٹ شدہ مالیاتی گوشواروں کے ساتھ ٹریٹ کارپوریشن لیمنڈ کی سالانہ رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

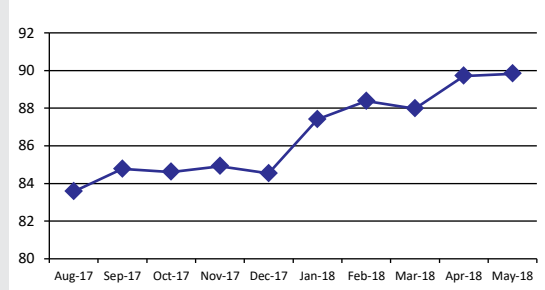
معاشی / اقتصادی نقطہ نظر
پاکستان نے 5.80% ترقی کی شرح حاصل کی ہے۔ جو کہ اہم بنیادی منصوبوں اور کم شرح سود کی وجہ سے ہے سال کے دوران ذراعت، انڈسٹری اور سروسز کے شعبوں نے بہترین کارکردگی دکھائی ہے۔

جولائی 2017 سے جنوری 2018 کے دوران دھاتوں اور اشیاء کی قیمتوں میں اضافہ ہوا اسکی وجہ سے آنے والے مہینوں میں افراط زر میں اضافہ ہوگا۔

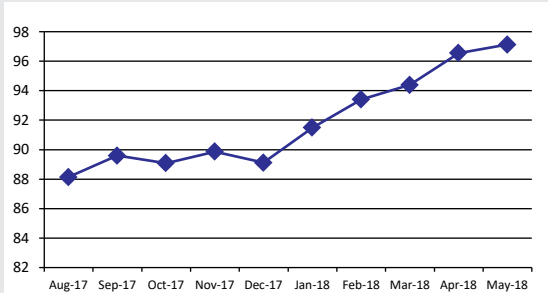
Metal Price Index



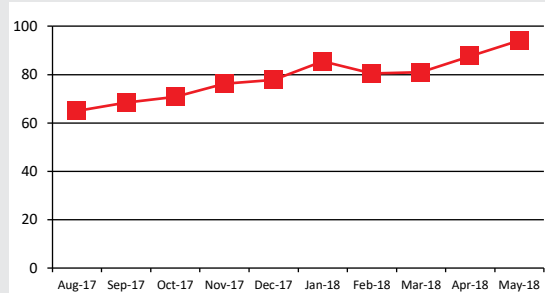
Commodity Non-Fuel Price Index



Commodity Food Price Index



Commodity Fuel (Energy) Index



Statement of Compliance with the Code of Corporate Governance as at June 30, 2018

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

1. The total number of directors are Eight (8) as per the following:

- a. Male: Seven (7)
- b. Female: One (1)

Category	Name of Directors
Independent Director(s)	i. Dr. Salman Faridi
Executive Directors	i. Syed Shahid Ali ii. Syed Sheharyar Ali iii. Mr. Muhammad Shafique Anjum
Non-Executive Directors	i. Dr. Mrs. Niloufer Qasim Mahdi ii. Mr. Saulat Said iii. Mr. Imran Azim iv. Mr. Munir Karim Bana

2. The composition of board is as follows:

Further, as per the proviso to regulation 6 of the 2017 code, grace period has been prescribed in respect of transition phase for the composition of the Board with respect to minimum number of independent directors as specified in the 2017 code. Accordingly, requirements of minimum number of directors will be complied in next elections of directors.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company. Further under the 2017 code, the maximum number of directorship in listed companies a person can hold has been reduced to 5. As per the proviso to regulation 3 of the 2017 code, grace period of one year has been prescribed to comply with this requirement.
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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
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 board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. During the year under review no training program was arranged by the Company. All Directors meets the criteria of exemption under the clause (xi) of the Code and are accordingly exempted from the Directors' Training Program. Exemption from Securities and Exchange Commission of Pakistan relating to Director's Training Program will be obtained within the prescribed time.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
The CFO is a member of Chartered Institute of Management Accountants (CIMA). The Company is in the process

Statement of Compliance with the Code of Corporate Governance as at June 30, 2018

of applying to SECP for confirming the compliance with the qualification requirement of CFO as required under the regulation 23(c) of the 2017 Code”.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

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

a) Audit Committee

Names		Designation
i.	Dr. Salman Faridi	Chairman
ii.	Mr. Imran Azim	Member
iii.	Mr. Munir Karim Bana	Member
iv.	Rana Shakeel Shaukat	Secretary

b) HR and Remuneration Committee

Names		Designation
i.	Dr. Salman Faridi	Chairman
ii.	Syed Sheharyar Ali	Member
iii.	Mr. Munir Karim Bana	Member
iv.	Mr. Muhammad Shafique Anjum	Member
v.	Mr. Imran Azim	Member
vi.	Rana Shakeel Shaukat	Secretary

Meetings	Frequency
Audit Committee	Four quarterly meetings were held during the financial year ended June 30, 2018.
HR & Remuneration Committee	One meeting was held during the financial year ended June 30, 2018

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

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

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 ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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 have been complied with.


Dr. Mrs. Niloufer Qasim Mahdi
 Chairperson / Non-Executive Director

October 04, 2018

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Treet Corporation Limited ("the Company") for the year ended 30 June 2018 in accordance with the requirements of regulation 40 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 a part of our audit of the 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, 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 assess and determine the Company's process for identification of related parties and that 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 30 June 2018.

Lahore

Date: October 04, 2018



KPMG Taseer Hadi & Co.
Chartered Accountants

Notice of Annual General Meeting

Notice is hereby given that Annual General Meeting of the shareholders of the Company will be held on Friday, October 26, 2018 at 11:00 A.M. at 72-B, Industrial Area, Kot Lakhpat, Lahore the Registered Office of the Company to transact the following business:-

ORDINARY BUSINESS:

1. To confirm the Minutes of Extraordinary General Meeting held on March 31, 2018.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the Year Ended June 30, 2018, together with the Directors' and Auditors' Reports thereon.
3. To appoint External Auditors of the Company for the year ending June 30, 2019 and to fix their remuneration. The retiring Auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass the following Special Resolution with or without modification(s), addition(s) or deletion(s) in respect of Employees Stock Option Scheme:-

GRANT OF STOCK OPTIONS TO THE EMPLOYEES OF SUBSIDIARY COMPANY:

RESOLVED THAT pursuant to recommendations of the compensation committee under the Companies Employees Stock Option Scheme, 2015 and the approval of the Board of Directors, approval of shareholders be and is hereby accorded for grant of 1,302,500 Options to the 197 Employees of Subsidiary Companies mentioned in the Annexure A (in the manner and to the extent mentioned against such employees name in Annexure A) at option price of Rs. 35.44 per share, in accordance with sub-rule ii of Rules 6 of Public Companies (Employees Stock Option Scheme) Rules, 2001 read with sub-clause 2(i) of Clause 5 of Chapter II of Guidelines for Structuring and Offering of the Employees Stock Option Schemes approved by the Securities and Exchange Commission of Pakistan.

FURTHER RESOLVED THAT that Syed Shahid Ali, Chief Executive Officer and Rana Shakeel Shaukat Company Secretary be and are hereby singly authorized to sign Option Certificates and to take all necessary steps to comply with the preceding resolution and fulfil all legal requirements for issuance of Shares against Employees Stock Option Scheme (hereinafter referred to as "ESOS").

FURTHER RESOLVED THAT the Company Secretary be and is hereby authorized to take all necessary actions on behalf of the Company for allotment and distribution of the said Bonus Shares as he think fit.

5. To consider and if thought fit, to pass the following Special Resolution with or without modification(s), addition(s) or deletion(s) in respect of Employees Stock Option Scheme:-

RE-PRICING OF 4,259,400 OPTIONS ALREADY GRANTED IN 2015:

RESOLVED THAT in accordance with Rule 7(ii) of the Public Companies (Employees Stock Option Scheme) Rules, 2001 read with sub-clause 3 of Clause 6 of Chapter III of the Guidelines for Structuring and Offering of the Employees Stock Option Schemes approved by Securities and Exchange Commission of Pakistan, approval of the shareholders be and is hereby accorded to re-price the 4,259,400 options already granted and pending for exercise under the Company's Employees Stock Option Scheme, from initial exercise price of Rs. 66.45 per share to the revised price of Rs. 20.00 per share, without any change or modification in the vesting period/schedule, exercise period and/or any other specific terms and conditions under which such options have been granted.

FURTHER RESOLVED THAT each of Syed Shahid Ali, Chief Executive Officer and Rana Shakeel Shaukat Company Secretary be and are hereby singly authorized on behalf of the Company to do all such things deeds and acts and to execute and deliver all such instruments, documents, directions and writings and perform such other things as may be necessary, desirable or useful for the purpose of giving effect to the foregoing resolution, including but not limited to amending the ESOS Scheme, making any filings or any jurisdiction with the stock exchanges and /or applicable regulatory authorities.

Notice of Annual General Meeting

6. To consider and if thought fit, pass the following Special Resolution under Section 199 of the Companies Act, 2017, with or without modification(s), addition(s) or deletion(s).

RESOLVED THAT approval of the shareholders of Treet Corporation Limited (the Company") be and is hereby accorded in terms of Section 199 of the Companies Act, 2017, Regulation No. 5(7) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2017 and subject to the compliance with all statutory and legal requirements, for investment up to PKR 1,500,000,000/- (Rupees Fifteen Hundred Million Only) in First Treet Manufacturing Modaraba ("FTMM"), being subsidiary undertaking, in the form of working capital loan for a period of one year starting from the date of approval by Shareholders.

FURTHER RESOLVED THAT approval of the shareholders of Treet Corporation Limited (the Company") be and is hereby accorded in terms of Section 199 of the Companies Act, 2017, Regulation No. 5(7) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2017 and subject to the compliance with all statutory and legal requirements, to give corporate guarantee and/or to earmark its un-funded financial facilities for opening of letter of credits and guarantees to the banks/financial institutions on behalf of its subsidiaries.

FURTHER RESOLVED THAT the said resolution shall be valid for one year starting from the date of approval by shareholders and the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby singly empowered and authorized to undertake the decision of said investment as and when required by FTMM and to take all steps and actions necessary, incidental and ancillary including execution of any and all documents and agreements as may be required in this regard and to do all acts, matters, deeds and things as may be necessary or expedient for the purpose of implementing the aforesaid resolution.

7. To consider and approve with or without modification(s), addition(s) or deletion(s), the following resolutions as ordinary resolution for donation:

RESOLVED THAT further donation of up to Rs. 100.00 million in the "Institute for Art and Culture" be and is hereby approved to enable the "Institute for Culture and Art" to meet day to day requirements till the time it is financially stabilized and generates enough revenues to meet its expenses.

FURTHER RESOLVED THAT the aforementioned donation can be made in one or more installments.

FURTHER RESOLVED THAT each of Syed Shahid Ali, Chief Executive Officer and Rana Shakeel Shaukat, Company Secretary be and are hereby singly authorized to complete all the necessary corporate and legal formalities and to do all such acts, deeds and things as may be deemed necessary to give effect to the above mentioned resolution.

8. To transact any other business with the permission of the Chair.

Lahore: October 04, 2018

By Order of the Board



(Rana Shakeel Shaukat)
Company Secretary

Notes:

1. CLOSURE OF SHARES TRANSFER BOOKS

The share transfer Books of the Company will remain closed from October 20, 2018 to October 26, 2018 (both days inclusive) for the purpose of attending Annual General Meeting. 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 October 19, 2018 will be considered in time for the purpose of above entitlement.

Notice of Annual General Meeting

2. PARTICIPATION IN THE ANNUAL GENERAL MEETING

All members entitled to attend and vote at this Meeting may appoint another person as his/her proxy to attend and vote for him / her. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting. 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. Proxy form is available at the Company's website i.e. www.treetonline.com.

(i) For Attending the Meeting

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

(ii) For Appointing Proxies

- (a) In case of individuals, the account holder or sub-account holder is and / or the person whose securities are in group account and their registration detail is uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.
- (b) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (c) Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (d) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- (e) In case of corporate entities, board of directors' resolution/power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to Company.

3. CONSENT FOR VIDEO CONFERENCE

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 geographical location, to participate in the meeting through video conference at least 10 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 registered address of the Company at least 10 days before the date of AGM.

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

STATEMENTS OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 RELATING TO THE SPECIAL BUSINESS TO BE TRANSACTED AT THE ANNUAL GENERAL MEETING.

AGENDA ITEM NO. 4

Pursuant to the Employees Stock Option Scheme 2015 as approved by Securities and Exchange Commission of Pakistan, the Board of Directors of the Company in their meeting held on July 30, 2018 granted options to the eligible employees of the Company including 1,302,500 Options to the 197 Employees of Subsidiary Companies mentioned in the Annexure A (in the manner and to the extent mentioned against such employees name in Annexure A) at option price of Rs. 35.44 per share, in accordance with sub-rule ii of Rules 6 of Public Companies (Employees Stock Option Scheme) Rules, 2001 read with sub-clause 2(i) of Clause 5 of Chapter II of Guidelines for structuring and offering of the Employees Stock Option Schemes approved by Securities and Exchange Commission of Pakistan.. As per requirements of applicable law, sanction of shareholders is required for issuance of stock options to employees of subsidiary companies.

Notice of Annual General Meeting

Summary of the Options granted for the financial year 2017-2018 is as follows:

	No. of Options	No. of Employees
Total No. of Options Granted	4,768,700	298
No. of Emptions Granted to the Company's Employees	3,466,200	101
No. of Options Granted to the Subsidiary's Employees	1,302,500	197

AGENDA ITEM NO. 5

The Company has granted stock options on 14th July 2017 to the eligible employees under the Employees Stock Option Scheme ("ESOS") as follows:

The exercise price of Rs. 66.45 per share is not attractive at the moment. Recent prevailing price of the share is Rs. 26.61 (closing price of 04/10/2018). Board of Directors of the Company proposed to re-price all the options granted to Rs. 20/- per share. Remaining terms and conditions will remain the same.

The proposed re-pricing will be in compliance of the Guidelines for Structuring and Offering of the Employees Stock Option Schemes approved by Securities and Exchange Commission of Pakistan and apart from re-pricing as aforesaid, all other terms of ESOS under which options have been granted shall remain unchanged.

The Board of Directors accordingly, recommend, the resolution set out in agenda item No 5 of the notice for approval of Shareholders.

None of the Directors is concerned or interested in the said Resolution, except for Syed Shahid Ali, CEO, Mr. Saulat Said, Syed Sheharyar Ali and Mr. Muhammad Shafique Anjum who are interested to the extent of the options granted to them under ESOS which will benefit from aforementioned repricing.

AGENDA ITEM NO. 6

Information pursuant to Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 (the "Regulations")

	Advance/ Loans to First Treet Manufacturing Modaraba	Corporate Guarantee / Earmarking of its Un-Funded Facilities
name of the associated company or associated undertaking along with criteria based on which the associated relationship is established;	<p>First Treet Manufacturing Modaraba [FTMM] has set up battery (lead acid) project in Faisalabad;</p> <p>FTMM was virtually 100% subsidiary of Treet Corporation Limited [TCL] but after decision of reducing shareholding in FTMM by the Board of Directors [and subsequent approval from shareholders in the EOGM held on March 31, 2018, shareholding in FTMM is reduced to 97.36% (as on September 30, 2018).</p>	<ul style="list-style-type: none"> First Treet Manufacturing Modaraba Renacon Pharma Limited Any other subsidiaries [not wholly owned status] being added from time to time
amount of loans or advances;	Up to an extent of Rs. 1,500 Million	Not Applicable

Notice of Annual General Meeting

purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances;	To meet the working capital requirements [of Battery Project] of the Modaraba. Dividend returns from the Modaraba are expected to enhance profitability of the Company, which resultantly will strengthen/consolidate its share price and confidence of investor and creditors.	To meet the letter of credit / guarantee requirements of above subsidiaries
in case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof;	FTMM was 100% subsidiary of the Company. Company has granted loan of Rs. 5.150 billion. Since its status is being changed to less than 100% subsidiary. Approval is required under Section 199 of the Companies Act, 2017. As stated above your Company is disposing of its shareholding in FTMM [its shareholding is being gradually reduced]. Retrospective approval from shareholders is being sought to increase this borrowing levels from 5,150 million to Rs. 6,650 million.	Not Applicable
financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements;	FTMM is listed Modaraba detailed accounts are available at www.ftmm.com.pk . However, Profit & Loss Account and Balance Sheet as on June 30, 2018 is attached herewith	FTMM is listed Modaraba detailed accounts are available at www.ftmm.com.pk . However, Profit & Loss Account and Balance Sheet as on June 30, 2018 is attached herewith
average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period;	Average borrowing Cost is KIBOR [3month or Six Months] + Spread [25bps to 150pbs]	Not Applicable
rate of interest, mark up, profit, fees or commission etc. to be charged;		Not Applicable
sources of funds from where loans or advances will be given;	Bank Borrowings	
where loans or advances are being granted using borrowed funds,		Not Applicable
justification for granting loan or advance out of borrowed funds;	FTMM has set up battery plant in Faisalabad Industrial City. Being parent company of Modaraba, it is giving financial back in the initial stage of its operations. Moreover, financial facilities are being arranged in FTMM so that it can operate independently. Future cash flows of the battery operation will make viability of its operations and repayment of its loans to the parent Company. Being parent Company of FTMM your Company have other options to raise funds in FTMM.	Not Applicable

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detail of guarantees / assets pledged for obtaining such funds, if any; and	Not Applicable	Not Applicable
repayment schedules of borrowing of the investing company;	Separate borrowing/funding lines are being arranged with the financial institutions under Modaraba and this loans will gradually be paid off till June 30, 2019.	Not Applicable
particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any;	Floating Charge over Current Assets [current and future] of the Company through supplemental charge [letter of hypothecation].	Floating Charge over Current Assets [current and future] of the Company through supplemental charge [letter of hypothecation].
if the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable;	At the option of the Company, loans may be converted into Certificates in FTMM at the time of rights issue by FTMM (if any).	Not Applicable
repayment schedule and terms of loans or advances to be given to the investee company;		Not Applicable
salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment;		Not Applicable
direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	Syed Shahid Ali, Syed Sheharyar Ali and Muhammad Shafique Anjum are directors in the Company and on the Board of Treet Holdings Limited (Modaraba Company).	Common Directorship
any other important details necessary for the members to understand the transaction; and		Not Applicable
in case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely,	Not Applicable	Not Applicable
a description of the project and its history since conceptualization;		
starting date and expected date of completion;		
time by which such project shall become commercially operational;		

Notice of Annual General Meeting

expected return on total capital employed in the project; and		
funds invested of to be invested by the promoters distinguishing between cash and non-cash amounts:		

AGENDA ITEM NO. 7

The Educational Project is intended to be operated by the Institute for Art and Culture ("IAC") established by the SCE through promulgation of an Act by National Assembly titled "The Institute for Art and Culture Act, 2018 (Act No.XXX1 of 2018)".

This project is being handled through two subsidiaries i.e. Global Arts Limited (GAL) and Society for Cultural Education (SCE).

In continuance of approvals from shareholders in their meetings, Rs. 270.00 million donation is already approved. Financial Statements of the SCE is attached herewith that shows the actual disbursement of Rs. 222.00 million is made. Rs. 15.00 million is transferred to Endowment Fund as a legal requirement for setting up an Institute. Detail of expenses are elaborated in the attached Income & Expenditure Account and Balance Sheet of the SCE.

This amount will be utilized to meet the further day to day expenses for the year 2017-2018 including but not limited to salaries, utilities, rent & taxes, legal & professional charges etc. Educational project has started its operation and will be able to operate independently within two years, but by that time parent Company has to supports its operations in the form of donations [because of peculiar position of SCE/IAC as already communicated to the shareholders from time to time].

Directors of the Company are interested to the extent that as nominees of the Company some of them are also directors of GAL and members of General and Governing Body of SCE.

Audited Accounts of GAL and SCE have been kept at the registered office of the Company which can be inspected on any working day during usual business hours till the date of Annual General Meeting. Moreover, Pursuant to directions given by Securities and Exchange Commission of Pakistan vide letter no. EMD/233/613/2002-826 dated February 24, 2016 Company is circulating the balance sheet and a statement of expenditure pertaining to SCE along with the Financial Statements of the Company.

List of Employees of Subsidiary Company i.e Treet HR Management (Private) Limited

	No. of Options	No. of Employees
Total No. of Options Granted	4,768,700	298
No. of Emptions Granted to the Company's Employees	3,466,200	101
No. of Options Granted to the Subsidiary's Employees	1,302,500	197

Sr. No.	Date of Grant	Financial Year	Expiry Period	Employees Code	Name of Entitled Employees	Option Granted (Nos.)
1	30/07/2018	2017-2018	30/Jul/2020	1073	ASAD ASGHAR	2,700
2	30/07/2018	2017-2018	30/Jul/2020	1077	REHAN RASHEED	3,800
3	30/07/2018	2017-2018	30/Jul/2020	1091	QASSAR ABBAS	6,000
4	30/07/2018	2017-2018	30/Jul/2020	1095	MOHAMMAD MANSHA	3,300
5	30/07/2018	2017-2018	30/Jul/2020	1096	HAFIZ SHAHID MAHMOOD	2,800
6	30/07/2018	2017-2018	30/Jul/2020	1097	AMER SAEED	3,500
7	30/07/2018	2017-2018	30/Jul/2020	1106	ADNAN RASHID KHAN	3,100
8	30/07/2018	2017-2018	30/Jul/2020	1123	KAMRAN KALEEM	3,600
9	30/07/2018	2017-2018	30/Jul/2020	1126	ZAHEER AHMED MALIK	4,400
10	30/07/2018	2017-2018	30/Jul/2020	1158	SALEEM FAZAL	4,900
11	30/07/2018	2017-2018	30/Jul/2020	1180	WAQAR SAHI	3,200
12	30/07/2018	2017-2018	30/Jul/2020	1204	MUHAMMAD HANIF AWAN	3,100
13	30/07/2018	2017-2018	30/Jul/2020	1234	MOHAMMAD IDREES HANJRA	2,500
14	30/07/2018	2017-2018	30/Jul/2020	1269	SAJJAD HAIDER KHAN	36,400
15	30/07/2018	2017-2018	30/Jul/2020	1314	SOHAIL HABIB	54,800
16	30/07/2018	2017-2018	30/Jul/2020	1329	ISRAR-UL-HAQ	28,200
17	30/07/2018	2017-2018	30/Jul/2020	1330	ABU ASFAR-ULLAH ALAM	18,000
18	30/07/2018	2017-2018	30/Jul/2020	1352	IMRAN MUNAWAR	8,500
19	30/07/2018	2017-2018	30/Jul/2020	1355	SHAKEEL AHMED	14,100
20	30/07/2018	2017-2018	30/Jul/2020	1360	IMRAN AZIZ	72,800
21	30/07/2018	2017-2018	30/Jul/2020	1361	S.ALI ZULQARNAIN	27,300
22	30/07/2018	2017-2018	30/Jul/2020	2098	IMRAN AHMED TOOR	6,100
23	30/07/2018	2017-2018	30/Jul/2020	2144	NISAR UL HAQ	7,700
24	30/07/2018	2017-2018	30/Jul/2020	2154	MUHAMMAD AMIR ANIS	2,200
25	30/07/2018	2017-2018	30/Jul/2020	2231	ZUBAIR HASSAN	6,000
26	30/07/2018	2017-2018	30/Jul/2020	2355	SUFWAN MALIK	2,800
27	30/07/2018	2017-2018	30/Jul/2020	2376	DANISH. C. ATTAULLAH	5,100
28	30/07/2018	2017-2018	30/Jul/2020	2383	MOHAMMAD ADEEL AMJAD	5,600
29	30/07/2018	2017-2018	30/Jul/2020	2384	UMAR FAROOQ	7,000
30	30/07/2018	2017-2018	30/Jul/2020	2564	ASGHAR ALI	3,700
31	30/07/2018	2017-2018	30/Jul/2020	5001	SAJJAD AHMED FAKHRI	13,700
32	30/07/2018	2017-2018	30/Jul/2020	5006	GHAZANFAR ALI	3,800
33	30/07/2018	2017-2018	30/Jul/2020	5015	MUHAMMAD SHAMROSE	6,100
34	30/07/2018	2017-2018	30/Jul/2020	5016	REHAN TARIQ GHORY	9,900

List of Employees of Subsidiary Company i.e Treet HR Management (Private) Limited

Sr. No.	Date of Grant	Financial Year	Expiry Period	Employees Code	Name of Entitled Employees	Option Granted (Nos.)
35	30/07/2018	2017-2018	30/Jul/2020	5018	NASAR HAYAT	11,000
36	30/07/2018	2017-2018	30/Jul/2020	5019	ASLAM TUFAIL	4,000
37	30/07/2018	2017-2018	30/Jul/2020	5020	PERVEZ TERLOKA	3,400
38	30/07/2018	2017-2018	30/Jul/2020	5035	UZMA SHEIKH	4,800
39	30/07/2018	2017-2018	30/Jul/2020	5060	HAMMAD AHMED	7,100
40	30/07/2018	2017-2018	30/Jul/2020	5119	ZAFAR IQBAL	4,200
41	30/07/2018	2017-2018	30/Jul/2020	5171	KAMRAN AHMED	4,400
42	30/07/2018	2017-2018	30/Jul/2020	5220	AHMED ALI	3,300
43	30/07/2018	2017-2018	30/Jul/2020	5279	MOBEEN AKHTAR	24,500
44	30/07/2018	2017-2018	30/Jul/2020	5297	AZAM TARIQ GHORI	18,500
45	30/07/2018	2017-2018	30/Jul/2020	5301	FARHAN MEHMODD	2,500
46	30/07/2018	2017-2018	30/Jul/2020	5323	KHAWAJA AMER	7,300
47	30/07/2018	2017-2018	30/Jul/2020	5324	AHMED ALI	2,400
48	30/07/2018	2017-2018	30/Jul/2020	5334	WAQAS ALI	3,000
49	30/07/2018	2017-2018	30/Jul/2020	5356	WAQAR AHMED RANA	5,300
50	30/07/2018	2017-2018	30/Jul/2020	5371	MUHAMMAD LATIF	2,400
51	30/07/2018	2017-2018	30/Jul/2020	5380	ADNAN KHAN	8,600
52	30/07/2018	2017-2018	30/Jul/2020	5382	SYED BASHARAT	7,400
53	30/07/2018	2017-2018	30/Jul/2020	5388	MAHMOOD ASLAM	5,800
54	30/07/2018	2017-2018	30/Jul/2020	5402	MUHAMMAD ALI RAZA	5,000
55	30/07/2018	2017-2018	30/Jul/2020	5517	AZHAR IQBAL	3,200
56	30/07/2018	2017-2018	30/Jul/2020	5520	TARIQ MAHMOOD	4,600
57	30/07/2018	2017-2018	30/Jul/2020	5522	MUHAMMAD HUSSAIN	4,100
58	30/07/2018	2017-2018	30/Jul/2020	5581	SOHAIL KHALID	3,200
59	30/07/2018	2017-2018	30/Jul/2020	5593	KASHIF SALEEM	2,900
60	30/07/2018	2017-2018	30/Jul/2020	5598	ZIA UR REHMAN	2,400
61	30/07/2018	2017-2018	30/Jul/2020	5604	MUHAMMAD SOHAIB	3,200
62	30/07/2018	2017-2018	30/Jul/2020	5610	HAJRA NOREEN	5,100
63	30/07/2018	2017-2018	30/Jul/2020	5636	WAJAHAT RAZA	1,500
64	30/07/2018	2017-2018	30/Jul/2020	5637	WAQAS KHALID KHAN	5,500
65	30/07/2018	2017-2018	30/Jul/2020	5638	MUHAMMAD KASHIF	2,800
66	30/07/2018	2017-2018	30/Jul/2020	5654	SADIA IBRAHIM	1,800
67	30/07/2018	2017-2018	30/Jul/2020	5720	MUHAMMAD BILAL	2,100
68	30/07/2018	2017-2018	30/Jul/2020	5754	ASMA IQBAL	2,500
69	30/07/2018	2017-2018	30/Jul/2020	5772	ZAHEER AHMAD	2,600
70	30/07/2018	2017-2018	30/Jul/2020	5890	ALI WAQAS	2,100
71	30/07/2018	2017-2018	30/Jul/2020	5892	AIJAZ UDDIN	3,100
72	30/07/2018	2017-2018	30/Jul/2020	5913	MISBAH KHAN	2,100
73	30/07/2018	2017-2018	30/Jul/2020	5914	MUHAMMAD AMMAR	3,400

List of Employees of Subsidiary Company i.e Treet HR Management (Private) Limited

Sr. No.	Date of Grant	Financial Year	Expiry Period	Employees Code	Name of Entitled Employees	Option Granted (Nos.)
74	30/07/2018	2017-2018	30/Jul/2020	5928	KHURRAM SHEZAD	1,900
75	30/07/2018	2017-2018	30/Jul/2020	5961	UMAR ALI JAVED	3,600
76	30/07/2018	2017-2018	30/Jul/2020	5962	ABDUL QADOOS	4,000
77	30/07/2018	2017-2018	30/Jul/2020	6016	AAMIR SIKANDAR	2,100
78	30/07/2018	2017-2018	30/Jul/2020	6060	SHABANA ASHRAF	2,100
79	30/07/2018	2017-2018	30/Jul/2020	6064	MUHAMMAD SHOAIB	11,400
80	30/07/2018	2017-2018	30/Jul/2020	6069	AAMER HASEEB QAZI	4,300
81	30/07/2018	2017-2018	30/Jul/2020	6110	SAUD AHMAD	2,900
82	30/07/2018	2017-2018	30/Jul/2020	6114	MUHAMMAD ARIF	6,200
83	30/07/2018	2017-2018	30/Jul/2020	6128	ASGHAR MUSHTAQ	4,700
84	30/07/2018	2017-2018	30/Jul/2020	6141	CH.KAMRAN HAFEEZ	2,300
85	30/07/2018	2017-2018	30/Jul/2020	6152	ROHAIL ILYAS	3,600
86	30/07/2018	2017-2018	30/Jul/2020	6153	SHAHID MEHMOOD	1,800
87	30/07/2018	2017-2018	30/Jul/2020	6154	ALI RAZA WAHID	7,900
88	30/07/2018	2017-2018	30/Jul/2020	6171	SYED WASEEM TAHIR	1,900
89	30/07/2018	2017-2018	30/Jul/2020	6226	SYED AHMAD	1,900
90	30/07/2018	2017-2018	30/Jul/2020	6232	SYED MUHAMMAD	5,300
91	30/07/2018	2017-2018	30/Jul/2020	6245	FARHAAN ABID RAO	9,400
92	30/07/2018	2017-2018	30/Jul/2020	6262	HADIQA TUL ANAAB	2,100
93	30/07/2018	2017-2018	30/Jul/2020	6280	NAUMAN AKBAR	1,400
94	30/07/2018	2017-2018	30/Jul/2020	6281	MUHAMMAD IRFAN	2,900
95	30/07/2018	2017-2018	30/Jul/2020	6282	MUHAMMAD ISHAQ	3,000
96	30/07/2018	2017-2018	30/Jul/2020	6303	M. ALI IMRAN	2,800
97	30/07/2018	2017-2018	30/Jul/2020	6304	NAVEED AHMAD KHAN	2,600
98	30/07/2018	2017-2018	30/Jul/2020	6337	ATTA UR REHMAN	1,900
99	30/07/2018	2017-2018	30/Jul/2020	6343	SHEIKH TAMOOR	2,600
100	30/07/2018	2017-2018	30/Jul/2020	6352	HAMAD MEHMOOD	12,900
101	30/07/2018	2017-2018	30/Jul/2020	6358	SAULAT SAID	70,000
102	30/07/2018	2017-2018	30/Jul/2020	6360	QANBAR ABBAS	2,000
103	30/07/2018	2017-2018	30/Jul/2020	6371	RAFIA AZHAR	1,600
104	30/07/2018	2017-2018	30/Jul/2020	6381	MASOOD UL HASSAN	13,700
105	30/07/2018	2017-2018	30/Jul/2020	6386	SOHAIB IJAZ	2,100
106	30/07/2018	2017-2018	30/Jul/2020	6390	MUHAMMAD AHMAD	5,000
107	30/07/2018	2017-2018	30/Jul/2020	6393	JAMAL ARSHAD	5,400
108	30/07/2018	2017-2018	30/Jul/2020	6404	MUHAMMAD USMAN	9,200
109	30/07/2018	2017-2018	30/Jul/2020	6433	AMJAD ZAMAN	2,500
110	30/07/2018	2017-2018	30/Jul/2020	6438	MUHAMMAD ASAD	2,100
111	30/07/2018	2017-2018	30/Jul/2020	6464	MUHAMMAD TARIQUE	1,400
112	30/07/2018	2017-2018	30/Jul/2020	6467	SHAHID SHAFIQUE	2,400

List of Employees of Subsidiary Company i.e Treet HR Management (Private) Limited

Sr. No.	Date of Grant	Financial Year	Expiry Period	Employees Code	Name of Entitled Employees	Option Granted (Nos.)
113	30/07/2018	2017-2018	30/Jul/2020	6480	USMAN RIAZ	3,600
114	30/07/2018	2017-2018	30/Jul/2020	6493	SHEIKH AZHAR	6,900
115	30/07/2018	2017-2018	30/Jul/2020	6505	M. AHMAD MASOOM	2,800
116	30/07/2018	2017-2018	30/Jul/2020	6506	MUHAMMAD TAYYAB	14,600
117	30/07/2018	2017-2018	30/Jul/2020	6512	MUHAMMAD MOHSIN	2,300
118	30/07/2018	2017-2018	30/Jul/2020	6522	FAHAD FAROOQ	1,900
119	30/07/2018	2017-2018	30/Jul/2020	6524	FARAZ HUSSAIN	20,100
120	30/07/2018	2017-2018	30/Jul/2020	6528	ZEESHAN ALI	1,800
121	30/07/2018	2017-2018	30/Jul/2020	6565	USMAN BUTT	2,300
122	30/07/2018	2017-2018	30/Jul/2020	6566	MUHAMMAD ZUBAIR	9,500
123	30/07/2018	2017-2018	30/Jul/2020	6583	FARID RASHEED	34,100
124	30/07/2018	2017-2018	30/Jul/2020	6593	KHAWAJA AZHAR	4,100
125	30/07/2018	2017-2018	30/Jul/2020	6603	FARHAN ATHAR	14,600
126	30/07/2018	2017-2018	30/Jul/2020	6604	SYED QAMAR ABBAS	8,100
127	30/07/2018	2017-2018	30/Jul/2020	6606	ALI ASLAM	115,600
128	30/07/2018	2017-2018	30/Jul/2020	6622	HAFIZ MUHAMMAD	1,700
129	30/07/2018	2017-2018	30/Jul/2020	6642	MUHAMMAD JAHANZEB	3,500
130	30/07/2018	2017-2018	30/Jul/2020	6645	MUHAMMAD AHSAN	6,500
131	30/07/2018	2017-2018	30/Jul/2020	6650	RANA ZIAB HASSAN	7,000
132	30/07/2018	2017-2018	30/Jul/2020	6652	SHAHZADA KAMRAN	4,600
133	30/07/2018	2017-2018	30/Jul/2020	6657	ALI AKRAM KHAN	3,000
134	30/07/2018	2017-2018	30/Jul/2020	6659	SALEEM SHAHZAD	2,900
135	30/07/2018	2017-2018	30/Jul/2020	6662	ASAD ALI	4,300
136	30/07/2018	2017-2018	30/Jul/2020	6674	MUNEEB NAJAM	7,100
137	30/07/2018	2017-2018	30/Jul/2020	6675	NAVEED AKHTAR	3,500
138	30/07/2018	2017-2018	30/Jul/2020	6689	SHEIKH TAIMOOR	5,600
139	30/07/2018	2017-2018	30/Jul/2020	6695	MUHAMMAD HASEEB	1,800
140	30/07/2018	2017-2018	30/Jul/2020	6699	MUNEER AHMAD	2,100
141	30/07/2018	2017-2018	30/Jul/2020	6707	IRFAN HABIB	4,000
142	30/07/2018	2017-2018	30/Jul/2020	6711	YAHYA KHAN	1,300
143	30/07/2018	2017-2018	30/Jul/2020	6717	FAROOQ FURJAD	6,600
144	30/07/2018	2017-2018	30/Jul/2020	6718	JAMIL AHMAD	2,600
145	30/07/2018	2017-2018	30/Jul/2020	6721	SHEIKH MUHAMMAD	6,400
146	30/07/2018	2017-2018	30/Jul/2020	6725	IMRAN ZAFAR	11,000
147	30/07/2018	2017-2018	30/Jul/2020	6731	ABID ALI	1,300
148	30/07/2018	2017-2018	30/Jul/2020	6732	RANA IRFAN AHMED	27,000
149	30/07/2018	2017-2018	30/Jul/2020	6736	MUMTAZ HASSAN	3,700
150	30/07/2018	2017-2018	30/Jul/2020	6743	NUAMAN HUSSAN	2,400
151	30/07/2018	2017-2018	30/Jul/2020	6746	MUHAMMAD WASEEM	1,500

List of Employees of Subsidiary Company i.e Treet HR Management (Private) Limited

Sr. No.	Date of Grant	Financial Year	Expiry Period	Employees Code	Name of Entitled Employees	Option Granted (Nos.)
152	30/07/2018	2017-2018	30/Jul/2020	6813	Waseem Ahmad - 6813	6,700
153	30/07/2018	2017-2018	30/Jul/2020	9983	QASIM MANSOOR	1,300
154	30/07/2018	2017-2018	30/Jul/2020	9997	Uzair Hassan - 9997	3,700
155	30/07/2018	2017-2018	30/Jul/2020	9998	Zaid Aslam - 9998	5,000
156	30/07/2018	2017-2018	30/Jul/2020	9999	Rehan Iqbal - 9999	8,500
157	30/07/2018	2017-2018	30/Jul/2020	10001	Hafiz Faheem Javed - 10001	3,400
158	30/07/2018	2017-2018	30/Jul/2020	10025	Zaheer Ahmad - 10025	2,200
159	30/07/2018	2017-2018	30/Jul/2020	10094	Imran Ali - 10094	3,100
160	30/07/2018	2017-2018	30/Jul/2020	10142	Salman Ahmed Rabbani - 10142	8,100
161	30/07/2018	2017-2018	30/Jul/2020	10148	Malik Muhammad Muslim - 10148	9,700
162	30/07/2018	2017-2018	30/Jul/2020	10164	Muhammad Waqas - 10164	1,200
163	30/07/2018	2017-2018	30/Jul/2020	10165	Muhammad Amnan - 10165	3,600
164	30/07/2018	2017-2018	30/Jul/2020	10211	Asma Shamim - 10211	1,400
165	30/07/2018	2017-2018	30/Jul/2020	10221	Faizan Khalid - 10221	6,100
166	30/07/2018	2017-2018	30/Jul/2020	10265	Muhammad Hamza - 10265	2,000
167	30/07/2018	2017-2018	30/Jul/2020	10279	Imran Nazir Saqib - 10279	1,200
168	30/07/2018	2017-2018	30/Jul/2020	10360	Muhammad Shoaib Mahmood - 10360	4,200
169	30/07/2018	2017-2018	30/Jul/2020	10370	Anees Qamar - 10370	3,600
170	30/07/2018	2017-2018	30/Jul/2020	10375	M.Naseem Akhtar - 10375	1,600
171	30/07/2018	2017-2018	30/Jul/2020	10393	Saqib Abbas Zaidi - 10393	2,200
172	30/07/2018	2017-2018	30/Jul/2020	10395	Zubair Bin Saeed - 10395	1,600
173	30/07/2018	2017-2018	30/Jul/2020	10398	Muhammad Kamran Akbar - 10398	1,600
174	30/07/2018	2017-2018	30/Jul/2020	10414	Sameer Malik - 10414	1,100
175	30/07/2018	2017-2018	30/Jul/2020	10567	Ahsan Haseeb - 10567	3,100
176	30/07/2018	2017-2018	30/Jul/2020	10587	Shahzad Gill - 10587	900
177	30/07/2018	2017-2018	30/Jul/2020	10593	Jehanzaib Qamar - 10593	1,700
178	30/07/2018	2017-2018	30/Jul/2020	10600	Aadil Jabbar - 10600	800
179	30/07/2018	2017-2018	30/Jul/2020	10674	Muhammad Arshad Abbasi - 10674	700
180	30/07/2018	2017-2018	30/Jul/2020	10724	Fayaz Ahmad - 10724	1,100
181	30/07/2018	2017-2018	30/Jul/2020	10766	Haider Tariq - 10766	3,500
182	30/07/2018	2017-2018	30/Jul/2020	10805	Ahmed Nasir - 10805	1,400
183	30/07/2018	2017-2018	30/Jul/2020	10817	Sajid Ali - 10817	4,000
184	30/07/2018	2017-2018	30/Jul/2020	10910	Abeer Akif - 10910	2,500
185	30/07/2018	2017-2018	30/Jul/2020	10895	Harris Najeeb Dar - 10895	7,000
186	30/07/2018	2017-2018	30/Jul/2020	10907	Muhammad Usman - 10907	1,200
187	30/07/2018	2017-2018	30/Jul/2020	10864	Muhammad Ali Khan - 10864	3,800
188	30/07/2018	2017-2018	30/Jul/2020	10853	Rehan Ahmed - 10853	2,300
189	30/07/2018	2017-2018	30/Jul/2020	10854	Malik Sajid Iqbal - 10854	1,700
190	30/07/2018	2017-2018	30/Jul/2020	10952	Zain Ul Abadin - 10952	1,700

List of Employees of Subsidiary Company i.e Treet HR Management (Private) Limited

Sr. No.	Date of Grant	Financial Year	Expiry Period	Employees Code	Name of Entitled Employees	Option Granted (Nos.)
191	30/07/2018	2017-2018	30/Jul/2020	10953	Mairaj Mustafa - 10953	1,700
192	30/07/2018	2017-2018	30/Jul/2020	11026	Muhammad Bilal Jahangir - 11026	1,800
193	30/07/2018	2017-2018	30/Jul/2020	11044	Usman Saleem - 11044	3,500
194	30/07/2018	2017-2018	30/Jul/2020	11045	Saad Saadat - 11045	1,500
195	30/07/2018	2017-2018	30/Jul/2020	11083	Muhammad Awais Tariq - 11083	700
196	30/07/2018	2017-2018	30/Jul/2020	11109	Shahzad Akbar Khan - 11109	1,200
197	30/07/2018	2017-2018	30/Jul/2020	11110	Muhammad Rizwan Rafique - 11110	1,200
						1,302,500

Notes

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Thank you

Our shareholders for
their confidence in
the Company and
assure them that we
are committed to do
our best to ensure
best rewards for their
investment in the
company





TREET GROUP
OF COMPANIES

TREET CORPORATION LIMITED



Financial
Statements

2018

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INDEPENDENT AUDITORS' REPORT

To the members of Treet Corporation Limited

Report on the Audit of the Consolidated Financial Statements

We have audited the annexed consolidated financial statements of Treet Corporation Limited ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matter(s):

S.No	Key audit matter(s)	How the matter was addressed in our audit
1	<p>Sales</p> <p>Refer to notes 5.18 and 35 to the consolidated financial statements.</p> <p>The Group recognized revenue of Rs. 9,410 million from sale of goods to domestic as well as export customers during the year ended 30 June 2018.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and gives rise to an inherent risk of misstatement to meet expectations or targets.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none">▪ Obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of key internal controls;▪ assessing the appropriateness of the Group's accounting policy for revenue recognition and compliance of the policy with applicable accounting standards;▪ comparing a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challans, bill of lading and other relevant underlying documents;▪ comparing a sample of sale transactions recorded near the year end with the sales orders, sales invoices, delivery challans, bill of lading and other relevant underlying documentation to assess if the sale was recorded in the appropriate accounting period;

INDEPENDENT AUDITORS' REPORT

S.No	Key audit matter(s)	How the matter was addressed in our audit
		<ul style="list-style-type: none"> inspecting on a sample basis, credit notes issued near to and subsequent to year end to evaluate whether the adjustments to sales had been accurately recorded in the appropriate accounting period ; and scanning for any manual journal entries relating to sales recorded during and near the year end which were considered to be material or met other specific risk based criteria for inspecting underlying documentation.
2	<p>Impairment assessment of Goodwill</p> <p>Goodwill of Rs. 133 million was recognized on business acquisition undertaken by the Group as disclosed in note 8.2 to the consolidated financial statements. The Group annually tests the carrying value of goodwill.</p> <p>The testing is subject to estimates and judgements made by the management of the Group with respect to future sales growth and profitability, cash flow projection and selection of appropriate discount rate.</p> <p>We identified impairment testing of goodwill as a key audit matter because significant degree of management judgment is involved in assessing its recoverable amount.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> discussing with the Group'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 evaluating the assumptions and judgements adopted by the Group's management relating to growth rate, terminal values and the discount rate used to derive the recoverable amount of Goodwill; comparing the recoverable amount with the goodwill recognized to identify impairment, if any; and assessing the adequacy of disclosure made in the consolidated financial statements in accordance with the requirements of the applicable accounting standards.
3	<p>Capitalization of Property, Plant and Equipment</p> <p>Refer notes 5.4 and 6 to the consolidated financial statements.</p> <p>The Group has made significant capital expenditure on expansion of manufacturing facilities.</p> <p>We identified capitalization of property, plant and equipment as a key audit matter because there is a risk that amounts being capitalized may not meet the capitalization criteria with related implications on depreciation charge for the year.</p>	<ul style="list-style-type: none"> obtaining an understanding of and testing the design, implementation and operating effectiveness of management's key internal control over authorization of capital expenditure and accuracy of its recording in the system; testing, on sample basis, the costs incurred on projects with supporting documentation and contracts; assessing the nature of costs incurred for the capital projects for appropriateness by comparing, on sample basis, amounts recorded with underlying documentation and considering that the expenditure meets the criteria for capitalization as per the applicable accounting standards; and inspecting supporting documents for the date of capitalization when project assets were ready for its intended use to assess that depreciation commenced and further capitalization of costs ceased from that date and to assess the useful life assigned by management including testing the calculation of related depreciation.

INDEPENDENT AUDITORS' REPORT

S.No	Key audit matter(s)	How the matter was addressed in our audit
4	<p>Valuation of Stock-in-trade and related provisions</p> <p>Refer to notes 5.11 and 14 to the consolidated financial statements.</p> <p>As at 30 June 2018, the Group's gross carrying amount of stock in trade amounts to Rs. 2,120 million against which net realizable value adjustment of Rs. 169 million has been recorded.</p> <p>We identified valuation of stock in trade as a key audit matter as it involves significant management judgment in determining the carrying value of stock in trade.</p>	<ul style="list-style-type: none"> Our audit procedures, amongst others, included the following: <ul style="list-style-type: none"> Obtaining an understanding of internal controls over valuation of stock in trade and testing their design, implementation and operating effectiveness; assessing the appropriateness of the Group's accounting policies for valuation of stock-in-trade and compliance of those policies with applicable accounting standards; obtaining an understanding and assessing reasonableness of the management's determination of net realizable value (NRV) and the key estimates adopted, including future selling prices, future costs to complete work-in-progress and costs necessary to make the sales and their basis; and comparing the NRV, on a sample basis, to the cost of stock in trade to assess whether any adjustments are required to the value of stock in trade in accordance with the accounting policy.

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

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2018, but does not include the consolidated and financial statements and our auditor's report thereon.

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

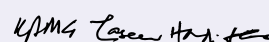
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

Lahore

Date:
October 04, 2018



KPMG Taseer Hadi & Co.
Chartered Accountants


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018


	Note	2018	2017 (Rupees in thousand) (Restated)	2016 (Restated)
Assets				
Non-current assets				
Property, plant and equipment	6	13,288,666	11,364,388	7,821,227
Investment property	7	19,384	19,384	19,384
Intangible assets	8	163,693	171,297	-
Long term investments	9	457,703	426,625	297,410
Long term loans and advances	10	2,847	15,316	12,674
Long term deposits	11	43,605	38,099	34,268
Deferred taxation	12	-	25,109	24,269
		13,975,898	12,060,218	8,209,232
Current assets				
Stores and spares	13	267,058	268,707	273,836
Stock in trade	14	1,950,670	1,350,427	1,098,072
Trade debts	15	1,035,898	888,344	616,893
Short term investments	16	462,484	571,687	498,009
Loans, advances, deposits, prepayments and other receivables	17	2,147,413	1,591,799	1,197,815
Cash and bank balances	18	1,118,210	1,002,213	650,509
		6,981,733	5,673,177	4,335,134
Assets held for sale	19	44,240	44,240	-
		7,025,973	5,717,417	4,335,134
Liabilities				
Current liabilities				
Current portion of long term liabilities	20	290,577	254,082	247,364
Short term borrowings	21	9,700,404	6,049,596	1,557,993
Trade and other payables	22	1,023,516	1,077,593	701,202
Unclaimed dividend		13,335	18,643	12,808
Accrued mark-up	23	298,001	350,859	297,720
Provision for taxation		93,551	78,167	49,652
		11,419,384	7,828,940	2,866,739
Net current assets		(4,393,411)	(2,111,523)	1,468,395
Non-current liabilities				
Long term deposits	24	1,214	1,214	1,037
Long term liability against purchase of land	25	-	56,426	112,670
Redeemable capital	26	178,166	357,583	537,000
Retention money	27	-	-	11,346
Deferred liabilities - Employee retirement benefits	28	325,698	251,939	216,881
Deferred taxation	12	12,015	-	-
		517,093	667,162	878,934
Contingencies and commitments	30			
		9,065,394	9,281,533	8,798,693
Represented by:				
Authorised capital				
250,000,000 (2017: 250,000,000) ordinary shares of Rs. 10 each		2,500,000	2,500,000	1,500,000
150,000,000 (2017: 150,000,000) preference shares of Rs. 10 each		1,500,000	1,500,000	100,000
		4,000,000	4,000,000	1,600,000
Issued, subscribed and paid up capital	31	1,600,846	1,421,436	1,378,043
Reserves	32	5,272,918	5,101,250	4,811,771
Unappropriated profit		532,119	1,255,027	1,285,310
Surplus on revaluation of land and buildings - net of tax	33	1,301,777	1,311,607	1,320,189
Equity attributable to owners of the Company		8,707,660	9,089,320	8,795,313
Non - controlling interest	34	357,734	192,213	3,380
		9,065,394	9,281,533	8,798,693

The annexed notes 1 to 55 form an integral part of these consolidated financial statements.

LAHORE
October 04, 2018


Syed Sheharyar Ali
Executive Director


Amir Zia
Chief Financial Officer


Muhammad Shafique Anjum
Executive Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT

For the year ended 30 June 2018


	Note	2018 (Rupees in thousand)	2017
Sales - net	35	9,410,276	8,418,188
Cost of sales	36	7,652,896	6,403,304
Gross profit		1,757,380	2,014,884
Administrative expenses	37	486,635	359,427
Distribution cost	38	1,364,102	1,143,458
		1,850,737	1,502,885
Operating (loss) / profit		(93,357)	511,999
Finance cost	39	485,914	390,848
Other operating expenses	40	59,691	86,618
		545,605	477,466
Other income	41	129,509	121,391
Gain on dilution of equity interest in associate		-	101,463
Share of profit of associate	9.2	30,618	47,189
(Loss) / profit before taxation		(478,835)	304,576
Taxation			
- Group		141,241	79,758
- Associate		10,436	8,908
	42	151,677	88,666
(Loss) / profit after taxation		(630,512)	215,910
<i>Attributable to:</i>			
Equity holders of the Parent Company		(629,139)	223,399
Non-controlling interest	34	(1,373)	(7,489)
		(630,512)	215,910
(Loss)/earnings per share - basic and diluted (Rupees)	43	(3.97)	1.45

The annexed notes 1 to 55 form an integral part of these consolidated financial statements.

LAHORE
October 04, 2018


Syed Sheharyar Ali
Executive Director


Amir Zia
Chief Financial Officer


Muhammad Shafique Anjum
Executive Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

	2018 (Rupees in thousand)	2017
(Loss) / profit after taxation	(630,512)	215,910
Other comprehensive (Loss) / income		
<i>Items that are or may be reclassified to profit or loss account:</i>		
Unrealized gain on available for sale investments - Group's share in associate	(2,559)	5,397
<i>Items that will never be reclassified to profit or loss account:</i>		
Remeasurement of defined benefit obligation - net of tax	(62,558)	(42,937)
Share of loss in associate's defined benefit liability - net of tax	(1,286)	(310)
Total comprehensive (loss) / income for the year	(696,915)	178,060
<i>Attributable to:</i>		
Equity holders of the Parent Company	(695,542)	185,549
Non-controlling interest	(1,373)	(7,489)
	(696,915)	178,060

The annexed notes 1 to 55 form an integral part of these consolidated financial statements.

LAHORE
October 04, 2018


Syed Sheharyar Ali
Executive Director


Amir Zia
Chief Financial Officer


Muhammad Shafique Anjum
Executive Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
Cash (used in) / generated from operations	49	(784,989)	221,603
Finance cost paid		(538,772)	(337,709)
Taxes paid		(151,378)	(82,496)
WPPF and WWF - net		(12,270)	4,728
Payment to gratuity fund and superannuation fund		(61,023)	(65,829)
Long term loans and deposits - net		6,963	1,361
		(756,480)	(479,945)
Net cash (used in) / generated from operating activities		(1,541,469)	(258,342)
Cash flows from investing activities			
Fixed capital expenditure		(2,343,476)	(3,880,492)
Proceeds from sale of property, plant and equipment		36,828	46,764
Acquisition of subsidiary		-	(23,805)
Profit received on bank deposits		23,540	22,066
Dividend received		21,764	20,155
Net cash used in investing activities		(2,261,344)	(3,815,312)
Cash flows from financing activities			
Long term deposits		-	(956)
Proceeds from issue of shares under employee stock option scheme		37,623	73,118
Consideration received from Non-Controlling Interest		242,112	-
Loan from Chief Executive Officer - Interest free		-	390,000
Redemption of participation term certificates		(6,273)	(6,273)
Short term borrowings - net		637,077	682,545
Dividend paid		(5,460)	(132,134)
Net cash generated from financing activities		905,079	1,006,300
Net decrease in cash and cash equivalents		(2,897,734)	(3,067,354)
Cash and cash equivalents at beginning of year		(2,954,339)	113,015
Cash and cash equivalents at end of year	50	(5,852,073)	(2,954,339)

The annexed notes 1 to 55 form an integral part of these consolidated financial statements.

LAHORE
October 04, 2018


Syed Sheharyar Ali
Executive Director


Amir Zia
Chief Financial Officer


Muhammad Shafique Anjum
Executive Director


CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018


	Capital Reserves					Revenue Reserves					
	Share Capital	Share premium	Capital Reserve	Share in capital reserve of associate	Surplus on revaluation of land and buildings - net of tax	Statutory Reserve	General Reserve	Un-appropriated Profit	Total equity attributable to shareholders of Holding Company	Non - Controlling Interest (NCI)	Total shareholders equity
----- (Rupees in thousand) -----											
Balance as at 30 June 2016 - as previously reported	1,378,043	4,115,198	629	(1,184)	-	430,728	266,400	1,285,310	7,475,124	3,341	7,478,465
Effect of restatement as explained in note 5.1	-	-	-	-	1,320,189	-	-	-	1,320,189	39	1,320,228
Balance as at 30 June 2016 - restated	1,378,043	4,115,198	629	(1,184)	1,320,189	430,728	266,400	1,285,310	8,795,313	3,380	8,798,693
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	223,399	223,399	(7,489)	215,910
Other comprehensive loss	-	-	-	5,397	-	-	-	(43,247)	(37,850)	-	(37,850)
	-	-	-	5,397	-	-	-	180,152	185,549	(7,489)	178,060
Incremental depreciation relating to surplus on revaluation of buildings - net of tax	-	-	-	-	(8,582)	-	-	8,582	-	-	-
Transactions with owners of the Group, Contributions and Distributions											
Conversion of PTCs into ordinary shares @ 0.07 shares per PTC	29,275	143,869	-	-	-	-	-	-	173,144	-	173,144
Issuance of shares under employee stock option scheme	14,118	59,000	-	-	-	-	-	-	73,118	-	73,118
Final cash dividend @ 10 % for the year ended 30 June 2016	-	-	-	-	-	-	-	(137,804)	(137,804)	-	(137,804)
Transferred to statutory reserve	-	-	-	-	-	81,213	-	(81,213)	-	-	-
Dividend paid to NCI	-	-	-	-	-	-	-	-	-	(165)	(165)
	43,393	202,869	-	-	-	81,213	-	(219,017)	108,458	(165)	108,293
Changes in ownership interest											
Acquisition of subsidiary with NCI	-	-	-	-	-	-	-	-	-	196,487	196,487
Balance as at 30 June 2017 - restated	1,421,436	4,318,067	629	4,213	1,311,607	511,941	266,400	1,255,027	9,089,320	192,213	9,281,533
Total comprehensive loss for the year											
Loss for the year	-	-	-	-	-	-	-	(629,139)	(629,139)	(1,373)	(630,512)
Other comprehensive loss	-	-	-	(2,559)	-	-	-	(63,844)	(66,403)	-	(66,403)
	-	-	-	(2,559)	-	-	-	(692,983)	(695,542)	(1,373)	(696,915)
Incremental depreciation relating to surplus on revaluation of buildings - net of tax	-	-	-	-	(10,749)	-	-	10,749	-	-	-
Effect of change in tax rate on account of surplus on revaluation of buildings	-	-	-	-	919	-	-	-	919	-	919
Group's share of post acquisition change in net assets of associate	-	-	-	-	-	-	-	31,918	31,918	-	31,918
Related deferred tax	-	-	-	-	-	-	-	(4,788)	(4,788)	-	(4,788)
	-	-	-	-	-	-	-	27,130	27,130	-	27,130
Transactions with owners of the Group, Contributions and Distributions											
Conversion of PTCs into ordinary shares @ 0.07 shares per PTC	29,275	143,869	-	-	-	-	-	-	173,144	-	173,144
Issuance of shares under employee stock option scheme	7,265	30,358	-	-	-	-	-	-	37,623	-	37,623
Issuance of shares as fully paid bonus share @10%	142,870	-	-	-	-	-	-	(142,870)	-	-	-
Dividend paid to NCI	-	-	-	-	-	-	-	-	-	(152)	(152)
	179,410	174,227	-	-	-	-	-	(142,870)	210,767	(152)	210,615
Changes in ownership interest											
Acquisition by NCI without change in control - note 34.1.1	-	-	-	-	-	-	-	75,066	75,066	167,046	242,112
Balance as at 30 June 2018	1,600,846	4,492,294	629	1,654	1,301,777	511,941	266,400	532,119	8,707,660	357,734	9,065,394

The annexed notes 1 to 55 form an integral part of these consolidated financial statements.

LAHORE
October 04, 2018


Syed Sheharyar Ali
Executive Director


Amir Zia
Chief Financial Officer


Muhammad Shafique Anjum
Executive Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

1 STATUS AND NATURE OF THE BUSINESS

The Group comprises of :

Holding Company

- Treet Corporation Limited

	2018 (Holding percentage)	2017
<u>Subsidiary Companies</u>		
- Treet Holdings Limited	99.64	100
- First Treet Manufacturing Modaraba	97.52	99.87
- Treet HR Management (Private) Limited	99.64	100
- Global Arts Limited	97.46	100
- Treet Power Limited	99.64	100
- Renacon Pharma Limited	55.59	58.16
<u>Associate</u>		
- Loads Limited	12.49	12.49

Treet Corporation Limited ("the Holding Company") was incorporated in Pakistan on 22 January 1977 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). Its shares are quoted on Pakistan Stock Exchange. The principal activity of the Holding Company is manufacturing and sale of razors and razor blades along with other trading activities. The registered office of the Holding Company is situated at 72-B, Industrial Area Kot Lakhpat, Lahore. The manufacturing facilities of the Holding Company are located in Lahore at 72-B Kot Lakhpat, Industrial Area and in Hyderabad at Hali Road.

Treet Holdings Limited was incorporated in Pakistan on 21 October 2004 under the Companies Ordinance, 1984 (now Companies Act, 2017) and commenced its commercial operations from 01 January 2005. The principal activity of the company is assembling and sale of motor bike and rickshaw. The company is the management company of First Treet Manufacturing Modaraba. Its registered office is situated at 72 - B, Industrial Area Kot Lakhpat, Lahore.

First Treet Manufacturing Modaraba ("the Modaraba") is a multipurpose, perpetual and multi dimensional Modaraba formed on 27 July 2005 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and rules framed there-under and is managed by Treet Holdings Limited (a subsidiary of Treet Corporation Limited), incorporated in Pakistan under the Companies Ordinance, 1984 (now Companies Act, 2017) and registered with the Registrar of Modaraba Companies. The registered office of the Modaraba is situated at 72 - B, Kot Lakhpat, Industrial Area, Lahore. The Modaraba is listed on Pakistan Stock Exchange Limited. The Modaraba is engaged in the manufacture and sale of corrugated boxes, soaps, batteries. During the year, the battery project of the Modaraba has commenced commercial production from 22 March 2018.

Treet HR Management (Private) Limited was incorporated in Pakistan on 18 September, 2006 as a private company limited under the Companies Ordinance, 1984 (now Companies Act, 2017). The company is engaged in the business of rendering professional and technical services and providing related workforce to the host companies / customers under service agreements. The registered office of the company is situated at 72-B, Industrial Area, Kot Lakhpat, Lahore. The company is a wholly owned subsidiary of Treet Holdings Limited, which is also a wholly owned subsidiary of Treet Corporation Limited - an ultimate parent, a listed company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

Global Arts Limited was incorporated in Pakistan on 26 October 2007 as a private company limited by shares under the Companies Ordinance, 1984 (now Companies Act, 2017). The Company is engaged to promote, establish, run, manage and maintain educational institutions, colleges of arts, research, sciences, information technology, business administration and such other educational institutions as may be considered appropriate for the promotion and advancement of education in the country with national and international affiliation. The registered office of the company is situated at 72-B, Industrial Area, Kot Lakhpat, Lahore.

Treet Power Limited was incorporated on 20 November 2007 in Pakistan. At present the company is planning to set up an Electric Power Generation Project for generating, distribution and selling of Electric Power, which is kept in abeyance in order to complete other projects of the Group Companies of Treet Corporation Limited. The registered office of the company is situated at 72-B, Industrial Area, Kot Lakhpat, Lahore. The company is a wholly owned subsidiary of Treet Holdings Limited, which is also a subsidiary of Treet Corporation Limited – an ultimate parent, a listed company.

Renacon Pharma Limited was incorporated on 07 July 2009 as a private limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The company was converted into Public Limited Company (unlisted) on 27 January 2017 after complying with the legal formalities. The Company is engaged in the business of manufacturing of all types of formulations of Haemodialysis concentration in powder and solution form for all brands of machines. The registered office of the company is situated at 72-B, Industrial Area, Kot Lakhpat, Lahore.

1.1 Summary of significant events and transactions in the current reporting period

The Group's consolidated financial position and performance was particularly affected by the following events and transactions during the reporting period:

- The accounting policy for surplus on revaluation of freehold land and building on freehold land changed during the year as detailed in note 5.1 to these consolidated financial statements.
- The Battery manufacturing unit commenced commercial production on 22 March 2018, which will significantly affect the business volume and profitability of the Group going forward. However during this interim period, (commercial production date to year end), the battery operations have suffered loss of Rs. 283.85 million, which affected the profitability of the Group. Refer to notes 6 and 48 for details of expenditure and loss incurred.
- The Institute for Arts and Culture which will operate under the umbrella of "Society for Cultural Education" has been granted approval by President of Pakistan on 22 May 2018 to conduct educational activities through Act No. XXXI of 2018 published in official gazette of Pakistan on 25 May 2018.
- Dilution of ownership in subsidiaries, by not subscribing to the right shares issued by subsidiaries and through sale of certificate holding in First Treet Manufacturing Modaraba. Refer to note 34 for details.
- During the year, Group has incurred loss of Rs. 186.43 million on trading operations of battery on account of discount and warranty claims, which affected the profitability of the Group.
- Due to the first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fourth schedule of the Companies Act, 2017, some of the amounts reported for the previous period have been reclassified.
- For a detailed discussion about the Group's performance please refer to the Director's report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

1.2 Basis of consolidation and equity accounting

These consolidated financial statements comprise the financial statements of the Holding Company, its subsidiary companies and its associate as at 30 June 2018. These consolidated financial statements have been prepared from the information available in the audited separate financial statements of the Holding Company for the year ended 30 June 2018 and the audited financial statements of the subsidiaries and associate for the year ended 30 June 2018.

1.2.1 Subsidiaries

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

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

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

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

Non-controlling interest

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

Loss of control

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

1.2.2 Associates

Associates are all entities over which the Group has significant influence but not control. This is generally the case where the Group holds between 20% to 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Group's share of the profit or loss of the associate after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss account where appropriate.

The Group's share of its associates post acquisition profits or losses is recognized in the statement of consolidated profit or loss and its share in post acquisition movements in the other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. The Group's share of its associates post acquisition changes in net assets (associates transactions with NCI) are recognized directly in equity with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in associates equals or exceeds its interest in the associate including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associates.

Unrealized gains arising from transactions between the Group and its associates are eliminated against investment to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Associates, which the Group intends to dispose off within twelve months of the reporting date are not accounted for under the equity method and are shown under non-current assets held for sale at the lower of carrying amount and fair value less cost to sell.

Dilution gains and losses arising in investments in associates are recognized in the consolidated statement of profit or loss.

At each reporting date, the Group reviews the carrying amounts of its investments in associates to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated using the discounted cash flow methodology, in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value as referred to in note 5.8, the measurement of certain items of property, plant and equipment as referred to in note 5.4 at revalued amounts and recognition of certain employee retirement benefits as referred to in note 5.2 at present value. In these consolidated financial statements, except for the cash flow statement, all the transactions have been accounted for on accrual basis.

2.3 Functional and presentational currency

These consolidated financial statements are presented in Pakistan Rupees which is also the Group's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand of rupees, unless otherwise indicated.

3 USE OF ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values 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. Revision to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

	Note
- Employee retirement benefits	5.2
- Taxation	5.3
- Residual values and useful lives of depreciable assets	5.4
- Impairment	5.9
- Provisions	5.16
- Contingent liabilities	5.23

4 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED INTERNATIONAL FINANCIAL REPORTING STANDARDS THAT ARE NOT YET EFFECTIVE:

4.1 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 01 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Group's consolidated financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' -effective for annual periods beginning on or after 01 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Group's consolidated financial statements.
- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 01 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on Group's consolidated financial statements.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Group's consolidated financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 01 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Group is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.
- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 July 2018 and 01 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Group is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.
- IFRS 16 'Leases' (effective for annual period beginning on or after 01 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Group is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' – Long Term interests in Associates and Joint Ventures (effective for annual period beginning on or after 01 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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- Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Group's consolidated financial statements.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company re-measures its previously held interest in a joint operation when it obtains control of the business. A company does not re-measure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 01 January 2019 and are not likely to have an impact on Group's consolidated financial statements.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

5.1 Change in accounting policy

Upto 30 June 2017, surplus on revaluation of land and building was being measured under the repealed Companies Ordinance, 1984. The surplus arising on the revaluation is credited to the surplus on revaluation of land and building account. With effect from 01 January 2018, Companies Act, 2017 has become applicable and section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Accordingly, the management has changed the accounting policy to bring accounting of revaluation surplus on land and building in accordance with IAS 16 "Property, plant and equipment". The effect of this change in accounting policy, which is applied with retrospective effect, has resulted in transfer of surplus on revaluation of land and buildings - net of tax to equity and non-controlling interest by restating the corresponding figures which resulted in increase in Group's equity by Rs. 1,312 million and Rs. 1,320 million as at 30 June 2017 and 30 June 2016 respectively.

5.2 Employee benefits Defined contribution plans

The Group has maintained five contributory schemes for the employees, as below:

- i) A recognized contributory provident fund scheme namely "Treet Corporation Limited - Group Employees Provident Fund" is in operation covering all permanent employees. Equal monthly contributions are made both by the Group and employees in accordance with the rules of the scheme at 10% of the basic salary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

- ii) A recognized contributory fund scheme namely "Treet Corporation Limited - Group Employee Service Fund" is in operation which covers all permanent management employees. In accordance with the rules of the scheme, equal monthly contributions are made both by the Group and employees at 10% of basic salary from the date the employee gets permanent status. Additional contributions may be made by the Group for those employees who have at most 15 years of service remaining before reaching retirement age, however, employees can start their additional contribution above the threshold limit of 10% of the basic salary at any time.
- iii) A recognized contributory fund scheme namely "Treet Corporation Limited - Group Employees Benevolent Fund" in operation for the benefit of employees, if the employee opts for the scheme. The contributions to the fund are made at 10% of employee's basic salary on monthly basis by both employee and the employer. Periodic bonuses by the Group to all the employees in any year, not exceeding one month's basic salary of an employee, is credited to his personal account in the Fund at the sole discretion of the Group.
- iv) A recognized contributory fund scheme namely "Treet Corporation Limited - Group Employees Superannuation-II Fund" is in operation covering all permanent management employees. Equal monthly contributions are made both by the Group and employees in accordance with the rules of the scheme at 10% of the basic salary.
- v) An unrecognized contributory fund scheme namely, "Treet Corporation Limited - Group Employees Housing Fund Scheme" is in operation covering permanent management employees with minimum five years of service with the Group. Equal contributions are made monthly both by the Group and employees in accordance with the rules of the Scheme at 20% of the basic pay.

Defined benefit plans

An approved funded gratuity scheme and a funded superannuation scheme is in operation for all employees with qualifying service periods of six months and ten years respectively. These are operated through "Treet Corporation Limited - Group Employees Gratuity Fund" and "Treet Corporation Limited - Group Employee Superannuation Fund", respectively. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the 'Projected Unit Credit Method' and latest actuarial valuation has been carried out at 30 June 2018. When calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Actual gains and losses arising from experience adjustments and changes in actuarial assumptions are charged to equity through other comprehensive income in the year in which they arise. Past service costs are recognized immediately in the profit or loss account. The main features of defined benefit schemes are mentioned in note 28.

Employee Stock Option Scheme

The Group operates an equity settled stock option scheme to be called 'Treet Corporation Limited - Employees Stock Option Scheme, 2015'. The compensation committee ("committee") of the Board of Directors ("Board") evaluates the performance and other criteria of employees and recommends to the Board for grant of options. The Board on the recommendation of the committee, on its discretion, grants recommended options to employees. These options vest after a specified period subject to fulfilment of certain conditions as defined in the scheme. Upon vesting, employees are eligible to apply and secure allotment of Holding Company's shares at a pre-determined price on the date of grant of options. The main features of the scheme are mentioned in note 29.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

The grant date fair value of equity settled share based payments to employees, determined as option discount as allowed by Public Companies (Employee Stock Option Scheme) Rules 2001, is recognized as employee compensation expense on a straight line basis over the vesting period with a consequent credit to equity as employee stock option compensation reserve. The deferred employee stock option cost is shown as a deduction from employee stock option compensation reserve. Option discount means the excess of market price of the share at the date of grant of an option under a Scheme over exercise price of the option.

When an unvested option lapses by virtue of an employee not conforming to the vesting conditions after recognition of an employee compensation expense in the profit or loss account, such employee compensation expense is reversed in the profit or loss account equal to the amortized portion with a corresponding effect to employee stock option compensation reserve equal to the un amortized portion.

When a vested option lapses on expiry of the exercise period, employee compensation expense already recognized in the profit or loss is reversed with a corresponding reduction to employee stock option compensation reserve. When the options are exercised, employee stock option compensation reserve relating to these options is transferred to share capital and share premium. An amount equivalent to the face value of related shares is transferred to share capital. Any amount over and above the share capital is transferred to share premium.

5.3 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is recognized using the balance sheet liability method, on all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax losses used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax losses and tax credits, 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.

The carrying amount of all deferred tax assets is reviewed at each balance sheet 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 assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. In this regard, the effects on deferred taxation of the proportion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is charged in the profit or loss, except in the case of items charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

5.4 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment loss, if any, except for freehold land and buildings on freehold land. Freehold land is stated at revalued amount carried out by independent valuers by reference to its current market price less impairment loss, if any. Buildings on freehold land is stated at revalued amount carried out by independent valuers by reference to its current market price less accumulated depreciation and impairment loss, if any. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the buildings, and the net amount is restated to the revalued amount of the buildings.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to profit or loss account. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the profit or loss, and depreciation based on the asset's original cost is transferred from 'surplus on revaluation of property, plant and equipment' to 'equity'. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred income tax.

Capitalization threshold

Following are the minimum threshold limits for capitalization of individual items:

Particulars	Rupees
Building on free hold land	50,000
Plant and machinery	10,000
Office equipments	8,000
Furniture and fixture	10,000
Others	10,000

Depreciation is charged to profit or loss, unless it is included in the carrying amount of another asset, on straight line method whereby cost of an asset is written off over its estimated useful lives given in note 6.1.

Depreciation on additions to property, plant and equipment is charged from the day on which an asset is available for use till the day the asset is fully depreciated or disposed off. Assets, which have been fully depreciated, are retained in the books at a nominal value of Rupee 1. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets revised carrying amount over its estimated useful life.

Residual value and the useful life of assets are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss account as and when incurred.

On disposal or scrapping, the cost of the assets and the corresponding depreciation is adjusted and the resultant gain or loss is dealt with through the profit or loss account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Capital work-in-progress

Capital work in progress is stated at cost, less any identified impairment loss. Capital work in progress represents expenditure on property, plant and equipment in the course of construction and installation. Transfers are made to relevant category of property, plant and equipment as and when assets are available for use.

5.5 Investment property

Property not held for own use or for the sale in the ordinary course of business is classified as investment property. The investment property of the Group comprised of land and is valued using the cost method and is stated at cost less any identified impairment loss.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense in the profit or loss account.

5.6 Intangible assets

Intangible assets represent the cost of computer software (ERP system) and are stated at cost less accumulated amortization and any identified impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss account as incurred.

All intangibles are amortized over the period of four years on a straight line basis so as to write off the cost of an asset over its estimated useful life. Amortisation on additions to intangible assets is charged from the day on which an asset is available for use till the day the asset is fully amortized or disposed off.

5.7 Non-current assets held for sale

Non-current assets are classified as assets held for sale if it is highly probable that their carrying amount will be recovered principally through sale rather than through continuing use. They are stated at lower of carrying amount and fair value less costs to sell.

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.

5.8 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital are included in current assets, all other investments are classified as non-current. Management determines the classification of its investments at the time of purchase depending on the purpose for which the investments are required and re-evaluates this classification on regular basis.

Investments at fair value through profit or loss

Investments which are acquired principally for the purpose of generating profits from short term fluctuations in price are classified as "Investments at fair value through profit or loss". These are initially recognized on trade date at cost, being the fair value of consideration given, and derecognized by the Group on the date it commits to sell them off. Transaction costs are charged to profit or loss as and when incurred. At subsequent reporting date, these investments are remeasured at fair value and changes therein are recognized in the profit or loss account for the year. Fair value is determined on the basis of year-end bid prices obtained from stock exchange quotations.

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Held to maturity investments

Investments with a fixed maturity that the Group has the intent and ability to hold to maturity are classified as held to maturity investments. These are initially recognized on trade date at cost and derecognized by the Group on the date it commits to sell them off. At subsequent reporting date they are measured at amortized cost using the effective interest rate method.

Investments available for sale

Investments that are intended to be held for an indefinite period of time or may be sold in response to the need for liquidity are classified as available for sale.

Investments classified as available for sale are initially recognized at cost, being the fair value of consideration given. At subsequent reporting date, these investments are re-measured at fair values, unless fair value cannot be measured reliably. The investment for which quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Unrealized gains and losses arising from changes in fair values are recognized in other comprehensive income in the period in which these arise and accumulated in fair value reserve. At the time of disposal, the accumulated surplus or deficit in the fair value reserve is reclassified to profit or loss account.

All purchases and sales of investments are recognized on the trade date which is the date that the Group commits to purchase or sell the investment. Cost of purchase includes transaction cost.

At each reporting date, the Group reviews the carrying amounts of the investment to assess whether there is any indication that any investment has suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the consolidated statement of profit or loss account. Impairment losses on available for sale investments are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss account. Impairment losses recognized in the consolidated statement of profit or loss on equity instruments classified as available for sale are not reversed through the consolidated statement of profit or loss.

5.9 Impairment

Financial assets

Financial assets not carried at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to consolidated statement of profit or loss.

All impairment losses are recognized in consolidated statement of profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, if no impairment loss had been recognized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Non-financial assets

The carrying amount of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. 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 consolidated statement of profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the 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 amortisation, if no impairment loss had been recognized.

5.10 Stores and spares

These are valued at the moving average cost except for items in transit, which are valued at invoice price and related expenses incurred upto the reporting date. The Group reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores and spares.

5.11 Stock-in-trade

Stock of raw materials, packing materials, work-in-process and finished goods is valued at lower of moving average cost and net realizable value, except for stock in transit which is valued at invoice price and related expenses. Cost in relation to work in process and finished goods includes direct production costs such as raw materials, consumables, labor and appropriate proportion of production overheads. Finished goods purchased for resale are valued at moving average cost of purchase and comprise of purchase price and other costs incurred in buying the material to its present location and condition.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated cost necessary to be incurred to make the sale.

5.12 Trade debts

Trade debts are carried at original invoice amount which is the fair value of consideration receivable less an allowance for doubtful debts based on a review of all outstanding amounts at the reporting date. Balances considered bad and irrecoverable are written off as and when identified.

5.13 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, current and deposit account balances with banks and outstanding balance of running finance facilities availed by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

5.14 Borrowings

Borrowings are recognized initially at the proceeds received. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit or loss account over the period of the borrowings using the effective interest rate method. Finance costs are accounted for on accrual basis and are reported under accrued markup to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

5.15 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received whether or not billed to the Group.

5.16 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, 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 obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

A provision for warranties is recognised when the underlying products or services are sold, based on historical data and a weighting of possible outcomes against their associated probabilities.

5.17 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees which is the Group's functional and presentation currency using the exchange rates approximating those prevailing at the date of the transaction. 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 recognized in profit or loss account. All non-monetary assets and liabilities are translated in Pak Rupees using the exchange rates prevailing at the date of transaction or at the date when the fair value was determined.

5.18 Revenue recognition

- (i) Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably and there is no continuing management involvement with the goods. Revenue from sale of goods is recognized when the significant risk and rewards of ownership of the goods are transferred to the buyer.
- (ii) Dividend income is recognized when the right to receive is established.
- (iii) Return on bank deposits, investments and interest on loans is accounted for on a time proportionate basis using the effective rate of return / interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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5.19 Borrowing costs

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 profit or loss account in the period in which they are incurred.

5.20 Financial instruments

- (i) Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.
- (ii) Financial assets are de-recognized when the Group loses control of the contractual rights that comprise the financial asset.
- (iii) Financial liabilities are de-recognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired.
- (iv) Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit or loss for the year.
- (v) Financial instruments carried on the statement of financial position includes investments, long term loan, long term deposits, trade debts, cash and bank balances, borrowings, trade and other payables and accrued markup. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.
- (vi) Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.
- (vii) Derivative financial instruments are initially recognized at fair value; any directly attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, any changes therein are generally recognized in profit or loss account.

5.21 Research and development costs

Research and development costs are charged to profit or loss account as and when incurred.

5.22 Dividends

Distribution of Group's dividend to the shareholders is recognized as a liability in the period in which the dividends are approved by Board of Directors.

5.23 Contingent liabilities

A contingent liability is disclosed when:

- There is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

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- There is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Group that make strategic decisions.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on reasonable basis. Segment assets consists primarily of stores and spares, stock in trade and trade debts. Segment liabilities consist of operating liabilities and exclude items such as taxation and corporate.

6 PROPERTY, PLANT AND EQUIPMENT

	Note	2018 (Rupees in thousand)	2017
Operating fixed assets	6.1	10,661,782	3,984,287
Capital work in progress	6.2	2,626,884	7,380,101
		13,288,666	11,364,388

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

6.1 Property, plant and equipment

	Owned	Annual rate of depreciation %	Cost/ revalued amount as at 01 July 2017	Asset acquired on business combination	Additions/ (Deletions)	Cost/ revalued amount as at 30 June 2018	Accumulated depreciation as at 01 July 2017	Asset acquired on business combination	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at 30 June 2018	Book value as at 30 June 2018
	Freehold land	-	2,534,571	-	-	2,534,571	-	-	-	-	2,534,571
	Building on freehold land	5	581,214	-	3,500,000	4,081,214	112,865	-	88,445	201,310	3,879,904
	Buildings on leasehold land	10	4,791	-	-	4,791	2,875	-	240	3,115	1,676
	Plant and machinery	10	1,812,463	-	3,361,584 (2,623)	5,171,424	1,031,686	-	185,529 (2,623)	1,214,592	3,956,832
	Furniture and equipment	10 - 25	118,632	-	47,858 (1,178)	165,312	62,168	-	14,675 (954)	75,889	89,423
	Vehicles	20	283,815	-	130,056 (54,757)	359,114	141,605	-	56,634 (38,501)	159,738	199,376
	2018		5,335,486	-	7,039,498 (58,558)	12,316,426	1,351,199	-	345,523 (42,078)	1,654,644	10,661,782

	Owned	Annual rate of depreciation %	Cost/ revalued amount as at 01 July 2016	Asset acquired on business combination	Additions/ (Deletions)	Cost/ revalued amount as at 30 June 2017	Accumulated depreciation as at 01 July 2016	Asset acquired on business combination	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at 30 June 2017	Book value as at 30 June 2017
	Freehold land	-	2,478,156	6,400	94,255 (44,240)	2,534,571	-	-	-	-	2,534,571
	Building on freehold land	5	555,189	-	25,825	581,214	74,156	-	38,709	112,865	468,349
	Buildings on leasehold land	10	4,791	-	-	4,791	2,396	-	479	2,875	1,916
	Plant and machinery	10	1,631,397	24,233	159,161 (2,328)	1,812,463	911,384	-	122,630 (2,328)	1,031,686	780,777
	Furniture and equipment	10 - 25	89,941	9,055	20,460 (824)	118,632	47,983	3,378	11,212 (405)	62,168	56,464
	Vehicles	20	236,043	4,008	107,457 (63,693)	283,815	123,550	2,676	49,653 (34,274)	141,605	142,210
	2017		4,995,717	43,696	407,158 (111,085)	5,335,486	1,159,469	6,054	222,683 (37,007)	1,351,199	3,984,287

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

Location	Usage of immovable property	Total area (acres)	Covered Area (Square Feet)
Main Hali / Link Road Hyderabad	Manufacturing facility	5.49	98,696
72-B, Main Peco Road, Kot Lakhpat Lahore	Head Office and Manufacturing facility	14.06	231,440
Warehouse land, 14 Km Multan Road, Lahore	Warehouse	1.5	10,752
Hadbast Mouza Pandu, Tehsil Model Town, Lahore	Warehouse	1	N/A
09-KM Thokar Niaz Baig, Lahore	Education campus	15.17	348,480
Raiwind Road, Lahore	Proposed expansion project	2.31	N/A
Faisalabad Industrial Estate, Sahianwala Faisalabad	Manufacturing facility - Battery	49.1	3,67,184
05 Km off Ferozpur Road, Gajju Matta, Kacha Road, Lahore	Manufacturing facility and warehouse	13.19	142,403

	Note	2018 (Rupees in thousand)	2017
6.1.2 Depreciation charge for the year has been allocated as follows:			
Cost of goods sold - blades	36.1	156,432	142,885
Cost of goods sold - soaps	36.2	2,773	2,992
Cost of goods sold - corrugated boxes	36.3	18,937	25,495
Cost of goods sold - bikes	36.4	2,044	2,044
Cost of goods sold - battery	36.5	107,148	-
Cost of goods sold - pharmaceutical products	36.6	6,823	1,389
		294,157	174,805
Batteries (trial run cost)		2,486	558
Administrative expenses	37	33,156	35,230
Distribution cost	38	15,724	12,090
		345,523	222,683

6.1.3 Had the assets not been revalued, the net book value of specific classes of operating fixed assets would have amounted to:

Land	1,385,126	1,385,126
Buildings	3,702,378	277,910
	5,087,504	1,663,036

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

6.1.4 The following assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Profit / (Loss)	Mode of disposal	Relationship with the Company	Particulars of purchaser
----- (Rupees in thousand) -----								
Plant & Machinery								
Process chiller	1,175	1,175	-	187	187	Negotiaton	Third party sale	Mr. Shakeel Ahmad
Chiller for chilled water	1,217	1,217	-	187	187	Negotiaton	Third party sale	Mr. Shakeel Ahmad
Air drier	231	231	-	56	56	Negotiaton	Third party sale	Mr. Shakeel Ahmad
Sub-total	2,623	2,623	-	430	430			
Furniture and Equipment								
Refrigerator	43	22	21	-	(21)	Company Scheme	Employee	Mr. Israr-UI-Haq
Split conditioner	21	11	10	-	(10)	Company Scheme	Employee	Mr. Israr-UI-Haq
Split conditioner	41	21	20	-	(20)	Company Scheme	Employee	Mr. Azhar Saeed Butt
Fridge	28	14	14	-	(14)	Company Scheme	Employee	Mr. Azhar Saeed Butt
Split conditioner	41	21	21	-	(21)	Company Scheme	Employee	Mr. Ikhlaiq Ahmad
Fridge	48	24	24	-	(24)	Company Scheme	Employee	Mr. Ikhlaiq Ahmad
Refrigerator	47	9	38	39	-	Company Scheme	Employee	Mr. Shahid Mehmood
Split conditioner	61	11	49	50	1	Company Scheme	Employee	Mr. Shahid Mehmood
Laptop IBM lenove	66	66	-	21	21	Donation	Related Party	Ghulab Devi Hospital & Trust
Laptop dell	49	49	-	16	16	Donation	Related Party	Ghulab Devi Hospital & Trust
Laptop	55	55	-	18	18	Donation	Related Party	Ghulab Devi Hospital & Trust
Laptop	55	55	-	18	18	Donation	Related Party	Ghulab Devi Hospital & Trust
Laptop	55	55	-	18	18	Donation	Related Party	Ghulab Devi Hospital & Trust
Laptop	55	55	-	18	18	Donation	Related Party	Ghulab Devi Hospital & Trust
Laptop	55	55	-	18	18	Donation	Related Party	Ghulab Devi Hospital & Trust
Laptop	53	52	-	17	17	Donation	Related Party	Ghulab Devi Hospital & Trust
Laptop	47	47	-	15	15	Donation	Related Party	Ghulab Devi Hospital & Trust
Laptop	47	47	-	15	15	Donation	Related Party	Ghulab Devi Hospital & Trust
Laptop	47	47	-	15	15	Donation	Related Party	Ghulab Devi Hospital & Trust
Laptop	47	47	-	15	15	Donation	Related Party	Ghulab Devi Hospital & Trust
Laptop	47	47	-	15	15	Donation	Related Party	Ghulab Devi Hospital & Trust
Laptop	64	64	-	21	21	Company Scheme	Employee	Azam Tariq Ghorri
Laptop	57	57	-	18	18	Donation	Related Party	Ghulab Devi Hospital & Trust
Laptop	95	68	27	42	15	Company Scheme	Employee	Tariq Aziz
Sub-total	1,178	954	224	374	150			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Profit / (Loss)	Mode of disposal	Relationship with the Company	Particulars of purchaser
----- (Rupees in thousand) -----								
Vehicles								
Honda Civic Vti Oriel	2,578	145	2,432	2,475	43	Company Scheme	Employee	Mr. Shahid Mehmood
Honda Civic Vti	2,112	2,110	2	700	698	Company Scheme	Employee	Mr. Javeed Aslam
Corolla Altis	1,860	1,858	1	895	894	Company Scheme	Employee	Mr. Arshad Latif
Corolla GLI	1,706	1,706	0	566	566	Company Scheme	Employee	Mr. Rashid Ali Rizvi
Honda City	1,542	1,541	2	842	841	Company Scheme	Employee	Mr. Sajjad Fakhri
Honda City	1,491	1,479	12	489	477	Company Scheme	Employee	Mr. Akhlaq Ahmad
Toyota Corolla XLI	1,478	1,477	-	552	552	Company Scheme	Employee	Mr. Imran Khan
Toyota Corolla XLI	1,477	1,477	-	490	490	Company Scheme	Employee	Mr. Ahmad Husnain
Honda City	1,392	1,392	-	488	488	Company Scheme	Employee	Mr. Muhammad Azeem
Suzuki Swift	1,366	1,296	70	1,175	1,105	Negotiation	Third Party Sale	Diamond Paints (Pvt.) Limited
Honda City	1,354	1,354	-	450	449	Company Scheme	Employee	Mr. Hammad Mehmood
Suzuki Cultus	1,171	1,015	156	551	395	Company Scheme	Employee	Mr. Sajjad Haider Khan
Honda City	1,125	19	1,106	1,043	(63)	Company Scheme	Employee	Mr. Zahid Anwar
Daihatsu Coure	1,125	19	1,106	1,043	(63)	Company Scheme	Employee	Mr. Asghar Ali Bhatti
Suzuki Cultus	1,042	1,042	-	343	343	Company Scheme	Employee	Mr. Akbar Khan
Suzuki Cultus	1,038	1,038	-	341	341	Company Scheme	Employee	Mr. Amir Saeed
Suzuki Cultus	1,038	1,038	-	341	341	Company Scheme	Employee	Mr. Amir Haseeb
Suzuki Cultus	1,016	1,015	1	334	334	Company Scheme	Employee	Mr. Imran Ahmad
Suzuki Cultus	1,014	1,014	-	336	336	Company Scheme	Employee	Mr. Shakeel Ahmad
Suzuki Cultus	1,014	1,014	-	538	538	Company Scheme	Employee	Mr. Rashid Ali Rana
Suzuki Cultus	990	967	23	349	325	Company Scheme	Employee	Mr. Imran Nazir
Suzuki Wagon R	974	235	739	815	76	Company Scheme	Employee	Mr. Awais Sultan
Suzuki Cultus	970	970	-	321	321	Company Scheme	Employee	Mr. Shoaib Ishaq
Suzuki Cultus	950	950	-	313	313	Company Scheme	Employee	Mr. Rehan Tariq Ghouri
Honda City	875	284	591	671	80	Company Scheme	Employee	Mr. Muhammad Jahanger
Honda City	780	608	172	436	264	Company Scheme	Employee	Mr. Muhammad Jahanger
Suzuki Bolan	640	640	-	325	325	Company Scheme	Employee	Mr. Tallat Maqsood
Suzuki Mehran	625	328	297	625	328	Company Scheme	Employee	Mr. Abbas Ahmed
Suzuki Mehran	625	99	526	625	99	Company Scheme	Employee	Mr. Safwan Mushtaq
Suzuki Mehran	605	605	-	201	201	Company Scheme	Employee	Mr. Ijaz ud Din
Suzuki Mehran	580	565	15	580	565	Company Scheme	Employee	Mr. Ijaz ud Din
Suzuki Mehran	577	577	-	190	190	Company Scheme	Employee	Mr. Salman Asif
Suzuki Bolan	559	559	-	420	420	Negotiation	Third Party Sale	Suzuki Township
Suzuki Mehran	500	239	261	500	239	Company Scheme	Employee	Mr. Muhammad Ali Jibrán
Honda City LRX	500	263	237	500	263	Company Scheme	Employee	Mr. Ali Raza
Suzuki Mehran	455	440	15	455	440	Company Scheme	Employee	Mr. Tariq Mahmood
Suzuki Mehran	455	440	15	455	440	Company Scheme	Employee	Mr. Amer Ahmad Khan
Suzuki Mehran	455	348	107	455	348	Company Scheme	Employee	Mr. Nisar
Suzuki Mehran	455	348	107	455	348	Company Scheme	Employee	Mr. Muhammad Ali
Suzuki Mehran	455	326	129	455	326	Company Scheme	Employee	Mr. Arslan Javed
Suzuki Cultus	438	231	207	437	231	Company Scheme	Employee	Mr. Hammad
Hyundai Santro	438	209	228	438	209	Company Scheme	Employee	Mr. Zubair Hassan
Honda 125	105	35	70	47	(23)	Company Scheme	Employee	Mr. Muhammad Yousaf Saeed
Honda 125	103	42	62	103	42	Company Scheme	Employee	Mr. Zafar Ali
Honda 125	103	60	43	51	8	Company Scheme	Employee	Mr. Imran Khan
Honda 125	98	98	0	44	44	Company Scheme	Employee	Mr. Azam Hassan Khan
Honda 125	97	96	0	44	43	Company Scheme	Employee	Mr. Hafiz Nadeem
Honda 125	91	91	0	91	91	Company Scheme	Employee	Mr. M. Jabbar
Honda 125	90	90	0	90	90	Company Scheme	Employee	Mr. Mohammad Aslam
Yamaha 100	79	79	0	30	30	Company Scheme	Employee	Mr. Sufwan Malik
Get-Bike	76	7	69	76	7	Company Scheme	Employee	Mr. Zahid Nadeem
Honda Cd 70	70	47	23	35	12	Company Scheme	Employee	Mr. Ibrar Hassan
Suzuki Sprinter	69	69	0	62	62	Company Scheme	Employee	Mr. Shahbaz Ali

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For the year ended 30 June 2018

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Profit / (Loss)	Mode of disposal	Relationship with the Company	Particulars of purchaser
(Rupees in thousand)								
Honda Cd 70	68	68	0	30	30	Company Scheme	Employee	Ms. Noor
Honda Cd 70	68	68	0	15	15	Company Scheme	Employee	Mr. Waseem Dar
Honda Cd-70	68	66	2	15	13	Company Scheme	Employee	Mr. Samad Jafri
Honda Cd-70	68	66	2	15	13	Company Scheme	Employee	Mr. Nawaz Khokhar
Honda 125	68	67	0	47	47	Company Scheme	Employee	Mr. Zia ul Haq
Yamaha 100	64	63	0	64	63	Company Scheme	Employee	Mr. Abrar ul Haq
Yamaha 100	64	63	0	64	63	Company Scheme	Employee	Mr. Muhammad Munir
Honda Cd 70	64	12	51	57	6	Company Scheme	Employee	Mr. Muhammad Raju
Yamaha 100	60	60	0	60	60	Company Scheme	Employee	Mr. Muhammad Zaman
Get-Bike	59	34	25	59	34	Company Scheme	Employee	Mr. Said Ahmed Khan
Get-Bike	59	35	24	59	35	Company Scheme	Employee	Mr. Zaheer Abbas
Get-Bike	59	35	24	59	35	Company Scheme	Employee	Mr. Fazal Khaliq
Get-Bike	59	35	24	59	35	Company Scheme	Employee	Mr. Mohsin Abbas
Get-Bike	59	35	24	59	35	Company Scheme	Employee	Mr. Muhammad Razzaq
Get-Bike	59	34	25	59	34	Company Scheme	Employee	Mr. Niaz Ahmed
Get-Bike	59	34	25	59	34	Company Scheme	Employee	Muhammad Kamran
Get-Bike	59	35	24	59	35	Company Scheme	Employee	Mr. Allah Bux
Get-Bike	59	35	24	59	35	Company Scheme	Employee	Mr. Ali Ahmed
Get-Bike	59	34	24	59	34	Company Scheme	Employee	Mr. Khawaja Amer
Get-Bike	52	25	27	52	25	Company Scheme	Employee	Mr. Mohammad Mohsen
Get-Bike	51	30	21	51	30	Company Scheme	Employee	Mr. Muhammad Wali ud Din
Get-Bike	51	30	21	51	30	Company Scheme	Employee	Mr. Syed Waseem Tahir
Get-Bike	51	15	37	51	15	Company Scheme	Employee	Mr. Emman Ullah
Get-Bike	50	28	22	50	28	Company Scheme	Employee	Mr. Hussain Khan
Get-Bike	50	28	22	50	28	Company Scheme	Employee	Mr. Sher Muhammad Khan
Get-Bike	50	28	22	50	28	Company Scheme	Employee	Mr. Muhammad Jaffar
Get-Bike	50	28	22	50	28	Company Scheme	Employee	Mr. Mohammad Salman
Get-Bike	50	28	22	50	28	Company Scheme	Employee	Mr. Khurram Behzad Ali
Get-Bike	50	28	22	50	28	Company Scheme	Employee	Mr. Hasham Qureshi
Get-Bike	50	28	22	50	28	Company Scheme	Employee	Mr. Zahid Ashraf Khan
Get-Bike	50	28	22	50	28	Company Scheme	Employee	Mr. Amir Hussain Chohan
Get-Bike	50	28	22	50	28	Company Scheme	Employee	Mr. Salman Ahmad
Get-Bike	50	28	22	50	28	Company Scheme	Employee	Mr. Arshad Khan
Get-Bike	50	28	22	50	28	Company Scheme	Employee	Mr. Abdul Rashid
Get-Bike	50	28	22	50	28	Company Scheme	Employee	Mr. Mohammad Naveed
Get-Bike	50	28	22	50	28	Company Scheme	Employee	Mr. Wahid Hussain Qureshi
Get-Bike	50	28	21	50	28	Company Scheme	Employee	Mr. Muhammad Arshad Khan
Get-Bike	50	28	21	50	28	Company Scheme	Employee	Mr. Liaquat Ali
Get-Bike	50	28	21	50	28	Company Scheme	Employee	Mr. Imran
Get-Bike	50	28	21	50	28	Company Scheme	Employee	Mr. Abdul Basit
Get-Bike	50	28	21	50	28	Company Scheme	Employee	Mr. Muhammad Aslam
Get-Bike	50	29	21	50	29	Company Scheme	Employee	Mr. Akhtar Niazi
Get-Bike	50	29	20	50	29	Company Scheme	Employee	Mr. Najmul Hassan
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Mohammad Nadim Farooqi
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Mohammad Iqbal
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Shehzad Muhammad
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Mohammad Aslam
Get-Bike	47	26	21	47	26	Company Scheme	Employee	Mr. Mohammad Ayoob
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Mohammad Irshad
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Baber Bux
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Muhammad Tahir
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Shaikhzada Furqan
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Ishtiaque Ahmed
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Tariq Aziz
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Adnan Warsi

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For the year ended 30 June 2018

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Profit / (Loss)	Mode of disposal	Relationship with the Company	Particulars of purchaser
(Rupees in thousand)								
Get-Bike	47	27	20	47	27	Company Scheme	Employee	Mr. Hassan Dad
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Hassan Dad
Get-Bike	47	23	23	47	23	Company Scheme	Employee	Mr. Sultan Ahmed
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Abdul Razzaq
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Abdul Sattar
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Ghulam Nabi
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Mohammad Asif Khan
Get-Bike	47	24	22	47	24	Company Scheme	Employee	Mr. Mohammad Imran Khan
Get-Bike	47	11	36	47	11	Company Scheme	Employee	Mr. Shoukat Ali
Get-Bike	47	28	19	47	28	Company Scheme	Employee	Mr. Zaheer Ahmad
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Sufwan Malik
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Muhammad Ishfaq
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Asghar Mushtaq
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Ibrarul Haq
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Saeed Akhtar
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Masood Ahmed
Get-Bike	47	28	19	47	28	Company Scheme	Employee	Mr. Itbar Khan
Get-Bike	47	28	19	47	28	Company Scheme	Employee	Mr. Asim Ghazanfar Ali
Get-Bike	47	28	19	47	28	Company Scheme	Employee	Mr. Imran Nazir
Get-Bike	47	28	19	47	28	Company Scheme	Employee	Mr. Iqbal Masih
Get-Bike	47	26	21	47	26	Company Scheme	Employee	Mr. Malik Shahzad
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Javed Ashraf
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Allah Ditta Zafar
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Mohammad Nadeem
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Asghar Ali
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Tauqir Wamiq Khan
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Arif Ali
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Arslan Ahmed
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Muhammad Ashfaq
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Safwan Mushtaq
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Yar Mohammad
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Muzaffar Iqbal
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Rab Nawaz
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Muhammad Iqbal
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Muhammad Arif
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Jamshaid Ahmed
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Pitras Saghar
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Muhammad Iqbal
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Arshad Hussain
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Muhammad Shahbaz
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Javaid Iqbal
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Javaid Ahmed
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Abdul Majeed
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Mudassar Hussain
Get-Bike	47	24	23	47	24	Company Scheme	Employee	Mr. Sardar Masih
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Qasir Rasheed
Get-Bike	47	23	24	47	23	Company Scheme	Employee	Mr. Hafiz Muhammad
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Muhammad Ishtiaq
Get-Bike	47	27	20	47	27	Company Scheme	Employee	Mr. Nasir Bashir
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Mohammad Akhtar
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Muhammad Jabbar
Get-Bike	47	23	24	47	23	Company Scheme	Employee	Mr. Muhammad Javed Khan
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Muhammad Bilal
Get-Bike	47	24	23	47	24	Company Scheme	Employee	Mr. Asghar Ali
Get-Bike	47	22	25	47	22	Company Scheme	Employee	Mr. Malik Nisar Ahmad
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Muhammad Mazhar

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For the year ended 30 June 2018

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Profit / (Loss)	Mode of disposal	Relationship with the Company	Particulars of purchaser
(Rupees in thousand)								
Get-Bike	47	24	22	47	24	Company Scheme	Employee	Mr. Shakeel Ahmed
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Rashid Ali Rana
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Muhammd Islam
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Saud Ahmad
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Muhammad Razzaq
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Qasim Ali
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Shahid Ali
Get-Bike	47	27	20	47	27	Company Scheme	Employee	Mr. S.Ali Zulqarnain
Get-Bike	47	27	20	47	27	Company Scheme	Employee	Mr. Malik Sadaquat
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Tanvir Ali
Get-Bike	47	20	26	47	20	Company Scheme	Employee	Mr. Amjid Ali
Get-Bike	47	24	23	47	24	Company Scheme	Employee	Mr. Syed Ali Raza Gardezi
Get-Bike	47	22	24	47	22	Company Scheme	Employee	Mr. Liaquat Ali
Get-Bike	47	20	27	47	20	Company Scheme	Employee	Mr. Mohammad Asif
Get-Bike	47	21	26	47	21	Company Scheme	Employee	Mr. Muhammad Akmal
Get-Bike	47	17	30	47	17	Company Scheme	Employee	Mr. Khalid Hussain
Get-Bike	47	15	31	47	15	Company Scheme	Employee	Mr. Muhammad Younes
Get-Bike	47	13	33	47	13	Company Scheme	Employee	Mr. Abid Mushtaq
Get-Bike	47	18	29	47	18	Company Scheme	Employee	Mr. Zubair Hassan
Get-Bike	47	18	29	45	16	Company Scheme	Employee	Mr. Muhammad Sher
Get-Bike	47	15	32	47	15	Company Scheme	Employee	Mr. Muhammad Irshad Khan
Get-Bike	47	13	33	47	13	Company Scheme	Employee	Mr. Tariq Hameed Khan
Get-Bike	47	13	34	47	13	Company Scheme	Employee	Mr. Mubashar Mehmood
Get-Bike	47	9	37	47	9	Company Scheme	Employee	Mr. Anser Ali
Get-Bike	47	7	40	47	7	Company Scheme	Employee	Mr. Khalid Hussain
Get-Bike	44	42	1	30	29	Company Scheme	Employee	Mr. Fayaz Ahmed
Get-Bike	43	42	0	43	42	Company Scheme	Employee	Mr. Habib Nawaz
Get-Bike	43	42	0	43	42	Company Scheme	Employee	Mr. Muhamamd Sardar
Get-Bike	43	42	0	39	39	Company Scheme	Employee	Mr. M. Akbar
Get-Bike	38	14	24	38	14	Company Scheme	Employee	Mr. Syed Mehboob Alam
Get-Bike	38	14	23	38	14	Company Scheme	Employee	Mr. Zulqarnain Afzal Baloch
Get-Bike	38	8	30	30	0	Company Scheme	Employee	Mr. Naveed Qaiser
Get-Bike	37	7	31	38	7	Company Scheme	Employee	Mr. Mohd Aziz
Get-Bike	37	8	29	37	8	Company Scheme	Employee	Mr. Liaquat Ali
Get-Bike	37	8	29	37	8	Company Scheme	Employee	Mr. Liaquat Ali
Get-Bike	47	6	41	47	6	Company Scheme	Employee	Mr. Waqar Ahmad Rana
Honda Civic	2,524	339	2,185	2,185	0	Company Scheme	Employee	Mr. Shahid Mehmood
Get-Bike	67	12	55	67	12	Company Scheme	Employee	Mr. Saleem Fazal
Get-Bike	47	2	45	47	2	Company Scheme	Employee	Mr. Faisal Nazir
Get-Bike	47	6	41	47	6	Company Scheme	Employee	Mr. Maqsood Ahmad
Get-Bike	76	9	67	76	9	Company Scheme	Employee	Mr. Hafeez Khan
Honda 125	107	10	97	107	10	Company Scheme	Employee	Mr. Tallat Mehmood
Suzuki Mehran	500	25	475	500	25	Company Scheme	Employee	Mr. Umar Farooq
Suzuki Swift	1,375	29	1,346	1,360	13	Company Scheme	Employee	Mr. Salman Asif
Get-Bike	48	0	48	48	0	Company Scheme	Employee	Mr. Muhammad Nadeem
Sub-total	54,757	38,501	16,256	36,023	19,767			
2018	58,558	42,078	16,480	36,828	20,348			
2017	66,845	37,007	29,838	46,764	16,926			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
6.2 Capital work-in-progress			
Civil works	6.2.1	1,017,064	2,107,823
Plant and machinery	6.2.2	1,422,577	4,015,995
Advances for capital expenditure	6.2.3	187,243	808,974
Unallocated project related expenditures		-	447,309
		2,626,884	7,380,101

6.2.1 These mainly relates to construction work in progress related to development and construction of building for ongoing Institute for Arts and Culture project.

6.2.2 These represents plant and machinery and equipment in the course of development and installation and mainly relates to the ongoing battery project.

6.2.3 These are interest free in the normal course of business for machinery and equipment.

7 INVESTMENT PROPERTY

Cost as at 01 July	19,384	19,384
Additions during the year	-	-
Disposals	-	-
Cost as at 30 June	19,384	19,384

These represent the following pieces of land:

- 14 kanals and 5 marlas located at 4 km Kacha Road Mouza Kacha Tehsil Model Town, Lahore, having fair value of Rs. 9.26 million.
- 11 kanals and 1 marla located at 34 km Ferozepur Road, Lahore, having a fair value of Rs. 12.35 million.

The value of investment property was determined by approved external, independent property valuer i.e. M/S Zafar Iqbal and Company (Pakistan Banks Association approved valuer). The most significant input into this valuation is market value. The valuation is considered to be Level 3 in the fair value hierarchy due to non-observable inputs used in valuation. The different levels have been mentioned in note 47.5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
8 INTANGIBLE ASSETS			
Oracle computer software and implementation	8.1	30,080	37,684
Goodwill acquired on acquisition	8.2	133,613	133,613
		163,693	171,297

8.1 Oracle computer software and implementation

Intangible asset represents computer software (ERP system).

Cost			
As at 01 July		41,110	-
Addition during the year		772	41,110
Accumulated amortisation			
As at 01 July		(3,426)	-
Amortisation for the year		(8,376)	(3,426)
Balance at end of the year		30,080	37,684
Rate of amortisation		20%	20%

8.2 Goodwill acquired on acquisition

This goodwill represents the excess of purchase consideration paid by the Group for acquisition of the Renacon Pharma Limited (RPL) over Group's interest in the fair value of identifiable net assets of the RPL at date of acquisition.

The recoverable amount of goodwill has been tested for impairment as at 30 June 2018 based on value in use in accordance with IAS 36 "Impairment of Assets". The recoverable amount was calculated on the basis of five years business plan 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 growth rate of 3%. The cash flows are discounted using a discount rate of 13.73% which is sensitive to discount rate and local inflation rates. Based on this calculation no impairment is required to be accounted for against the carrying amount of goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
9 LONG TERM INVESTMENTS			
Available for sale - at cost	9.1	1,555	1,555
Investment in associate - Loads Limited	9.2	456,148	425,070
		457,703	426,625
9.1 Available for sale - at cost			
Techlogix International Limited - unquoted			
748,879 (2017: 748,879) fully paid ordinary shares of par value of USD 0.00015.	9.1.2	8,593	8,593
Equity held: 0.71 % (2017: 0.71 %)			
Less: Provision for impairment		(7,038)	(7,038)
		1,555	1,555
<p>9.1.1 Techlogix International Limited ("Techlogix") is a Bermuda registered company with the beneficial owners, Salman Akhtar and Kewan Khawaja of United States of America. Techlogix is engaged in providing specialized technical consultancy and software development services to national and international clients. The Group intends to hold this investment of USD 112 (2017: USD 112) over the long term and realise its returns. During the year, the Group received a return amounting to Rs. 0.12 milion (2017: Rs. 0.18 million) as disclosed in note 41.3.</p>			
<p>9.1.2 The breakup value per share as per latest available audited financial statements for the year ended 31 December 2016 of Techlogix International Limited is Rs. 6.38 (2017: Rs. 6.38) per share. The shares have par value of USD 0.00015.</p>			
9.2 Investment in associate - Loads Limited			
Loads Limited- quoted			
18,895,057 (2017: 17,177,325) fully paid ordinary shares of Rs. 10 each			
Equity held: 12.49% (2017: 12.49%)	9.2.1	456,148	425,070
Chief Executive Officer - Munir K. Bana			
9.2.1 In equity instrument of associate			
Cost		162,529	162,529
Brought forward amounts of post acquisition reserves and profits recognized directly in consolidated statement of profit or loss		262,541	133,326
		425,070	295,855
Share of profit for the year		30,618	47,189
- before taxation		(10,436)	(8,908)
- provision for taxation		20,182	38,281
Share of other comprehensive (loss) / income		(3,845)	5,087
Dividend received during the year		(17,177)	(15,616)
Gain on dilution of share in equity interest		-	101,463
Group's share of post acquisition change in net assets of associate		31,918	-
Balance as at 30 June		456,148	425,070

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

The Group's investment in Loads Limited is less than 20% but it is considered to be an associate as per the requirements of IAS - 28 "Investments in Associates" because the Group has significant influence over its financial and operating policies through representation on the Board. During the year, the company has issued 10% bonus shares that has resulted in increase in number of shares held. The market value at reporting date is Rs. 31.18 per share.

Loads Limited ("Loads") was incorporated in Pakistan on 01 January 1979 as a private limited Company. On 19 December 1993, Loads was converted to unlisted public Company and subsequently on 01 November 2016, the shares of the Loads were listed on Pakistan Stock Exchange Limited. The registered office of the Loads is situated at Plot No. 23, Sector 19, Korangi Industrial Area, Karachi. The principal activity of the Loads is to manufacture and sale of radiators, exhaust systems and other components for automotive industry.. The activities of the Loads are largely independent of the Holding Company The following table summarizes the financial information of Loads as included in its own consolidated audited financial statements and the Group's share in the results. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in its associate.

	Note	2018 (Rupees in thousand)	2017
Percentage interest held		12.49%	12.49%
Non-current assets		2,304,604	1,450,808
Current assets		3,284,246	2,403,812
Non-current liabilities		(96,339)	(94,812)
Current liabilities		(1,841,168)	(357,229)
Net assets (100%)		3,651,343	3,402,579
Group's share of net assets		456,148	425,070
Carrying amount of interest in associate		456,148	425,070
Revenue		4,889,664	4,405,127
Profit from operations		161,557	306,427
Other comprehensive income		(30,783)	7,436
Total comprehensive income (100%)		130,774	313,863
Group's share of total comprehensive income		16,337	39,210

9.2.2 This investment was made before the promulgation of the Companies Act, 2017 and the requirements of repealed Companies Ordinance, 1984 were duly complied at the time of investment.

10 LONG TERM LOANS AND ADVANCES

Loans to employees - secured, considered good	10.1	12,941	17,548
Long term advance - unsecured, considered good	10.4	14,025	19,673
Less: Current portion			
Loan to employees - secured, considered good	17	(12,318)	(13,679)
Long term advance - unsecured, considered good	17	(11,801)	(8,226)
		(24,119)	(21,905)
		2,847	15,316

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

- 10.1** These are interest free loans to the Group's employees for construction of house and purchase of cycles, which are repayable in monthly installments over a period of 12 to 24 months and are secured against employee retirement benefits. These include an amount of Rs. 12.28 million (2017: Rs.15.93 million) receivable from the executives of the Group. No loan has been given to directors or chief executive of the Group.

	Note	2018 (Rupees in thousand)	2017
10.2	Reconciliation of the carrying amount of loans to executives:		
	Balance as at 01 July	15,933	8,037
	Disbursements during the year	15,064	20,161
	Repayments during the year	(18,714)	(12,265)
	Balance as at 30 June	12,283	15,933

- 10.3** The maximum amount due from the executives at the end of any month during the year was Rs. 2.75 million (2017: Rs. 5.84 million).

- 10.4** This represents outstanding advance receivable from Khatoon Industries (Private) Limited ("KIL") for rice husk boiler, laboratory, warehouse, weigh bridge and road construction amounting to Rs. 4.17 million, Rs. 0.42 million, Rs. 0.60 million, Rs. 4.41 million and Rs 4.43 million respectively. The remaining balances are adjustable against rent payable to KIL in lieu of use of soaps manufacturing facility in 24, 24, 03, 09 and 23 equal monthly installments, respectively.

11 LONG TERM DEPOSITS

Utility deposits		27,151	23,698
Others		16,454	14,401
		43,605	38,099

12 DEFERRED TAXATION

Deferred tax asset	12.1	(12,015)	25,109
12.1	Deferred tax liability arising in respect of the following items:		
	Taxable temporary differences on:		
	- Accelerated tax depreciation	(59,074)	(57,146)
	- Surplus on revaluation of buildings	(20,477)	(23,231)
	- Post acquisition profits of associates	(44,043)	(32,818)
		(123,594)	(113,195)
	Deductible temporary differences on:		
	- Unused tax losses	58,013	90,587
	- Capital loss on short term investments	5,588	11,489
	- Employee retirement benefits	47,722	36,005
	- Provision for doubtful debts	256	223
		111,579	138,304
		(12,015)	25,109

- 12.1.1** Deferred tax asset on tax losses available for carry forward and other items have been recognized to the extent that the realization of related tax benefits through future taxable profits is probable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
12.1.2	Movement in deferred tax asset / (liability) is as follows:		
	Balance as at 01 July	25,109	24,269
	Recognized in statement of profit or loss:		
	- Accelerated tax depreciation	(1,928)	3,431
	- Surplus on revaluation of buildings	1,836	-
	- Capital loss on short term investments	(5,901)	4,799
	- Unused tax losses	(32,574)	(6,969)
	- Post acquisition reserves of associates	(6,437)	(9,738)
	- Provision for doubtful debts	32	4
		(44,972)	(8,473)
	Recognized in other comprehensive income/equity:		
	- Net off against re-measurement of employee retirement benefits recognized	11,717	9,313
	- Effect of change in tax rate on account of surplus on revaluation of buildings	919	-
	- Group's share of post acquisition change in net assets of associate	(4,788)	-
	Balance as at 30 June	(12,015)	25,109
13	STORES AND SPARES		
	Stores	112,601	79,086
	Spares	154,457	189,621
	13.1 & 13.2	267,058	268,707
13.1	It includes provision for obsolete store items amounting to Rs. 5.52 million (2017: Rs. 5.52 million).		
13.2	It includes stores and spares in transit amounting to Rs. 17.15 million (2017: Rs.36.35 million).		
14	STOCK-IN-TRADE		
	Blades, razors and other trading operations		
	Raw and packing material	14.1 395,318	518,058
	Work in process	36.1 65,068	61,311
	Finished goods	14.2 145,619	234,914
		606,005	814,283
	Battery		
	Raw and packing materials	14.1 513,851	145,445
	Work in process	36.5 242,745	-
	Finished goods	147,817	-
		904,413	145,445
	Soaps		
	Raw and packing materials	14.1 45,665	58,230
	Work in process	36.2 547	1,438
	Finished goods	42,980	22,544
		89,192	82,212

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
Packaging solutions-corrugated boxes			
Raw and packing materials	14.1	220,011	159,397
Work in process	36.3	10,723	35,353
Finished goods		34,444	32,711
		265,178	227,461
Bike			
Raw and packing materials	14.1	42,439	44,372
Work in process	36.4	-	9,228
Finished goods		5,680	1,979
		48,119	55,579
Pharmaceutical products			
Raw and packing materials	14.1	31,788	19,874
Work in process	36.6	675	675
Finished goods		5,300	4,898
		37,763	25,447
		1,950,670	1,350,427
14.1	It includes raw material in transit as follows:		
Blades		38,643	51,230
Battery		256,147	-
Soaps		22	-
Packaging solutions- corrugated boxes		21	8,990
Bike		7,537	-
Pharmaceutical products		12,028	7,920
		314,398	68,140
14.2	The amount charged to profit or loss on account of write down of finished goods to net realizable value amounts to Rs. 169.12 million (2017: Nil). It also includes finished goods-batteries in transit amounting to Nil (2017: Rs. 188.41 million).		
15 TRADE DEBTS			
Foreign debtors			
- secured, considered good		64,406	36,267
- unsecured, considered good		150,736	69,095
	15.1	215,142	105,362
Local debtors			
- unsecured - considered good	15.2	820,756	782,982
		1,035,898	888,344
Considered doubtful		34,937	25,918
		1,070,835	914,262
Provision for doubtful debts	15.3	(34,937)	(25,918)
		1,035,898	888,344

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

15.1 It includes receivable from following related parties:

	Confirmed LCs		Contracts	
	2018	2017	2018	2017
	----- (Rupees in thousand) -----			
Singapore	41,641	36,267	-	-
Bangladesh	19,143	-	-	-
Thailand	3,622	-	-	-
United Arab Emirates	-	-	29,597	11,834
Saudi Arabia	-	-	72,552	37,977
Uzbekistan	-	-	17,362	10,332
Poland	-	-	5,037	-
Brazil	-	-	26,188	-
Sri Lanka	-	-	-	4,410
Jordan	-	-	-	1,561
Indonesia	-	-	-	1,771
Malaysia	-	-	-	1,191
Sweden	-	-	-	19
	64,406	36,267	150,736	69,095

		Note	2018 (Rupees in thousand)	2017
15.2	It includes receivable from following related parties:			
	Liaqat National Hospital	15.2.1	23,183	15,530
	Loads Limited		-	807
	Multiple Autoparts Industries (Private) Limited		-	655
	Specialized Autoparts Industries (Private) Limited		-	44
	Elite brands limited	15.2.1	300	-
			23,483	17,036
15.2.1	Aging of related party balances			
	One to three months		3,209	2,370
	More than three months		20,274	14,666
			23,483	17,036

15.2.2 This represents receivable in the normal course of business and is due by more than 365 days. The maximum amount outstanding at the end of any month was Rs. 23.18 million.

15.2.3 This represents receivable in the normal course of business and is due by less than 30 days. The maximum amount outstanding at the end of any month was Rs. 4.74 million.

15.3 The movement in provision for doubtful debts for the year is as follows:

Balance as at 01 July		25,918	50,173
Provision for the year	38	9,019	585
Written off against provision		-	(22,417)
Reversal of excess provision for doubtful debts	41	-	(2,423)
Balance as at 30 June		34,937	25,918

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
16 SHORT TERM INVESTMENTS			
Investments at fair value through profit or loss:			
Listed equity securities	16.1	462,484	571,687

16.1 Details of investment in listed equity securities are stated below:

	Share/Certificates		Market value	
	2018 Number	2017 Number	2018 (Rupees in thousand)	2017
Sector /Companies				
Banks				
Silk Bank Limited	255,497,500	247,601,000	347,477	415,969
Textile				
Sunrays Textiles Mills Limited	30,600	30,600	5,216	6,044
Shahtaj Textile Limited	868,400	868,400	69,463	115,003
Maqbool Textiles Mills Limited	894,500	648,500	37,828	19,941
Kohinoor Spinning Mills Limited	856,000	3,000,000	2,500	14,730
Miscellaneous				
Transmission Engineering Industries Limited	133,000	133,000	-	-
			462,484	571,687

16.2 Investments (shares of Silk Bank Limited and Shahtaj Textile Limited) to the extent of Rs. 210.18 million (cost of Rs. 242.48 million) are pledged in favour or under lien of the trustee as security against Participation Term Certificates as referred to in note 26.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
17 LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Current portion of long term advances - unsecured, considered good		11,801	8,226
Current portion of loan to employees - secured, considered good		12,318	13,679
	10	24,119	21,905
Advances to employees - secured, considered good	17.1	77,392	74,027
Advances to suppliers - unsecured, considered good	17.2	301,722	180,995
Margin deposits - Letter of credits		3,785	11,236
Insurance claim receivable - IGI General Insurance Limited - a related party		-	1,221
Security deposits		9,231	1,780
Prepayments	17.3	42,049	22,559
Advances to related parties - unsecured considered good			
- Loads Limited		70	-
- IGI General Insurance Limited		127	3,496
- Employees Benevolent Fund		-	-
- Superannuation Fund		1,161	1,159
- Gratuity Fund		20,369	20,369
- Employees Housing Fund		31,770	1,043
	17.4	53,497	26,067
Balances with statutory authorities			
- Export rebate		61,950	54,392
- Collector of customs - custom duty		149,287	108,298
- Advance income tax		569,167	509,110
- Sales tax		801,714	528,524
		1,582,118	1,200,324
Workers profit participation fund	17.5	4,039	-
Receivable from broker against sale of investments		43,519	50,961
Other receivables		5,942	724
		2,147,413	1,591,799

- 17.1** These are interest free advances to employees in respect of salary, medical and travelling expenses and are secured against employees retirement benefits. These include an aggregate amount of Rs. 7.76 million (2017: Rs. 2.91 million) receivable from executives of the Group. No amount is advances to CEO or directors of the Group.
- 17.2** These are interest free in the normal course of business.
- 17.3** Prepayments includes amount paid to IGI General Insurance Limited (related party) of Rs. 18.48 million (2017: 7.60 million).
- 17.4** These represent amounts receivable from related parties for reimbursement of expenses and purchase of goods or services under normal business trade as per the agreed terms and are interest free.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
17.5 Workers' profit participation fund			
Balance as at 01 July		(4,703)	7,444
Interest on funds unutilized		(224)	(467)
Charge for the year		(2,017)	(6,952)
	40	(2,241)	(7,419)
Payments during the year		(10,983)	(4,728)
Balance as at 30 June		4,039	(4,703)

18 CASH AND BANK BALANCES

Cash in hand		138,059	71,478
Cash at bank - local currency			
Current accounts		340,257	452,509
Saving accounts	18.1	639,894	478,226
		980,151	930,735
		1,118,210	1,002,213

18.1 These carry mark-up at the rates ranging from 4% to 7% per annum (2017: 3.5% to 6% per annum).

These deposits include Rs. 262.73 million (2017: Rs. 129.92 million) under Shariah compliant arrangements, which carries profit rate ranging from 3.5% to 6.75% per annum (2017: 2.5% to 6.0% per annum).

19 ASSETS HELD FOR SALE

		44,240	44,240
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Last year, the Board of Directors of the Modaraba in their meeting held on 06 December 2016 decided to sell a piece of land measuring 15 kanals and 16 marlas situated in Gujranwala and accordingly a sale deed between the Modaraba and party - Mursaleen Shafique was duly executed against the sale consideration of Rs. 64.5 million; and therefore the same is classified as non-current asset held for sale. This sale transaction was materialized subsequent to the reporting date on 25 September 2018.

20 CURRENT PORTION OF LONG TERM LIABILITIES

Current portion of redeemable capital	26	179,417	179,417
Retention money	27	54,734	18,242
Current maturity of liability against purchase of land	25	56,426	56,423
		290,577	254,082

21 SHORT TERM BORROWINGS

Short term running finance - secured		6,970,283	3,956,552
Export refinance - secured		2,340,121	1,703,044
Loan from Chief Executive - Interest free, unsecured		390,000	390,000
		9,700,404	6,049,596

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

			2018	2017
			(Rupees in thousand)	
		Note		
21.1	Particulars of borrowings			
	Interest / markup based financing	21.2	6,121,089	4,527,719
	Islamic mode of financing			
	- Holding Company	21.2	1,242,314	831,877
	- Subsidiary Company	21.3	1,947,001	300,000
	Interest free	21.4	390,000	390,000
			9,700,404	6,049,596

21.2 The Holding Company has arranged facilities for short term finances to meet working capital requirements from various banks under mark-up arrangement / shariah arrangements to the extent of Rs. 7,775 million (2017: Rs. 5,955 million). The running finance facilities carried mark-up at the rates ranging from 6.39% to 9.43% per annum (2017: 6.30% to 7.55% per annum). Running finance amounting to Rs. 3,975 million (2017: Rs. 2,725 million) can interchangeably be utilized as export running finance. These carried mark-up at the rate of 2.40% to 2.50% per annum (2017: 2.40% to 3.86% per annum). Fund based facilities aggregating to Rs. 900 million can interchangeably be earmarked for utilization by subsidiary company, First Treet Manufacturing Modaraba, through cross corporate guarantee of the Holding Company. Unutilized amount as at the year end amounted to Rs. 412 million (2017: 596 million).

All short term borrowings of the Holding Company are secured by way of joint first pari passu hypothecation charge of Rs. 10,371 million (2017: Rs. 8,738 million) on the entire present and future current assets of the Holding Company. Export running finances are also covered through lien on documents.

21.3 The subsidiary company, First Treet Manufacturing Modaraba, has availed following Islamic mode of financing facilities:

21.3.1 It includes utilized amount of Istisna finance facility obtained from Bank Islami Pakistan Limited amounting to Rs. 500 million (2017: Rs. 300 million) for the manufacturing of soap and corrugated boxes out of the sanctioned limit of Rs. 500 million (2017: Rs. 500 million). This finance facility carries profit at three months Kibor plus 0.5% per annum payable quarterly; and is secured against exclusive ownership of the bank over goods, first charge over all the present and future current assets of the Modaraba amounting to Rs. 667 million (inclusive 25% margin).

21.3.2 It includes utilized amount of Running Musharakah facility obtained from MCB Islamic Bank Limited amounting to Rs. 752 million (2017: Nil) to meet working capital requirements out of the sanctioned limit of Rs. 1,000 million (2017: Nil). This finance facility carries profit at three months Kibor plus 0.4% per annum payable quarterly; and is secured against first Joint Pari Passu charge with 25% margin over current assets and cross corporate guarantee of the Holding Company.

21.3.3 It includes utilized amount of Istisna finance facility obtained from Bank Al-Habib Limited amounting to Rs. 200 million (2017: Nil) to meet working capital requirements out of the sanctioned limit of Rs. 500 million (2017: Nil). This finance facility carries profit at three months Kibor plus 0.35% per annum payable quarterly; and is secured against ranking charge of Rs. 667 million (inclusive 25% margin) over present and future current assets of the Modaraba to be upgraded into Joint Pari Passu charge within six months of first disbursement, lien over shipping documents and lien over contract with 10% Margin.

21.3.4 It includes utilized amount of Running Musharakah facility obtained from Faysal Bank Limited amounting to Rs. 495 million (2017: Nil) to fund working capital requirements out of the sanctioned limit of Rs. 500 million (2017: Nil). This finance facility carries profit at three months Kibor plus 0.5% per annum payable quarterly; and is secured against first Pari Pass / Joint Pari Passu charge with 25% margin over current and fixed assets of the Modaraba and cross corporate guarantee of the Holding Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

- 21.4** This represents interest free loan obtained from Chief Executive Officer of the Group for working capital requirements and is repayable on demand.
- 21.5** The facilities for opening letters of credits and guarantees availed by the Holding Company as at 30 June 2018 amounts to Rs. 3,707 million (2017: Rs. 3,007 million) of which unutilized amount as at year end amounted to Rs. 2,784 million (2017: 2,266 million). Non- fund based facilities aggregating to Rs. 1,890 million can interchangeably be earmarked for utilization by subsidiary company, First Treet Manufacturing Modaraba, through cross corporate guarantee of the Holding Company.
- 21.6** As per the financing arrangements, the Group is required to comply with certain financial covenants and other conditions including dividend restrictions as imposed by the providers of finance.
- 21.7** The Group has entered into an interest rate swap to cover the possible adverse movements in interest rates. Under the terms of the interest rate swap arrangement, the Group pays 7.38% per annum on quarterly basis on the notional amount of Rs. 100 million to the arranging bank and receives 3 month KIBOR on same notional amount from the arranging bank. The Group has designated this swap as derivative. The fair value of this swap as at 30 June 2018 is Rs. 0.003 million (2017: 0.01 million).

	Note	2018 (Rupees in thousand)	2017
22 TRADE AND OTHER PAYABLES			
Trade creditors			
- Related parties	22.1	41	3,525
- Others		158,536	332,889
		158,577	336,414
Other creditors			
- Related parties	22.2	2,696	4,357
- Others		38,818	51,038
		41,514	55,395
Accrued liabilities		526,001	328,174
Advances from customers		49,428	52,184
Advance against sale of land		69,698	15,893
Employees deposits		64,263	50,303
Withholding sales tax payable		3,038	11,542
Income tax deducted at source		8,757	10,534
Retention money		-	38,128
Workers profit participation fund	17.5	-	4,703
Workers' welfare fund	22.3	1,019	1,513
Security deposits	22.4	15,604	15,000
Sales tax payable		27,375	-
Other payables	22.5	24,402	145,634
Payable to employee retirement benefit funds:			
- Service fund		2,044	3,086
- Employees Benevolent Fund		2,065	885
- Superannuation fund - II		4,764	1,020
- Employees provident fund	22.6	24,967	7,185
		33,840	12,176
		1,023,516	1,077,593

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	Note	2018 (Rupees in thousand)	2017
22.1 Related parties			
Packages Limited		-	967
IGI General Insurance Limited		41	2,558
		41	3,525
These are interest free in the normal course of business.			
22.2 Related party			
Packages Limited		2,696	4,357
22.3 Workers' welfare fund			
Balance as at 01 July		1,513	-
Add: Charge for the year	40	1,017	1,513
Less: paid during the year		(1,511)	-
Balance as at 30 June		1,019	1,513
22.4	It includes an amount received from dealer by virtue of contract and is repayable at the time of termination of dealership or on demand. The amount has been kept in regular business accounts of the Holding Company.		
22.5	This includes Rs. Nil (2017: Rs. 98.91 million) received from shareholders of subsidiary for issuance of shares.		
22.6	The Group has set up provident fund for its permanent employees. The total charge against provident fund for the year was Rs. 32.61 million (2017: Rs. 24.36 million). The net assets based on audited financial statements of provident fund for the year ended 30 June 2018 amount to Rs. 436.91 million (2017: Rs. 418 million). The fair value of investments of provident fund was Rs. 215.44 million (2017: Rs. 377.57 million) and the cost of the investment was Rs. 253.85 million (2017: Rs. 366.18 million). The Group is not compliant with the requirement of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.		

22.6.1 The break-up of fair value of investments is:

	2018 (Rupees in thousand)	2017	2018 %	2017 %
National saving bonds / Special saving bonds	16,300	46,300	8%	12%
Pakistan investment bonds	-	10,000	0%	3%
National investment trust units	17,280	21,583	8%	6%
NIT government treasury fund	5,518	5,248	3%	1%
Mutual funds	8,776	5,011	4%	1%
Listed securities	63,928	53,459	30%	14%
Term finance certificates	30,000	50,000	14%	13%
Term deposit certificates	-	15,415	0%	4%
Participation term certificates	10,290	13,157	5%	3%
Account with broker for investment	19	81	0%	1%
	152,111	220,254		
Cash at bank	63,334	157,319	29%	42%
	215,445	377,573	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

This includes ordinary shares and participation term certificates of the Holding Company whose fair value as at 30 June 2018 is Rs. 12.91 million (2017: Rs. 6.83 million) and Rs. 10.29 million (2017: Rs. 13.16 million) respectively.

- 22.7** In respect of contributory retirement funds other than provident fund, the Holding Company is not compliant with the requirement of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	Note	2018 (Rupees in thousand)	2017
23 ACCRUED MARK-UP			
Accrued markup / return on:			
Participation term certificates		173,144	289,153
Short term borrowings		124,857	61,706
		298,001	350,859

24 LONG TERM DEPOSITS

These represent interest free deposits received from freight forwarding agencies and other contractors repayable after performance of contracts.

25 LONG TERM LIABILITY AGAINST PURCHASE OF LAND

Long term liability		112,849	169,272
Less: Payment made during the year		(56,423)	(56,423)
		56,426	112,849
Less: Current maturity of liability	20	(56,426)	(56,423)
		-	56,426

- 25.1** This represents long term liability for land purchased in Faisalabad from Faisalabad Industrial Estate Development and Management Company (FIEDMC). The Group has made a payment of Rs. 209.10 million to-date and the remaining amount of Rs. 56.43 million is payable in 4 equal quarterly instalments ending on 04 June 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	Note	2018 (Rupees in thousand)	2017
26 REDEEMABLE CAPITAL			
Participation term certificates		357,583	537,000
Less: Current portion shown under current liabilities	20	(179,417)	(179,417)
		178,166	357,583

In 2013, the Holding Company issued 41,822,250 participation term certificates (PTCs) of Rs. 30 each to existing shareholders in the ratio of 1 PTC for every 1 ordinary share held. The PTCs are listed on Pakistan Stock Exchange. The term of PTCs shall be 07 years. The proceeds from the issue of PTC were utilised to repay existing bank borrowings of the Holding Company at the date of issue. The Holding Company has no option to prematurely call the PTCs for redemption and/or conversion. The PTC holders have no option to ask the Holding Company to redeem and/or convert PTC's prematurely. PTC holders shall have no preemptive right in any further issue of capital of the Holding Company.

Terms of redemption

The principal amount of PTCs will be reduced through redemption (in cash and through mandatory conversion) each year. The principal redemption through cash is Rs. 0.15 per PTC per annum for the year 2013 to year 2018. PTCs are mandatorily convertible into ordinary shares of Holding Company through share conversion at the rate of 0.07 share per PTC per annum (pre-agreed price of Rs. 59.14 per share) from year 2013 to year 2018 and 0.08 share per PTC (pre-agreed price of Rs. 51.38 per share) in the year 2019. Shares issued through conversion will rank pari passu with existing shares.

Profit payment

The PTC holder is entitled to a minimum profit (Category A profit) at Rs. 4.14 per annum for each PTC, alongwith a contingent profit (Category B profit) based on the consolidated profits before tax, Workers Welfare Fund (WWF), Workers Profit Participation Fund (WPPF) and finance cost relating to PTCs based on pay-off matrix. The pay-off matrix sets out various ranges for contingent profit pay out percentages.

The following table shows the redemption of PTC:

Year	Principal redemption in cash	Principal redemption in shares	Principal value redemption	Increase in ordinary share capital	Increase in ordinary share capital	Share premium of conversion	Category "A" profit payment in cash	Category "B" profit payment in cash
	(----- Rupees in thousand -----)			Shares		(----- Rupees in thousand -----)		
2018	6,272	173,145	179,417	2,927,557	29,275	143,869	173,144	-
2017	6,272	173,145	179,417	2,927,557	29,276	143,869	173,145	116,008

The Holding Company will issue 2,927,557 ordinary shares of face value of Rs. 10 per share against Rs. 173.145 million.

The Chief Executive Officer and Directors of the Holding Company holds 17,601,611 (2017: 17,601,611) PTCs of the Company. Finance cost paid to them during the year is Rs 72.87 million (2017: Rs 119.76 million). Loads Limited, an associated company, holds 1,831,500 (2017: 1,831,500) participation term certificates of the Holding Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

Securities

The PTCs are secured by the following:

First exclusive equitable mortgage of Rs. 1,254.67 million over the mortgaged property, i.e. land measuring 11.62 acres situated in Kot Lakhpat Industrial Area Scheme, Lahore (Quaid-e-Azam Industrial Estate) bearing plot no. 72-B together with all buildings, structures, fittings and fixtures permanently fastened to land and erections built or erected or to be built or erected thereon pursuant to Memorandum of Deposit of Title Deeds dated 16 May 2011.

First Exclusive Floating charge of Rs. 1,254.67 million over the present and future movable fixed assets of the Holding Company pursuant to deed of floating charge dated 16 May 2011.

Pledge of Rs. 210.18 million over the liquid assets (i.e. listed securities having value of at least Rs. 210.18 million pledged in favor, or under lien, of the Security Trustee, which may include shares of Packages Limited, IGI General Insurance Limited, ZIL Limited, Indus Dyeing Manufacturing Company Limited and/or any other liquid securities) pursuant to the letter of lien and pledge dated 16 May 2011. However, currently shares of Silk Bank Limited and Shahtaj Textile Limited are pledged with the Trustee as referred in note 16.

The above investment in shares/securities will be kept in CDC Account which shall be under pledge of security trustee. However movement in/from the said pledged account will not be restricted by the security trustee provided that aggregate value of Rs. 250 million is maintained. The security trustee shall ensure that the closing balance of shares in the pledged account at anytime shall not fall below the equivalent rupee value of Rs. 250 million.

	Note	2018 (Rupees in thousand)	2017
27 RETENTION MONEY - GLOBAL ARTS LIMITED			
Balance as at 30 June	27.1	54,734	18,242
Less: current portion shown under current liabilities	20	(54,734)	(18,242)
		-	-

- 27.1** Retention money represents amount retained from contractors as per the terms of the contract and relates to Global Arts Limited and First Treet Manufacturing Modaraba. It is expected that the proposed civil work will be completed within the next twelve months from the reporting date.

28 DEFERRED LIABILITIES - EMPLOYEE RETIREMENT BENEFITS			
Gratuity fund		160,769	122,823
Superannuation fund		164,929	129,116
	28.1	325,698	251,939

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

28.1 Net retirement benefit obligation

	Gratuity		Superannuation	
	2018	2017	2018	2017
	------(Rupees in thousand)-----			
Amounts recognized in balance sheet are as follows:				
Present value of defined benefit obligation	349,276	311,121	330,390	296,556
Fair value of plan assets	(188,507)	(188,298)	(165,461)	(167,440)
Net retirement benefit obligation	160,769	122,823	164,929	129,116

28.2 Movement in net obligation

Net liability as at 01 July	122,822	115,417	129,117	101,464
Charge to profit and loss account				
Treet Corporation Limited	30,232	25,030	27,587	21,426
Treet HR Management (Private) Limited	1,820	1,507	868	674
	32,052	26,537	28,455	22,100
Re-measurements chargeable in other comprehensive income				
Treet Corporation Limited	39,239	11,476	31,322	38,162
Treet HR Management (Private) Limited	2,065	604	1,649	2,008
	41,304	12,080	32,971	40,170
Contribution made by the Group	(35,410)	(31,212)	(25,613)	(34,617)
Net retirement benefit obligation	160,768	122,822	164,930	129,117

28.3 Movement in the liability for funded defined benefit obligations

Liability for defined benefit obligations as at 01 July	311,121	262,883	296,556	251,409
Benefits paid by the plan	(36,928)	(31,212)	(27,088)	(34,617)
Current service costs	23,905	19,301	19,442	15,999
Interest cost	22,681	17,928	21,934	16,972
Re-measurements on obligation:				
Actuarial losses on present value				
- Changes in demographic assumptions	-	-	-	-
- Changes in financial assumptions	365	124	472	123
- Experience adjustments	28,136	42,097	19,074	46,670
	28,501	42,221	19,546	46,793
Present value of defined benefit obligations as at 30 June	349,280	311,121	330,390	296,556

28.4 Movement in fair value of plan assets

Fair value of plan assets as at 01 July	188,298	147,466	167,440	149,945
Contributions into the plan	35,410	31,212	25,613	34,617
Benefits paid by the plan	(36,928)	(31,212)	(27,088)	(34,617)
Interest income on plan assets	14,534	10,691	12,921	10,871
Return on plan assets excluding interest income	(12,807)	30,141	(13,425)	6,624
Fair value of plan assets as at 30 June	188,507	188,298	165,461	167,440

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Gratuity		Superannuation	
	2018	2017	2018	2017
	----- (Rupees in thousand) -----			
28.5 Plan assets				
Plan assets comprise:				
Listed securities	70,528	45,961	55,456	42,302
Deposits with banks	59,484	56,511	70,121	49,012
Investment in mutual funds	50,361	38,492	31,245	30,530
Government securities	15,376	45,815	8,000	20,000
Commercial paper	-	-	-	25,000
Others	(7,242)	1,519	639	596
	188,507	188,298	165,461	167,440

Plan assets of gratuity fund include ordinary shares and participation term certificates of the Holding Company whose fair value as at 30 June 2018 is Rs. 1.91 million (2017: Rs. 1.14 million) and Rs. 8.11 million (2017: Rs. 12.72 million) respectively.

Plan assets of superannuation fund include ordinary shares and participation term certificates of the Holding Company whose fair value as at 30 June 2018 is Rs. 5.95 million (2017: Rs. 5.12 million) and Rs. 6.83 million (2017: Rs. 9.85 million) respectively.

Before making any investment decision, an Asset-Liability matching study is performed by the Board of Trustees of the funds to evaluate the merits of strategic investments. Risk analysis of each category is done to analyze the impacts of the interest rate risk, currency risk and longevity risk.

28.6 Consolidated statement of Profit or loss includes the following in respect of retirement benefits:				
Interest cost	22,681	17,928	21,934	16,972
Current service cost	23,905	19,301	19,442	15,999
Interest income on plan assets	(14,534)	(10,691)	(12,921)	(10,871)
Total, included in salaries and wages	32,052	26,538	28,455	22,100
28.7 Actual return on plan assets	1,727	40,832	(504)	17,495
28.8 Actuarial losses recognized directly in other comprehensive income				
Cumulative amount at 01 July	(106,849)	(94,769)	(122,815)	(82,645)
Losses recognized during the year	(41,304)	(12,080)	(32,971)	(40,170)
Cumulative amount at 30 June	(148,153)	(106,849)	(155,786)	(122,815)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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28.9 Historical Information for Gratuity fund

	2018	2017	2016	2015	2014
	----- (Rupees in thousand) -----				
Present value of defined benefit obligation	349,280	311,121	262,883	221,828	188,515
Fair value of the plan assets	(188,507)	(188,298)	(147,466)	(140,365)	(116,436)
Deficit	160,773	122,823	115,417	81,463	72,079
Experience adjustments arising on plan liabilities	28,136	42,097	30,656	7,716	24,439
Experience adjustments arising on plan assets	(12,807)	30,141	(6,585)	8,501	1,227

The Group expects to pay Rs. 43.38 million in contributions to gratuity fund in 2019.

28.10 Historical Information for Superannuation fund

Present value of defined benefit obligation	330,390	296,556	251,409	209,784	172,551
Fair value of plan assets	(165,461)	(167,440)	(149,945)	(137,612)	(115,991)
Deficit in the plan	164,929	129,116	101,464	72,172	56,560
Experience adjustments arising on plan liabilities	19,074	46,670	31,806	13,052	17,918
Experience adjustments arising on plan assets	(13,425)	6,624	(1,084)	6,252	8,177

The Group expects to pay Rs. 37.76 million in contributions to superannuation fund in 2019.

28.11 Significant actuarial assumptions used for valuation of these plans are as follows:

	2018		2017	
	Gratuity fund per annum	Superannuation fund per annum	Gratuity fund per annum	Superannuation fund per annum
Discount rate used for profit and loss charge	7.75%	7.75%	7.25%	7.25%
Discount rate used for year-end obligation	9.00%	9.00%	7.75%	7.75%
Expected rates of salary increase	8.00%	8.00%	6.75%	6.75%
Expected rates of return on plan assets	9.00%	9.00%	7.75%	7.75%

Mortality rate

The rates assumed were based on the SLIC 2001 - 2005.

28.12 Weighted average duration of the defined benefit obligation is 9 years for both gratuity and superannuation plans.

28.13 Actuarial assumptions sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the impact on the present value of the defined benefit obligation as at 30 June 2018 would have been as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

		Impact on present value of defined benefit obligation as at 30 June 2018			
		Gratuity		Superannuation	
	Change	Increase	Decrease	Increase	Decrease
------(Rupees in thousand)-----					
Discount rate	100 bps	(320,374)	382,714	(301,933)	363,378
Future salary increase	100 bps	382,714	(319,872)	363,378	(301,441)

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the balance sheet.

29 EMPLOYEE STOCK OPTION SCHEME

The Group has granted share options to its employees under the Treet Corporation Limited - Employee Stock Options Scheme, 2015 ("the scheme") as approved by the shareholders in their annual general meeting held on 31 October 2014 and the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SMD/CIW/ESOS/02/2014 dated 19 February 2015.

Under the Scheme, the Group may grant options to eligible employees selected by the Board Compensation Committee, from time to time, which shall not at any time exceed 15% of the paid up capital of the Holding Company (as increased from time to time). The option entitles an employee to purchase shares at an exercise prices determined in accordance with the mechanism defined in the scheme at the date of grant. The aggregate number of shares for all options to be granted under the scheme to any single eligible employee shall not, at any time, exceed 3% of the paid up capital of the Holding Company (as increased from time to time). Further the grant of options in anyone calendar year exceeding 3% of the paid up capital shall require approval of the shareholders. The options carry neither right to dividends nor voting rights till shares are issued to employees on exercise of options.

The options will have a vesting period of one year and an exercise period of one year from the date options are vested as laid down in the scheme. These options shall be exercisable after completion of vesting period i.e. one year from date of grant. Upon vesting, employees are eligible to apply and secure allotment of Holding Company's shares at a exercise price determined on the date of grant of options. Option price shall be payable by the employee on the exercise of options in full or part. The options will lapse after completion of two years of grant date if not exercised.

The details of the share options granted under the scheme together with the status as at 30 June 2018 is as follows:

	Granted in year 2017	Granted in year 2016	Granted in year 2015 *(Modified October 2016)
	(Rupees in thousand)		
Original grant date	14 July 2017	16 July 2016	14 July 2015
Modified grant date	N/A	N/A	31 October 2016
Options issued	4,259	4,114	1,605
Options no longer in issue	-	-	-
Options vested	N/A	4,114	1,605
Options exercised	N/A	533	1,605

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	Granted in year 2017	Granted in year 2016	Granted in year 2015 (Modified October 2016)
	(Rupees in thousand)		
Shares issued under the scheme	N/A	533	1,605
Original exercise price per share	66.45	51.79	90.58
Market value per share at grant date	51.53	51.63	77.09
Option discount per share at grant date	NIL	NIL	NIL
Modified exercise price per share	N/A	N/A	51.79
Market value per share at modified grant date	N/A	N/A	47.08
Option discount per share at modified grant date	N/A	N/A	NIL
Options issued to key management personnel	2,003	3,224	1,367
Options exercised by key management personnel	N/A	N/A	1,367

*The shareholders of the Group in their Annual General Meeting held on 31 October 2016 approved re-pricing of 1,604,800 options already granted and pending for exercise under the scheme from initial price of Rs. 90.58 per share to revised price of Rs. 51.79 per share without any change or modification to any other terms.

Subsequent to the year end, the Group has granted 4.77 million stock options to its eligible employees at an exercise price of Rs. 35.44 per share under "Treet Corporation Limited - Employee Stock Option Scheme, 2015" in respect of year 2017-2018. These options will have a vesting period of one year from grant date and an exercise period of one year from the date the options are vested. These options shall be exercisable after completion of vesting period i.e one year from date of grant.

30 CONTINGENCIES AND COMMITMENTS

30.1 Contingencies

Contingencies - The Holding Company

- A tax demand amounting to Rs. 14.80 million had been created by Additional Commissioner Inland Revenue under section 12(9A) of the repealed Income Tax Ordinance, 1979 for assessment year 2000-2001. The tax demand was adjusted against income tax refunds of the Company for the tax year 2006. The Company has filed an appeal before Appellate Tribunal Inland Revenue.
- A tax demand amounting to Rs. 16.05 million had been raised by the tax department against the Company on the issue of proration of profits between local and export sales for the tax year 2003 and 2006. In 2010, Appellate Tribunal Inland Revenue dismissed the Company's appeal, however, the Company filed an application under section 21 of General Clauses Act, 1997 to rescind or amend the order. Further, without conceding the legitimate position of this issue as stated above, a rectification application on account of incorrect computation has also been filed resulting in rectification amounting to Rs. 10.29 million. The Company is expecting a favorable outcome as this issue was decided in the favor of the Company in past.
- For the assessment year 1999 to 2000, the taxation officer charged additional tax amounting to Rs. 3.27 million on the grounds that the Company failed to deposit the due tax as per the return filed. The Company, on the grounds that the amount due has already been deposited, filed a rectification application against levy of additional tax on the basis that the mistake is apparent from the record.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

- For the tax year 2004, the Additional Commissioner Inland Revenue passed an order under section 122(5A) of the Income Tax Ordinance, 2001 on the issue of proration of profits between local and export sales and created a tax demand of Rs. 6.56 million which was subsequently reduced to Rs. 2.62 million vide order dated 30 June 2015. The Company filed an appeal before Commissioner Inland Revenue (CIR) (Appeals) who decided the matter against the Company. Against the order of CIR (appeals), the Company filed an appeal before Appellate Tribunal Inland Revenue which is pending adjudication.
- For the tax year 2011, the Deputy Commissioner Inland Revenue passed an order under section 161/205 of the Income Tax Ordinance, 2001 and created a tax demand of Rs. 0.58 million. The Company filed an appeal before Commissioner Inland Revenue (Appeals) and obtained a relief of Rs. 0.24 million thereby reducing the overall demand to Rs. 0.37 million. The Company then filed a second appeal before the Appellate Tribunal Inland Revenue which is pending adjudication.
- For the tax year 2014, the Deputy Commissioner Inland Revenue passed an order under section 121(1)/122(5) after conducting a tax audit under section 177 of the Income Tax Ordinance, 2001. The additions made through the above order resulted in reduction of the brought forward losses of the respective tax year. The Company filed an appeal before Commissioner Inland Revenue (Appeals) which is pending adjudication.
- For the tax year 2016, the Assistant Commissioner Inland Revenue passed an order under section 161/205 of the Income Tax Ordinance, 2001 and created a tax demand of Rs. 3.12 million. The Company filed an appeal before Commissioner Inland Revenue (Appeals) which is pending adjudication.
- A sales tax demand amounting to Rs. 1.56 million has been created by Deputy Commissioner Inland Revenue for alleged default of compliance of section 8(1)(CA) of the Sales Tax Act, 1990. The Company filed an appeal with Commissioner Appeals against this order and obtained relief of Rs. 0.42 million. The Company filed an appeal before Appellate Tribunal Inland Revenue and expects a favorable outcome on the grounds that Honorable Lahore High Court has declared the provision of section 8(1)(CA) ultra-vires.
- In the year 2015, the Company was selected for sales tax audit in respect of tax period July 2013 to June 2014 under section 72B of the Sales Tax Act, 1990. After the conclusion of audit proceedings, a sales tax demand of Rs. 8.65 million including penalty was created by Deputy Commissioner Inland Revenue mainly on account of admissibility of input sales tax under SRO 490(I)/2004. The Company filed an appeal with Commissioner Inland Revenue (Appeals) against this order which is pending adjudication.

Based on the opinion of the Holding Company's legal counsel, management is expecting a favorable outcome of the above cases. Therefore no provision has been recognized in these consolidated financial statements.

Contingencies - First Treet Manufacturing Modaraba

- For the tax years 2011 and 2012, the Deputy Commissioner Inland Revenue (DCIR) passed orders under sections 161 and 205 of the Income Tax Ordinance, 2001 creating tax demands of Rs. 1.52 million and Rs. 41.36 million respectively. The Modaraba filed appeals against the orders passed by DCIR before Commissioner Inland Revenue (CIR) Appeals who decided the matters in favor of the Modaraba by deleting the tax demands. Tax department filed appeals against the decision of CIR Appeals before Appellate Tribunal Inland Revenue (ATIR) which are pending adjudication.

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- For the tax year 2017, the Inland Revenue Officer (IRO), E & C Unit-VII, Range-II, Zone-VI, CRTO, Lahore, passed orders under sections 161 and 205 of the Income Tax Ordinance, 2001 arbitrarily creating a tax demand of Rs. 1.81 million. The Modaraba filed appeals against the order passed by IRO before Commissioner Inland Revenue (CIR) Appeals, Zone-II, Lahore which is pending adjudication.
- For the tax period July 2011 to June 2013, the Additional Commissioner Inland Revenue (ACIR) passed order under section 25 of the Sales Tax Act, 1990 creating a sales tax demand of Rs. 9.53 million along with penalty of Rs. 0.51 million mainly on the issue of inadmissibility of input sales tax. The Modaraba filed appeals against the order passed by ACIR before Commissioner Inland Revenue (CIR) Appeals, Zone-II, Lahore which is pending adjudication.

Based on the opinion of tax advisor of Modaraba, management is expecting a favourable outcome of the above cases. Therefore, no provision in this regard has been recorded in these consolidated financial statements.

Contingencies - Treet Holdings Limited

- A tax demand amounting to Rs. 43.26 million had been created by Additional Commissioner Inland Revenue (ACIR) through the order passed under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2011. The Company has filed an appeal before Appellate Tribunal Inland Revenue Lahore.
- A tax demand amounting to Rs. 26.60 million had been raised by Commissioner Inland Revenue - Appeals - 1, through the order passed under section 221 of the Income Tax Ordinance, 2001 for the tax year 2011. The Company has filed an appeal before Appellate Tribunal Inland Revenue, Lahore being unlawful and illegal demand created by the department.
- For the tax year 2009, the Deputy Commissioner Inland Revenue (DCIR) passed an order under section 161/205 of Income Tax Ordinance, 2001 and created a tax demand of Rs. 34.65 million. The Company filed an appeal before the Commissioner Inland Revenue - Appeals - 1, who deleted tax demand of Rs. 32.36 million. The Company has filed second appeal before the Appellate Tribunal Inland Revenue for the remaining amount, which is in process.
- For the tax year 2012, the Assistant Commissioner Inland Revenue (ACIR) passed an order under section 161/205 of the Income Tax Ordinance, 2001 and arbitrarily created a tax demand of Rs. 1.10 million. The Company filed an appeal before the Commissioner Inland Revenue (Appeals), Zone-1, Lahore.
- For the tax year 2012, the Additional Commissioner Inland Revenue (ACIR) had passed an order under section 122(5A) of the Income Tax Ordinance, 2001 on different issues i.e. allocation of expenses between normal income and presumptive income, under section 34(3) read with section 20, under section 29, of the Income Tax Ordinance, 2001, bad debts, exchange loss, payment of WWF & dividend income and created a tax demand of Rs. 1.30 million. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) which is pending adjudication at this point in time.
- For the tax year 2013, the Additional Commissioner Inland Revenue (ACIR) had passed an order under section 122(5A) of the Income Tax Ordinance, 2001 on different issues i.e. under section 34(3) read with section 20, under section 29 of the Income Tax Ordinance, 2001, bad debts, capital gains on securities, exchange loss & sale / transfer of stock and created a tax demand of Rs. 17.28 million. The Company filed an appeal before the Commissioner Inland Revenue (Appeals).

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- For the tax year 2014, the Deputy Commissioner Inland Revenue (DCIR) had passed an order under section 122(1) read with section 122(5) of the Income Tax Ordinance, 2001 on different issues i.e disallowing expenses on account of trade discount, under section 111(1)(a), provision for doubtful debts, under section 20(1), 21(C), 21(h), 21(l), 21(m) and 111(1)(b) of the Income Tax Ordinance, 2001 amounting to Rs. 17.30 million. The Company filed an appeal before the Commissioner Inland Revenue Appeals-II, Lahore.
- A sales tax demand of Rs. 161.52 million was created by Deputy Commissioner Inland Revenue (DCIR), Audit-03, Zone-1, LTU, Lahore for the tax period July 2010 to June 2011, after conducting audit under section 72(b) of the Sales Tax Act, 1990. The Appellate Tribunal Inland Revenue deleted the tax demand of Rs. 161.01 million. As a result, tax department filed second appeal before the Appellate Tribunal Inland Revenue, Lahore for remanding the case back on the issue of violation of section-73 of Sales Tax Act, 1990.
- The Deputy Commissioner Inland Revenue (DCIR) issued an order to recover Rs. 12.51 as inadmissible input sales tax which was adjusted in the electronic sales tax return, as previously sales tax returns were being filed manually on the directions of Honorable Lahore High Court in response to the company's writ petition challenging the amendments made in the Sales Tax Special Procedure Withholding rules, 2007 wide SRO 505(1)-2013. The Company has filed an appeal before the Commissioner Inland Revenue (Appeals 1), Lahore which is pending adjudication.
- For the tax period 2011 and 2012, a sales tax demand of Rs. 13.88 million and Rs. 1.8 million respectively was created by Deputy Commissioner Inland Revenue (DCIR) for alleged default of compliance u/s 8(1)(ca) of Sales Tax Act, 1990. The Company filed an appeal before the Commissioner Inland Revenue - Appeals, Zone-1, Lahore where the relief was given to the extent of Rs. 12.92 million and Rs. 1.3 million respectively. The Company filed second appeal before the Appellate Tribunal Inland Revenue for the remaining amount, as the Honorable Lahore High Court, Lahore has declared the provision of sec-8(1)(ca) ultra vires.

Based on the opinion of the Subsidiary Company's legal counsel, management is expecting a favorable outcome of the above cases. Therefore no provision has been recognized in these consolidated financial statements.

30.2 Commitments

- Outstanding letters of credit as at 30 June 2018 amounted to Rs. 1,175.43 million (2017: Rs. 946.11 million).
- Outstanding guarantees amounting to Rs. Nil (2017: 22.43 million) have been issued and unutilized limit of said guarantees amounts to Rs. Nil (2017: Rs. 212.57 million).

30.2.1 Operating leases

The Group has availed its soaps manufacturing facility on operating lease. This lease runs for the maximum period of 10 years ending on 30 June 2020, with an option to renew after that date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
30.2.2 Future lease payments under the lease agreements are:			
Not later than one year		12,340	9,796
Later than one year but not later than five years		12,340	19,591
		24,679	29,387

31 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2018 (Number of shares)	2017	2018 (Rupees in thousand)	2017
Ordinary shares of Rs. 10 each fully paid-up in cash	89,793,463	89,793,463	897,935	897,935
Ordinary shares of Rs. 10 each issued on conversion of PTCs	15,732,828	12,805,228	157,327	128,052
Ordinary shares of Rs. 10 each fully issued as bonus shares	52,420,143	38,133,175	524,201	381,331
Ordinary shares of Rs. 10 each issued against employee share option scheme	2,138,251	1,411,800	21,383	14,118
	160,084,685	142,143,666	1,600,846	1,421,436

31.1 Reconciliation of number of shares

At 01 July		1,421,436	1,378,043
Issued on conversion of PTCs	31.3	29,275	29,275
Issued against bonus shares		142,870	-
Issued against employee share option scheme	31.5	7,265	14,118
At 30 June		1,600,846	1,421,436

31.2 Loads Limited, an associated company, holds 8,613,233 (2017: 7,748,885) ordinary shares of Rs. 10 each representing 5.38% (2017: 5.45%) of the paid up capital of the Holding Company.

31.3 Under the terms of conversion as referred in note 26, the Holding Company, during the year, issued 2,927,557 (2017: 2,927,557) fully paid ordinary shares against conversion of Participation Term Certificate (PTCs) into ordinary shares. The issue was made in lieu of mandatory conversion of PTCs at the rate of 0.07 shares per PTCs at a pre agreed price of Rs. 59.14 per share resulting in premium of Rs. 143.87 million (2017: Rs. 143.87 million).

31.4 During the year, the Holding Company has announced 10% bonus shares in lieu of dividend to its existing shareholders, in proportion of their shareholding.

31.5 Under the terms of the scheme as referred in note 29, the Holding Company, during the year, issued 726,451 fully paid ordinary shares to eligible employees. The shares were issued at the exercise price of Rs. 51.79 per share resulting in premium of Rs. 30.36 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
32 RESERVES			
Capital reserves	32.1	5,006,518	4,834,850
General reserves		266,400	266,400
		5,272,918	5,101,250
32.1 Capital reserves			
Excess of net worth over purchase consideration of assets of Wazir Ali Industries Limited		629	629
Fair value reserves		1,654	4,213
Share premium	32.1.1	4,492,294	4,318,067
Statutory reserves	32.1.2	511,941	511,941
		5,006,518	4,834,850
32.1.1	This reserve can be utilized by the Group only for the purposes specified under section 81(2) of the Companies Act, 2017. The increase in reserve represents share premium at the rate of Rs. 49.14 (2017: Rs. 49.14) per share and Rs. 41.79 per share in respect of transactions referred in note 31.3 and 31.5 respectively.		
32.1.2	This represents profit set aside in compliance with the requirements of Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan and is not available for distribution.		
33 SURPLUS ON REVALUATION OF LAND AND BUILDINGS -NET OF TAX			
Surplus attributed to:			
Land and buildings		1,297,207	1,307,071
Land classified as held for sale		4,575	4,575
		1,301,782	1,311,646
Surplus on revaluation of property, plant and equipment as at 01 July		1,339,884	1,350,113
Surplus transferred to equity on account of incremental depreciation charged during the year - net of deferred tax		(10,783)	(8,582)
- Related deferred tax liability		(2,130)	(1,647)
		(12,913)	(10,229)
Revaluation surplus as at 30 June		1,326,971	1,339,884
Related deferred tax liability:			
- On revaluation as at 01 July		(28,238)	(29,885)
- on account of incremental depreciation charged during the year		2,130	1,647
- tax rate adjustment		919	-
		(25,189)	(28,238)
Surplus on revaluation of property, plant and equipment as at 30 June		1,301,782	1,311,646

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
33.1 Charge of incremental depreciation for the year net of tax attributable to:			
Owners of the Group		(10,749)	(8,580)
Non-controlling interests		(34)	(2)
		(10,783)	(8,582)
33.2 Balance as at 30 June attributable to:			
Owners of the Group		1,301,777	1,311,607
Non-controlling interests		5	39
		1,301,782	1,311,646

33.3 Land and buildings were last revalued on 30 June 2014 by M/s Zafar Iqbal & Co (PBA approved valuers, inspectors and engineers) resulting in surplus of Rs. 656.72 million. Land was revalued on the basis of current market value and buildings have been revalued on the basis of replacement value. The forced sale value of freehold land and buildings on freehold land was Rs. 911.96 million and Rs. 519.86 million respectively.

34 NON-CONTROLLING INTEREST

34.1 Group entities

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

30 June 2018 Amount in Rupees	First Treet Manufactur- ing Modaraba	Renacon Pharma Limited	Treet Holdings Limited	Global Arts Limited	Treet HR Management Private Ltd	Total
NCI percentage	2.48%	44.40%	0.36%	2.53%	0.36%	
Non current assets	8,470,137	158,169	523,437	1,678,225	-	
Current assets	3,767,288	398,437	241,014	36,419	58,699	
Non-current liabilities	-	-	-	-	-	
Current liabilities	8,150,774	81,706	125,006	7,934	11,516	
Net assets	4,086,651	474,900	639,445	1,706,710	47,183	
Carrying amount of NCI	101,178	210,874	2,285	43,227	170	357,734
Revenue - net	2,713,128	319,441	333,910	-	27,000	
(Loss) / profit after taxation	(397,310)	19,710	(49,207)	(6,966)	17,708	
Other comprehensive income	-	-	-	-	-	
Total comprehensive income	(397,310)	19,710	(49,207)	(6,966)	17,708	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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30 June 2018 Amount in Rupees	First Treet Manufactur- ing Modaraba	Renacon Pharma Limited	Treet Holdings Limited	Global Arts Limited	Treet HR Management Private Ltd	Total
Total comprehensive income allocated to NCI	(9,837)	8,752	(176)	(176)	64	(1,373)
Cash flows from operating activities	(1,498,985)	(56,114)	(11,354)	(18,817)	19,687	
Cash flows from investing activities	(1,800,387)	(138,084)	12,090	(131,755)	-	
Cash flows from financing activities	3,775,799	101,129	-	102,384	-	
Net increase / (decrease) in cash and cash equivalents	476,427	(93,069)	736	(48,188)	19,687	

30 June 2017 Amount in Rupees	First Treet Manufacturing Modaraba	Renacon Pharma Limited	Total
NCI percentage	0.13%	41.84%	
Non current assets	5,113,330	149,395	
Current assets	2,015,513	411,652	
Non-current liabilities	56,426	-	
Current liabilities	4,268,125	110,361	
Net assets	2,804,292	450,686	
Carrying amount of NCI	3,646	188,567	192,213
Revenue - net	2,621,736	145,205	
Profit after taxation	204,578	(18,534)	
Other comprehensive income	-	-	
Total comprehensive income	204,578	(18,534)	
Total comprehensive income / (loss) allocated to NCI	266	(7,755)	(7,489)
Cash flows from operating activities	(346,864)	(22,806)	
Cash flows from investing activities	(3,177,032)	(60,792)	
Cash flows from financing activities	3,436,612	460,656	
Net (decrease) / increase in cash and cash equivalents	(87,284)	377,058	

The operational results of Renacon are for the period from 18 January 2017 to 30 June 2017. If acquisition had occurred on 01 July 2016, management estimates that consolidated revenue and profits would have increased by Rs. 165.03 million and Rs. 54.84 million and fair value adjustments would have been same as on the date of acquisition.

** In accordance with para B96 of IFRS 10 -Consolidated Financial statements, the group has recognized the aforementioned gain in equity as it attributes to the owners of the parent.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

34.2 Acquisition by NCI without change in control

The detail of gain on sale of shares to NCI (classified in retained earnings) is as follows :

	30 June 2018				
	First Treet Manufacturing Modaraba	Renacon Pharma Limited	Treet Holding Limited	Global Arts Limited	Treet Human Resource Management
NCI percentage	2.35%	2.56%	0.36%	2.53%	0.36%
Carrying amount of NCI acquired	107,540	13,481	2,461	43,394	170
Consideration received from NCI					242,112
Gain on sale of shares to NCI					75,066

34.2.1 During the year, Global Arts Limited ("GAL") made right issue in the month of July which was not subscribed by the Holding Company and instead was renounced in favour of Renacon Pharma Limited ("RPL") which was fully subscribed by RPL. This resulted in decrease of equity interest of the Holding Company in GAL.

34.2.2 During the year, Renacon Pharma Limited ("RPL") made right issue in the month of July which was not subscribed by the Holding Company and instead was renounced in favour of Global Arts Limited ("GAL") and certain employees of Treet Corporation Limited, resulting in decrease of equity interest of the Holding Company.

34.2.3 The Board of Directors of the Holding Company in their meeting held on 27 February 2018 resolved to reduce certificate holding in First Treet Manufacturing Modaraba ("FTMM"). This resulted in decrease in equity interest of the Holding Company in FTMM through sale of 4.52 million modaraba certificates at an average rate of Rs. 30.38.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
35 SALES - NET			
Blades and trading income	35.1	6,094,010	5,355,311
Soaps	35.2	691,438	893,458
Corrugated boxes	35.3	1,662,722	1,701,937
Bikes	35.4	320,476	322,277
Battery	35.5	322,189	-
Hemodialysis concentrates (Pharmaceutical products)	35.6	319,441	145,205
		9,410,276	8,418,188
35.1 Blades and trading income			
Blades and razors			
Export sales		2,057,136	1,874,204
Local sales		4,555,991	3,839,329
Less: Sales tax		(695,304)	(592,048)
Trade discount		(141,405)	(69,461)
		3,719,282	3,177,820
Trading income			
Sale of batteries - gross		515,418	378,731
Less: Sales tax		(77,901)	(56,679)
Trade discount		(157,663)	(18,765)
		279,854	303,287
Trading income			
Sale of Chemical - gross		44,333	-
Less: Sales tax		(6,495)	-
Trade discount		(100)	-
		37,738	-
		6,094,010	5,355,311
35.2 Soaps			
Local Sales		841,518	1,087,568
Less: Sales tax		(148,462)	(191,134)
Trade discount		(1,618)	(2,976)
		(150,080)	(194,110)
		691,438	893,458

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	Note	2018 (Rupees in thousand)	2017
35.3 Corrugated boxes			
Local Sales		1,938,792	1,985,562
Less: Sales tax		(275,339)	(283,169)
Trade discount		(731)	(456)
		(276,070)	(283,625)
		1,662,722	1,701,937
35.4 Bikes			
Local Sales		385,067	388,175
Less: Sales tax		(62,612)	(61,868)
Trade discount		(1,979)	(4,030)
		(64,591)	(65,898)
		320,476	322,277
35.5 Battery			
Local sales		403,166	-
Less: Sales tax		(59,944)	-
Trade discount		(21,033)	-
		(80,977)	-
		322,189	-
35.6 Hemodialysis concentrates (Pharmaceutical products)			
Export sales		30,563	2,986
Local sales		290,959	143,221
Less: Sales tax		-	-
Less: Trade discount		(2,081)	(1,002)
		288,878	142,219
		319,441	145,205
36 COST OF GOODS SOLD			
Blades and trading operations	36.1	4,455,747	3,684,283
Soaps	36.2	566,281	723,140
Corrugated boxes	36.3	1,527,453	1,503,479
Bikes	36.4	327,368	376,099
Battery	36.5	522,839	-
Hemodialysis concentrates (Pharmaceutical products)	36.6	253,208	116,303
		7,652,896	6,403,304

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	Note	2018 (Rupees in thousand)	2017
36.1 Blades and trading operations			
Raw and packing material consumed		1,956,598	1,733,519
Stores and spares consumed		208,298	156,114
Salaries, wages and other benefits	36.1.1	1,164,526	923,272
Fuel and power		243,633	234,178
Repair and maintenance		29,683	37,104
Rent, rates and taxes		5,400	7,636
Insurance		79,270	51,504
Travelling and conveyance		18,785	29,117
Printing and stationery		17,956	8,421
Postage and telephone		7,373	6,989
Legal and professional charges		332	5,631
Entertainment		1,896	702
Staff training		631	965
Subscriptions		787	2,083
Depreciation on property, plant and equipment	6.1.3	156,432	142,885
Others		34,261	24,591
		3,925,861	3,364,711
Opening stock of work-in-process	14	61,311	53,071
Closing stock of work-in-process		(65,068)	(61,311)
Cost of goods manufactured		3,922,104	3,356,471
Opening stock of finished goods		234,914	201,245
Finished goods purchased for resale - batteries and chemicals		447,106	361,481
Closing stock of finished goods		(148,377)	(234,914)
		4,455,747	3,684,283

36.1.1 Salaries, wages and other benefits include Rs. 45.42 million (2017: Rs. 37.36 million) and Rs. 47.9 million (2017: Rs. 40.77 million) in respect of defined benefit schemes and defined contribution schemes respectively.

36.2 Soaps			
Raw and packing material consumed		500,686	639,747
Stores and spares consumed		4,265	2,986
Salaries, wages and other benefits	36.2.1	48,816	36,896
Fuel and power		7,479	6,218
Travelling and conveyance		632	645
Repair and maintenance		1,463	667
Plant rental		11,779	9,796
Insurance		2,860	1,063
Depreciation on property, plant and equipment	6.1.3	2,773	2,992
Rent, rates and taxes		177	184
Manufacturing charges		4,896	4,885
		585,826	706,079
Opening stock of work-in-process		1,438	3,432
Closing stock of work-in-process	14	(547)	(1,438)
Cost of goods manufactured		586,717	708,073

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
Opening stock of finished goods		22,544	37,611
Closing stock of finished goods		(42,980)	(22,544)
		566,281	723,140

36.2.1 Salaries, wages and other benefits include Rs. 2.45 million (2017: Rs. 0.36 million) in respect of contribution to staff retirement benefit plans.

36.3 Corrugated boxes

Raw and packing material consumed		1,116,401	1,134,476
Stores and spares consumed		70,290	57,411
Salaries, wages and other benefits	36.3.1	196,466	200,146
Fuel and power		72,208	52,971
Repair and maintenance		16,846	14,294
Rent rates and taxes		441	5,217
Insurance		4,231	1,509
Travelling and conveyance		2,986	2,674
Depreciation on property, plant and equipment	6.1.3	18,937	25,495
Other expenses		5,750	12,727
		1,504,556	1,506,920
Opening stock of work in process		35,353	36,865
Closing stock of work in process	14	(10,723)	(35,353)
Cost of goods manufactured		1,529,186	1,508,432
Opening stock of finished goods		32,711	27,758
Closing stock of finished goods		(34,444)	(32,711)
		1,527,453	1,503,479

36.3.1 Salaries, wages and other benefits include Rs. 9.06 million (2017: Rs. 1.07 million) in respect of contribution to staff retirement benefit plans.

36.4 Bike

Raw and packing material consumed	36.4.1	300,453	309,341
Carriage inward		725	2,247
Salaries, wages and other benefits	36.4.2	15,802	14,138
Repair and maintenance		815	1,007
Printing and stationery		516	119
Travelling and conveyance		235	268
Depreciation on property, plant and equipment	6.1.3	2,044	2,044
Other expenses		1,251	387
		321,841	329,551
Opening stock of work-in-process		9,228	57,205
Closing stock of work-in-process	14	-	(9,228)
Cost of goods manufactured		331,069	377,528
Opening stock of finished goods		1,979	550
Closing stock of finished goods		(5,680)	(1,979)
		327,368	376,099

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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36.4.1 This includes import of engines of motor bikes amounting to Rs. 26.58 million (2017: Rs. 25.6 million).

36.4.2 Salaries, wages and other benefits include Rs. 0.15 million (2017: Rs. 0.10 million) and Rs. 0.39 million (2017: Rs. 0.30 million) in respect of defined benefit schemes and defined contribution schemes respectively.

	Note	2018 (Rupees in thousand)	2017
36.5 Battery			
Raw material and packing material consumed		563,638	-
Salaries, wages and other benefits	36.5.1	127,284	-
Fuel and power		86,754	-
Repair and maintenance		20,222	-
Rent, Rates and taxes		96	-
Insurance		1,625	-
Traveling and conveyance		16,724	-
Depreciation on property, plant and equipment	6.1.3	107,148	-
Other manufacturing expenses		6,399	-
		929,890	-
Elimination of trial production cost		(16,489)	-
		913,401	-
Opening stock of work in process	14	-	-
Closing stock of work in process		(242,745)	-
Cost of goods manufactured		670,656	-
Opening stock of finished goods		-	-
Closing stock of finished goods		(147,817)	-
		522,839	

36.5.1 Salaries, wages and other benefits include Rs. 7.98 million (2017: Rs. Nil) in respect of contribution to staff retirement benefit plans.

36.6 Hemodialysis concentrates (Pharmaceutical products)

Raw material and packing material consumed		179,500	99,770
Salaries wages and other benefits		44,990	18,366
Repair and maintenance		3,721	41
Fuel and power		2,228	912
Rent, Rates and taxes		1,215	851
Printing and stationery		785	-
Postage & telephone		489	12
Legal and professional		560	-
Entertainment		103	-
Travelling		4,444	535
Insurance		1,536	-
Depreciation on property, plant and equipment	6.1.3	6,823	1,389
Other manufacturing expenses		7,216	-
		253,610	121,876
Opening stock of work in process		675	-
Closing stock of work in process	14	(675)	(675)
Cost of goods manufactured		253,610	121,201
Opening stock of finished goods		4,898	-
Closing stock of finished goods		(5,300)	(4,898)
		253,208	116,303

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	Note	2018 (Rupees in thousand)	2017
37 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	37.1	232,548	182,689
Electricity and gas		-	58
Repairs and maintenance		3,471	2,517
Rent, rates and taxes		3,016	1,718
Traveling and conveyance		14,588	7,402
Entertainment		988	1,121
Insurance		1,758	-
Postage and telephone		1,758	1,509
Printing and stationery		2,813	5,965
Legal and professional charges	37.2	40,929	47,788
Donations	37.3 & 37.4	115,568	53,015
Computer expenses		6,054	5,014
Directors' fee		499	350
Subscription		1,579	510
Depreciation on property, plant and equipment	6.1.3	33,156	35,230
Amortization on intangible asset		8,376	3,426
Other expenses		19,534	11,115
		486,635	359,427

37.1 Salaries and other benefits include Rs. 7.56 million (2017: Rs. 6.69 million) and Rs. 8.34 million (2017: Rs. 7.65 million) in respect of defined benefit schemes and defined contribution schemes respectively.

37.2 Legal and professional charges include the following in respect of auditors' remuneration:

Audit fees of holding company	1,711	1,601
Audit fees of subsidiary companies	1,856	2,270
Half yearly reviews	670	655
Out of pocket expenses	306	320
Other services	2,515	2,997
	7,058	7,843

37.3 Donations include the payment to following institution in which the director is interested:

Gulab Devi Chest Hospital (GDCH) Ferozepur Road, Lahore. (Syed Shahid Ali, CEO is also Chairman of GDCH)	4,822	573
Institute of Islamic Culture (IIC) 158- Shah Jamal, Lahore. (Syed Shahid Ali, CEO is also Chairman of IIC)	-	700
Society for Cultural Education	37.3.1	108,723
		113,545
		48,171
		49,444

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37.3.1 Society for Cultural Education (SCE) is a Society registered under the Societies Registration Act, XXI of 1860. SCE although does not have any share capital, the Company is entitled to nominate 70% of the members as well as governing body of SCE. The amount is given as donation to meet the working capital requirements of SCE for ongoing University project as is approved by the shareholders of the Holding Company in their Annual General Meeting held on 31 October 2017.

37.4 Donations to following organizations exceeds Rs. 0.5 million:

	Note	2018 (Rupees in thousand)	2017
Cancer Care Hospital and Research Centre		1,000	2,500
Information Technology University		500	-
The Helppcare society		-	1,000
		1,500	3,500

38 DISTRIBUTION COST

Salaries, wages and other benefits	38.1	375,425	271,979
Repair and maintenance		60,561	29,989
Freight, octroi and handling		290,189	225,545
Electricity and gas		465	257
Export commission		5,097	27,707
Advertising		463,333	453,924
Provision for doubtful debt	15.3	9,019	585
Rent, rates and taxes		55,781	36,832
Traveling and conveyance		50,040	34,057
Printing and stationery		1,099	833
Postage and telephone		7,129	6,403
Depreciation on property, plant and equipment	6.1.3	15,724	12,090
Legal and professional charges		1,041	1,895
Other expenses		29,199	41,362
		1,364,102	1,143,458

38.1 Salaries and other benefits include Rs. 9.14 million (2017: Rs. 5.45 million) and Rs. 12.92 million (2017: Rs. 11.26 million) in respect of defined benefit schemes and defined contribution schemes respectively.

38.2 This includes Rs. 55.07 million (2017: Rs. 24.89 million) on account of claims against batteries in respect of trading operations of the Group.

39 FINANCE COST

Markup on short term borrowings	291,703	82,389
Markup on participation term certificates	173,144	289,153
Bank charges	21,067	19,306
	485,914	390,848

39.1 This includes penalty amounting to Rs. 0.99 million (2017: Nil) levied by a financial institution due to delayed payment.

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	Note	2018 (Rupees in thousand)	2017
40 OTHER OPERATING EXPENSES			
Realized exchange loss	40.1	18,245	1,033
Workers' profit participation fund	17.5	2,017	6,952
Interest on Workers' profit participation fund	22.3	224	467
Workers' welfare fund		1,017	1,513
Unrealized loss on short term investments at fair value through profit or loss		38,188	76,653
		59,691	86,618
40.1 This represents loss incurred due to actual currency fluctuations.			
41 OTHER INCOME			
<i>Income from financial assets</i>			
Profit on bank deposits	41.1	23,540	22,066
Realized gain on short term investments at fair value through profit or loss		5,697	14,557
Dividend income	41.2	4,587	4,539
		33,824	41,162
<i>Income from non-financial assets</i>			
Profit on disposal of property, plant and equipment		20,348	16,926
Scrap sale		34,924	16,939
Export rebate		33,247	19,680
Liabilities no longer payable written back		-	23,219
Reversal of provision for doubtful debts		2,825	2,423
Others		4,341	1,042
		95,685	80,229
		129,509	121,391
41.1 The income from savings accounts relating to deposits placed under shariah based arrangement amounting to Rs. 4.18 million (2017: Rs. 6.56 million).			
41.2 Dividend income is received from the following:			
Shahtaj Textile Limited		4,342	3,876
Sunrays Textile Mills Limited		123	305
Indus Dying and Manufacturing Limited		-	1
Techlogix International Limited		122	184
HBL Mustahekum Sarmaya Fund		-	173
		4,587	4,539

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	Note	2018 (Rupees in thousand)	2017
42 TAXATION			
Current			
- For the year		88,519	72,470
- For prior years		7,750	(1,185)
Deferred			
- For the year	12.1.2	44,972	8,473
		141,241	79,758
Associate	9.2.1	10,436	8,908
	42.1	151,677	88,666
42.1 Tax charge reconciliation			
Numerical reconciliation between tax expense and accounting profit			
(Loss) / profit before taxation		(478,835)	304,576
Tax at 30% (2017: 31%)		(143,651)	94,419
Tax effect of:			
- Income under Final Tax Regime		128,912	26,530
- Income on bonus shares		20,636	-
- Tax credits		(4,281)	(15,106)
- Impact of tax related to associate		10,436	8,908
- Prior year tax		7,750	(1,185)
- Tax rate adjustment		(5,432)	-
- Permanent difference		141,797	(15,048)
- Not adjustable for tax purposes		(4,490)	(9,852)
		151,677	88,666

42.2 The Group's current tax provision has been computed based on tax under the normal tax regime, final taxes paid under final tax regime, as adjusted by tax credits available under section 65-B of Income Tax Ordinance, 2001.

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

Tax Years	Tax provision as per financial statements (Rupees in thousand)	Tax as per assessment / return
2015	46,906	44,097
2016	35,367	63,762
2017	56,740	108,479

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		2018 (Rupees in thousand)	2017 (restated)
43	(LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED		
	<i>i-(Loss) / profit attributable to ordinary share holders:</i>		
	(Loss) / profit for the year after taxation attributable to equity holders of the parent		
	Rupees in thousand	(629,139)	223,399
	<i>ii-Weighted-average number of ordinary shares:</i>		
	Weighted average number of shares		
	Number in thousand	158,554	154,330
	(Loss) / earnings per share		
	Rupees	(3.97)	1.45

- 43.1 No figure for diluted earnings per share has been presented as the Group has not issued any instruments carrying options which would have an impact on earnings per share when exercised other than Participation Term Certificates. Conversion of participation term certificates into ordinary shares have anti-dilutive impact on the basic (loss) / earnings per share.

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44 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the consolidated financial statements for the year for remuneration, including certain benefits, to the chief executive, executives directors, non-executive directors and executives of the Group is as follows:

	Chief Executive		Executive Directors		Non- Executive Directors		Executives	
	2018	2017	2018	2017	2018	2017	2018	2017
	----- (Rupees in thousand) -----							
Managerial remuneration	34,909	34,909	19,911	24,457	-	-	146,276	197,587
Provident fund	-	-	1,308	1,058	-	-	6,663	9,582
Service fund	-	-	1,308	1,058	-	-	6,663	9,513
Housing fund	-	-	-	-	-	-	9,130	11,008
Superannuation fund - II	-	-	-	-	-	-	3,026	3,564
Benevolent fund	-	-	-	-	-	-	2,805	2,802
Bonus	-	-	13,809	7,155	-	-	71,794	73,563
Utilities	-	-	1,308	1,398	-	-	7,256	9,580
Medical	3,491	3,491	1,308	1,430	-	-	7,535	10,212
Fees	-	-	-	-	409	350	-	-
	38,400	38,400	38,952	36,556	409	350	261,148	327,411
Number of persons	1	1	2	2	5	5	33	91

44.1 The chief executive officer, directors and executives are provided with free use of Group maintained cars and telephone facility, according to their entitlement and are also granted options under the employees stock option scheme as referred in note 29.

44.2 The Company has contributed Rs. 9.33 million and Rs. 8.59 million in gratuity and superannuation fund respectively for key management personnel.

45 NUMBER OF EMPLOYEES

The Group has employed following number of persons including permanent and contractual staff:

	2018 (Number of persons)		2017 (Number of persons)	
- As at 30 June	2,898		2,621	
- Head Office	251		246	
- Hyderabad Factory	431		413	
- Lahore Factory	2,000		1,962	
- Faisalabad Factory	216		-	
Average number of employees:	2,760		2,496	
- Head Office	249		234	
- Hyderabad Factory	422		396	
- Lahore Factory	1,981		1,866	
- Faisalabad Factory	108		-	

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46 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, other related group companies, directors of the Group, key management personnel and post employment benefit plans. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under loans, advances, deposits, prepayments and other receivables note 17 and trade and other payables note 22 and remuneration of directors and key management personnel are disclosed in note 44. Other significant transactions with related parties are as follows:

Relationship with the Group	Relationship	Nature of transactions	2018 (Rupees in thousand)	2017
I	Related parties			
	Packages Limited	Common directorship		
		Purchase of goods	166,023	185,212
		Sale of goods	79	255
	IGI General Insurance Limited	Common directorship	57,974	80,314
	Cutting Edge (Private) Limited	Common directorship	2,574	2,789
	Liaquat National Hospital	Common directorship	15,451	3,344
	Speacialized Autoparts Industries (Private) Limited	Common directorship	-	44
	Multiple Autoparts Industries (Private) Limited	Common directorship	-	655
	Loads Limited	Common directorship	-	1,686
		Finance cost paid - PTC	7,582	12,462
		Dividend paid	-	7,621
	Elite Brands Limited	Common directorship	175,869	-
II	Post employment benefit plans			
	Superannuation fund	Contribution	35,410	34,617
	Gratuity fund	Contribution	25,942	31,212
	Provident fund	Contribution	26,572	24,355
	Service fund	Contribution	3,241	12,996

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Relationship with the Group	Relationship	Nature of transactions	2018 (Rupees in thousand)	2017
Housing fund		Contribution	31,770	12,629
Benevolent fund		Contribution	2,065	3,150
Superannuation fund-II		Contribution	4,764	4,052

All transactions with related parties have been carried out on mutually agreed terms and conditions.

47 FINANCIAL RISK MANAGEMENT

47.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other price risk). The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

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

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

The Group's audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Group's exposure to financial risk, the way these risks affect the financial position and performance and the manner in which such risks are managed is as follows:

47.2 Credit risk

Credit risk represents the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from trade receivables. Out of the total financial assets of Rs. 2,714 million (2017: Rs. 2,564.82 million), the financial assets which are subject to credit risk amounted to Rs. 2,576.94 million (2017: Rs. 2,493.34 million).

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Exports sales are either secured through letter of credit or a foreign bank guarantee is obtained. Majority of the local sales are made through distributors.

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All investing transactions are settled / paid for upon delivery as per the advice of investment committee. The Group's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

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. The management believes that it is not exposed to major concentration of credit risk.

(i) Exposure to credit risk

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

	2018 (Rupees in thousand)	2017
Long term available for sale investments	1,555	1,555
Long term deposits	43,605	38,099
Trade debts	1,035,898	888,344
Short term investments	462,484	571,687
Loans, advances, deposits, prepayments and other receivables	53,246	62,921
Bank balances	980,151	930,735
	2,576,939	2,493,341

Trade debts at the reporting date represent domestic and foreign parties.

The maximum exposure to credit risk before any enhancements for trade debts at the reporting date by type of customer was:

- Local parties	820,756	782,982
- Foreign parties	215,142	105,362
	1,035,898	888,344

The aging of trade debts at the reporting date is:

Not past due	166,150	330,074
Less than 30 days	551,203	337,374
Past due 1 - 3 months	201,462	135,852
Above 3 months	152,020	110,962
Trade debts - gross	1,070,835	914,262
Less: Impairment	(34,937)	(25,918)
Trade debts - net	1,035,898	888,344

Based on past experience the management believes that no impairment allowance is necessary in respect of unimpaired trade debts past due as some debts have been recovered subsequent to the year end and for other debts there are reasonable grounds to believe that the amounts will be recovered in short course of time.

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(ii) Credit quality of major financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Banks	Rating		Rating Agency	2018	2017
	Short term	Long term		(Rupees in thousand)	
MCIB Bank Limited	A	A1	PACRA	4	-
NIB Bank Limited	A1+	AA-	PACRA	4,407	7,706
Faysal Bank Limited	A-1+	AA	JCR-VIS	187,056	407,800
United Bank Limited	A-1+	AAA	JCR-VIS	5,583	10,004
Habib Bank Limited	A-1+	AAA	JCR-VIS	53,098	20,453
Askari Bank Limited	A1+	AA+	PACRA	5,422	53,937
National Bank of Pakistan	A-1+	AAA	JCR-VIS	56,876	58,252
Bank of Punjab	A1+	AA	PACRA	3,458	897
MCB Bank Limited	A1+	AAA	PACRA	34,892	25,256
Silk Bank Limited	A-2	A-	JCR-VIS	3,985	978
Samba Bank Limited	A-1	AA	JCR-VIS	1	6
Bank Alfalah Limited	A-1+	AA+	PACRA	255,408	22,437
BankIslami Pakistan Limited	A1	A+	PACRA	16,103	522
Soneri Bank Limited	A1+	AA-	PACRA	26,231	77,479
Sindh Bank Limited	A-1+	AA	JCR-VIS	884	127
Dubai Islamic Bank Limited	A-1	A+	JCR-VIS	233,167	91,366
Allied Bank Limited	A1+	AA+	PACRA	81,523	150,920
Albaraka Bank (Pakistan) Limited	A-1	A	JCR-VIS	988	289
JS Bank Limited	A-1+	A+	PACRA	1,031	771
Bank AlHabib Limited	A-1+	AA+	PACRA	815	-
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	330	-
Meezan Bank Limited	A-1+	AA	JCR-VIS	8,889	1,535
				980,151	930,735

47.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Group is not materially exposed to liquidity risk as substantially all obligations / commitments of the Group are short term in nature and are restricted to the extent of available liquidity. In addition, the Group has obtained running finance facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

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The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	2018				
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
	----- (Rupees in thousand) -----				
Financial liabilities					
Short term borrowings	9,700,404	9,700,404	9,700,404	-	-
Trade and other payables	799,938	799,938	799,938	-	-
Unclaimed dividend	13,335	13,335	13,335	-	-
Accrued mark-up	298,001	298,001	298,001	-	-
Long term deposits	1,214	1,214	-	1,214	-
Liability against purchase of land	56,426	56,426	56,426	-	-
Redeemable capital	357,583	538,248	179,416	358,832	-
Retention money	54,734	54,734	54,734	-	-
	11,281,635	11,462,300	11,102,254	360,046	-
	2017				
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
	----- (Rupees in thousand) -----				
Financial liabilities					
Short term borrowings	6,049,596	6,049,596	6,049,596	-	-
Trade and other payables	930,921	930,921	930,921	-	-
Unclaimed dividend	18,643	18,643	18,643	-	-
Accrued mark-up	350,859	350,859	350,859	-	-
Long term deposits	1,214	1,214	-	1,214	-
Liability against purchase of land	112,849	112,849	56,423	56,426	-
Redeemable capital	537,000	1,181,700	295,425	886,275	-
Retention money	18,242	18,242	18,242	-	-
	8,019,324	8,664,024	7,720,109	943,915	-

47.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

47.4.1 Currency risk

The Group is exposed to currency risk on import of raw materials and stores and spares and export of goods mainly denominated in US Dollars, GBP Pounds and Euros and on foreign currency bank accounts. The Group's exposure to foreign currency risk for US Dollars, GBP Pounds and Euros is as follows.

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	2018 (Rupees in thousand)	2017
Outstanding letters of credit and creditors (US dollars)	740,904	539,010
Outstanding letters of credit (Euros)	84,398	-

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2018	2017	2018	2017
Rupees per USD	113.30	104.85	121.60	105.00
Rupees per Euro	130.86	118.23	141.57	120.14

At reporting date, if the Pakistani Rupees has fluctuated by 10% against the above mentioned currencies with all other variables held constant, pre-tax loss would have been higher / lower by Rs. 74.09 million (2017: Rs. 53.90 million) and Rs. 8.44 million (2017: Rs. Nil) respectively, mainly as a result of net foreign exchange gain / loss on translation of foreign exchange denominated financial instruments.

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

47.4.2 Interest rate risk

At the reporting date the interest rate profile of the Group's significant interest bearing financial instruments were as follows:

	2018	2017	2018	2017
	Effective rate (Percentage)		(Rupees in thousand)	
Financial assets				
<i>Fixed rate instruments</i>				
Bank balances - deposit accounts	4 - 7	3.5 - 6	639,894	478,226
Financial liabilities				
<i>Floating rate instrument</i>				
Short term borrowings	2.4 - 9.4	2.4 - 7.5	9,700,404	6,049,596

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments.

If interest rates on short term borrowings, at the year end rate, fluctuate by 1% with all the other variables held constant, pre-tax loss for the year would have been higher / lower by Rs. 49.44 million (2017: Rs 16.64 million), mainly as a result of higher / lower interest expense on floating rate borrowings.

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47.4.3 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). Other price risk arises from the Group's investment in units of mutual funds and ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Group diversifies its portfolio and continuously monitors developments in equity markets. In addition the Group actively monitors the key factors that affect stock price movement.

A 10% increase in share prices at the year end would have impacted the Group's profit in case of held for trading investments is as follows:

	2018 (Rupees in thousand)	2017
Effect on profit or loss	(46,248)	(57,169)
Effect on investments	(46,248)	(57,169)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit and loss, equity and assets of the Group.

47.5 Fair value measurement 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 and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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 Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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		Carrying amount					Fair value				
		Available for sale	Fair value through profit loss	Loan and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note		----- (Rupees in thousand) -----									
30-Jun-18											
Financial assets - measured at fair value											
9	Long term available for sale investments	1,555	-	-	-	-	1,555	-	-	1,555	1,555
16	Short Term Investments	-	462,484	-	-	-	462,484	462,484	-	-	462,484
		1,555	462,484	-	-	-	464,039	462,484	-	1,555	464,039
Financial assets - not measured at fair value											
11	Long term deposits	-	-	43,605	-	-	43,605	-	-	-	-
15	Trade debts	-	-	1,035,898	-	-	1,035,898	-	-	-	-
17	Advances, prepayments and other receivables	-	-	53,246	-	-	53,246	-	-	-	-
18	Cash and bank balances	-	-	-	1,118,210	-	1,118,210	-	-	-	-
		-	-	1,132,749	1,118,210	-	2,250,959	-	-	-	-
Financial liabilities - measured at fair value											
		-	-	-	-	-	-	-	-	-	-
Financial liabilities - not measured at fair value											
21	Short term borrowings	-	-	-	-	9,700,404	9,700,404	-	-	-	-
22	Trade and other payables	-	-	-	-	799,938	799,938	-	-	-	-
	Unclaimed dividend	-	-	-	-	13,335	13,335	-	-	-	-
23	Accrued mark-up	-	-	-	-	298,001	298,001	-	-	-	-
	Long term deposits	-	-	-	-	1,214	1,214	-	-	-	-
25	Liability against purchase of land	-	-	-	-	56,426	56,426	-	-	-	-
26	Redeemable capital	-	-	-	-	357,583	357,583	-	-	-	-
27	Retention money	-	-	-	-	54,734	54,734	-	-	-	-
		-	-	-	-	11,281,635	11,281,635	-	-	-	-

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	Note	Carrying amount					Fair value				
		Available for sale	Fair value through profit loss	Loan and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		----- (Rupees in thousand) -----									
30-Jun-17											
Financial assets - measured at fair value											
Long term available for sale investments	9	1,555	-	-	-	-	1,555	-	-	1,555	1,555
Short Term Investments	16	-	571,687	-	-	-	571,687	571,687	-	-	571,687
		1,555	571,687	-	-	-	573,242	571,687	-	1,555	573,242
Financial assets - not measured at fair value											
Long term deposits	11	-	-	38,099	-	-	38,099	-	-	-	-
Trade debts	15	-	-	888,344	-	-	888,344	-	-	-	-
Advances, prepayments and other receivables	17	-	-	62,921	-	-	62,921	-	-	-	-
Cash and bank balances	18	-	-	-	1,002,213	-	1,002,213	-	-	-	-
		-	-	989,364	1,002,213	-	1,991,577	-	-	-	-
Financial liabilities - measured at fair value											
		-	-	-	-	-	-	-	-	-	-
Financial liabilities - not measured at fair value											
Short term borrowings	21	-	-	-	-	6,049,596	6,049,596	-	-	-	-
Trade and other payables	22	-	-	-	-	930,921	930,921	-	-	-	-
Unclaimed dividend		-	-	-	-	18,643	18,643	-	-	-	-
Accrued mark-up	23	-	-	-	-	350,859	350,859	-	-	-	-
Long term deposits	24	-	-	-	-	1,214	1,214	-	-	-	-
Liability against purchase of land	25	-	-	-	-	112,849	112,849	-	-	-	-
Redeemable capital	26	-	-	-	-	537,000	537,000	-	-	-	-
Retention money	27	-	-	-	-	18,242	18,242	-	-	-	-
		-	-	-	-	8,019,324	8,019,324	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

47.6 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Group. This responsibility is supported by the development of overall company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation including insurance where this is effective

47.7 Capital risk management

The Group's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of our business. The Board of Directors monitor the return on capital employed, which the Group defines as operating income divided by total capital employed. The Board of Directors also monitor the level of profit attributed to ordinary shareholders.

The Group's objectives when managing capital are:

- a) to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- b) to provide an adequate return to shareholders.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

The debt to equity ratios were as follows:

	2018 (Rupees in thousand)	2017
Total debt	10,169,147	6,661,261
Total equity and debt	18,876,743	15,750,581
Debt to equity ratio	54%	42%

The Group is not subject to externally imposed capital requirements.

48 OPERATING SEGMENTS

48.1 Geographical Information

Significant sales are made by the Group in the following countries:

Pakistan	7,322,577	6,540,998
Saudi Arabia	511,192	386,922
United Arab Emirates	306,847	275,747
China	255,900	225,502
Bangladesh	189,865	165,789
Jordan	27,417	66,483
Singapore	163,489	121,964
Yemen	56,045	54,415
Brazil	57,398	42,930
Lebanon	97,013	68,774
Uzbekistan	80,946	77,871
Other countries	341,587	390,793
	9,410,276	8,418,188

Sales are attributed to countries on the basis of the customers' location.

48.2 Business segments

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns, that are different from those of other business segments. As at 30 June 2018 the Group is engaged into following main business segments:

- (i) Manufacture and sale of blades;
- (ii) Manufacture and sale of soaps;
- (iii) Manufacture and sale of corrugated boxes;
- (iv) Assembling and sale of motor bikes;
- (v) Manufacture and sale of battery;
- (vi) Manufacturing and sale of hemodialysis concentrates (pharmaceutical products).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

48.3	Note	Blades		Battery		Soaps		Corrugated Boxes		Bikes		Pharmaceutical Products		Total	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017		
		----- (Rupees in thousand) -----													
Sales - external customers - inter segment		7,172,878	6,092,264	410,501	-	841,518	1,087,568	1,902,013	1,968,769	371,633	380,166	321,522	146,207	11,020,065	9,674,974
		-	-	-	-	-	-	36,779	16,793	13,434	8,009	-	-	50,213	24,802
		7,172,878	6,092,264	410,501	-	841,518	1,087,568	1,938,792	1,985,562	385,067	388,175	321,522	146,207	11,070,278	9,699,776
		779,700	648,727	59,944	-	148,462	191,134	275,339	283,169	62,612	61,868	-	-	1,326,057	1,184,898
Less : Sales tax Trial run cost Trade discount		299,168	88,226	21,033	-	1,618	2,976	731	456	1,979	4,030	2,081	1,002	326,610	96,690
		1,078,868	736,953	88,312	-	150,080	194,110	276,070	283,625	64,591	65,898	2,081	1,002	1,660,002	1,281,588
		6,094,010	5,355,311	322,189	-	691,438	893,458	1,662,722	1,701,937	320,476	322,277	319,441	145,205	9,410,276	8,418,188
		6,094,010	5,355,311	322,189	-	691,438	893,458	1,662,722	1,701,937	320,476	322,277	319,441	145,205	9,410,276	8,418,188
Cost of sales Gross profit / (loss)		4,455,747	3,684,283	522,839	-	566,281	723,140	1,527,453	1,503,479	327,368	376,099	253,208	116,303	7,652,896	6,403,304
		1,638,263	1,671,028	(200,650)	-	125,157	170,318	135,269	198,458	(6,892)	(53,822)	66,233	28,902	1,757,380	2,014,884
Inter company / inter segment - net sales Inter company / inter segment - purchases Gross profit / (loss) - segment wise															
Administrative expenses Allocated Unallocated Distribution cost Segment results - Operating profit / (loss)		1,612,317	1,646,431	(200,650)	-	88,378	153,525	208,877	241,591	(6,892)	(53,822)	55,350	27,159	1,757,380	2,014,884
		404,100	306,448	30,089	-	3,359	13,833	25,977	11,359	6,274	2,710	10,054	21,267	479,853	355,617
Finance cost Other operating expenses Other income Share of profit of associate including dilution gain (Loss) / Profit before taxation Taxation (Loss) / Profit after taxation		1,092,838	1,011,076	53,118	-	19,579	8,977	140,694	94,955	28,649	16,419	29,224	12,120	1,364,102	1,143,547
		115,379	328,907	(283,857)	-	65,440	130,715	42,206	135,277	(41,815)	(72,951)	16,072	(6,228)	(93,357)	511,999
Unallocated liabilities Unallocated liabilities															

48.3.2.1 Unallocated assets includes property, plant and equipment, investment property, long term investment, loans, advances, deposits, prepayments and other receivables, deferred taxation, short term investments, cash and bank, long term loans and advances and long term deposits. All non current assets of the Group as at the reporting date are located in Pakistan.

48.3.2.2 Unallocated liabilities include deferred liabilities, redeemable capital, unclaimed dividend and long term deposits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
49 CASH (USED IN) / GENERATED FROM OPERATIONS			
Profit before taxation		(478,835)	304,576
<i>Adjustments for non cash items:</i>			
Finance cost		485,914	390,848
Depreciation on property, plant and equipment	6.1.1	345,523	222,683
Unrealized exchange loss		5,128	-
Amortization on intangible asset	8	8,376	3,426
Provision for gratuity		32,052	26,537
Provision for superannuation		28,455	22,100
Profit on bank deposits		(23,540)	(22,066)
Provision for doubtful debt		9,019	585
Profit on sale of property, plant and equipment		(20,348)	(16,926)
Reversal of provision for doubtful debt		(2,825)	(2,423)
Liabilities no longer payable written back		-	(23,219)
Provision for WPPF and WWF		3,034	8,932
Unrealized loss on investment at fair value profit or loss profit and loss account		38,188	76,653
Gain on dilution of equity interest in associate		-	(101,463)
Share of profit from associate		(30,618)	(47,189)
Dividend income		(4,587)	(4,539)
		873,771	533,939
Operating profit before working capital changes		394,936	838,515
<i>(Increase) / decrease in current assets:</i>			
Stores and spares		1,649	5,130
Stock in trade		(600,243)	(232,090)
Trade debtors		(153,748)	(195,247)
Short term investment		71,015	(150,331)
Loans, advances, deposits, prepayments and other receivables		(491,518)	(352,216)
		(1,172,845)	(924,754)
<i>(Decrease) / increase in current liabilities:</i>			
Trade and other payables		(7,080)	307,842
		(784,989)	221,603
50 CASH AND CASH EQUIVALENT			
Cash and bank balances	18	1,118,210	1,002,213
Short term running finance - secured	21	(6,970,283)	(3,956,552)
		(5,852,073)	(2,954,339)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

51 Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities					Equity					
	Redeem-able capital	Short term borrowings	Loan from Chief Executive	Un-claimed Dividend Payable	Accrued markup	Long term deposits	Share capital/premium	Non Controlling Interest	Reserves	Unappropriated profit	Total
------(Rupees in thousand)-----											
As at 30 June 2017	537,000	1,703,044	390,000	18,643	350,859	1,214	5,739,503	192,213	778,970	1,255,027	10,966,473
Changes from financing cash flows											
Proceeds from issue of shares under employee stock option scheme	-	-	-	-	-	-	37,623	-	-	-	37,623
Proceeds from borrowing	-	1,717,842	-	-	-	-	-	-	-	-	1,717,842
Repayment of borrowings	-	(1,080,765)	-	-	-	-	-	-	-	-	(1,080,765)
Redemption of redeemable capital	(6,273)	-	-	-	-	-	-	-	-	-	(6,273)
Dividend paid	-	-	-	(5,308)	-	-	-	(152)	-	-	(5,460)
Cash received from Non Controlling Interest	-	-	-	-	-	-	-	242,112	-	-	242,112
Total changes from financing cash flows	(6,273)	637,077	-	(5,308)	-	-	37,623	241,960	-	-	905,079
Other changes including non- cash											
Conversion of PTCs into ordinary shares @ 0.07 share per PTC	(173,144)	-	-	-	-	-	173,144	-	-	-	-
Issue of ordinary shares as bonus @ 10%	-	-	-	-	-	-	142,870	-	-	(142,870)	-
Group's share of post acquisition change in net assets of associate	-	-	-	-	-	-	-	-	-	27,130	27,130
Changes in borrowings	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	-	-	(1,373)	-	(682,232)	(683,607)
Acquisition by NCI without change in control	-	-	-	-	-	-	-	(75,066)	-	75,066	-
Finance cost paid	-	-	-	-	(538,772)	-	-	-	-	-	(538,772)
Finance cost	-	-	-	-	485,914	-	-	-	-	-	485,914
Total liability related other changes	(173,144)	-	-	-	(52,858)	-	316,014	(76,439)	-	(722,908)	(709,335)
As at 30 June 2018	357,583	2,340,121	390,000	13,335	298,001	1,214	6,093,140	357,734	778,970	532,119	11,162,217

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Production capacity		Actual production	
	2018	2017	2018	2017
52 PLANT CAPACITY AND PRODUCTION				
Blades - units in millions	2,110	2,093	2,033	1,911
Corrugated boxes - in metric tones	30,000	30,000	26,327	25,824
Bikes - in units	18,000	18,000	10,172	10,466
Soap - in metric tones	5,000	5,000	3,359	4,556
Batteries - numbers	1,200,000	-	87,140	-
Hemodialysis concentrates - in thousand session	2,124	1,560	1,560	1,076

Actual production was sufficient to meet the market demand. The variance of actual production from capacity also related to production mix.

53 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on October 04, 2018 by the Board of Directors of the Holding Company.

54 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors in their meeting held on October 04, 2018 have proposed a final cash dividend for the year ended 30 June 2018 of Rs. Nil (2017: Rs. 1) per share, amounting to Rs. Nil (2017: Rs. 142.87 million).

55 GENERAL

Corresponding figures have been re- arranged and reclassified wherever necessary, for the purposes of comparison.

LAHORE
October 04, 2018


Syed Sheharyar Ali
Executive Director


Amir Zia
Chief Financial Officer


Muhammad Shafique Anjum
Executive Director

FINANCIAL STATEMENTS

For The Year Ended 30 June 2018

INDEPENDENT AUDITOR'S REPORT

To the members of Treet Corporation Limited

Report on the Audit of the Unconsolidated Financial Statements

We have audited the annexed unconsolidated financial statements of Treet Corporation Limited ("the Company"), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the loss, the comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matter(s):

S.No	Key audit matter(s)	How the matter was addressed in our audit
1	<p>Sales</p> <p>Refer to notes 5.18 and 31 to the unconsolidated financial statements</p> <p>The Company recognized revenue of Rs. 6,095 million from sale of goods to domestic as well as export customers during the year ended 30 June 2018.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk of misstatement to meet expectations or targets.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> Obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of key internal controls; assessing the appropriateness of the Company's accounting policy for recording of sales and compliance of the policy with applicable accounting standards; comparing a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challans, bill of lading and other relevant underlying documents;

INDEPENDENT AUDITOR'S REPORT

S.No	Key audit matter(s)	How the matter was addressed in our audit
		<ul style="list-style-type: none"> comparing a sample of sale transactions recorded near the year end with the sales orders, sales invoices, delivery challans, bill of lading and other relevant underlying documentation to assess if the sale was recorded in the appropriate accounting period; inspecting on a sample basis, credit notes issued in near and subsequent to year end to evaluate whether the adjustments to sales had been accurately recorded in the appropriate accounting period; and scanning for any manual journal entries relating to sales recorded during and near the year end which were considered to be material or met other specific risk based criteria for inspecting underlying documentation.
2	<p>Valuation of Stock-in-trade</p> <p>Refer to notes 5.11 and 14 to the unconsolidated financial statements.</p> <p>As at 30 June 2018, the Company's carrying amount of stock in trade amounts to Rs. 606 million.</p> <p>We identified valuation of stock in trade as a key audit matter as it involves significant management judgement in determining the carrying value of stock in trade.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> Obtaining an understanding of internal controls over valuation of stock in trade and testing, their design, implementation and operating effectiveness; assessing the appropriateness of the Company's accounting policies for valuation of stock-in-trade and compliance of those policies with applicable accounting standards; obtaining an understanding and assessing reasonableness of the management's determination of net realizable value (NRV) and the key estimates adopted, including future selling prices, future costs to complete work-in-progress and costs necessary to make the sales and their basis; and comparing the NRV, on a sample basis, to the cost of stock in trade to assess whether any adjustments are required to value stock in trade in accordance with the accounting policy.
3	<p>Recoverability of investment in subsidiary</p> <p>Refer notes 5.8, and 9.1 to the unconsolidated financial statements.</p> <p>Investment in subsidiaries includes investment of Rs. 611 million in Treet Holdings Limited, an unquoted subsidiary.</p> <p>As at 30 June 2018, management conducted impairment test to assess the recoverability of the carrying value of the investment in subsidiary. This was performed using discounted cash flow model.</p> <p>We identified assessing the carrying value of investment in subsidiary as a key audit matter because significant degree of management judgment is involved in assessing the recoverable amount.</p>	<p>Our audit procedures, amongst others, included the following:</p> <p>discussing with the Company's management key assumptions used in valuation model and testing the mathematical accuracy of the model;</p> <p>involving our internal valuation specialist to assist us in evaluating the assumptions and judgements adopted by management in its discounted cash flow analysis (i.e. growth rate, terminal values and the discount rate) used to derive the recoverable amount of the investment in subsidiary; and</p> <p>comparing the recoverable amount with the cost of the investment to identify impairment, if any.</p>

INDEPENDENT AUDITOR'S REPORT

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

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2018, but does not include the consolidated and unconsolidated financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017(XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Lahore

Date:
October 04, 2018



KPMG Taseer Hadi & Co.
Chartered Accountants


STATEMENT OF FINANCIAL POSITION

As at 30 June 2018


	Note	2018	2017 (Rupees in thousand)	2016
Assets			(Restated)	(Restated)
Non-current assets				
Property, plant and equipment	6	3,058,815	2,816,446	2,760,894
Investment property	7	19,384	19,384	19,384
Intangible asset	8	30,080	37,684	-
Long term investments	9	5,248,094	6,302,578	5,692,872
Long term loans	10	623	3,869	1,805
Long term security deposits	11	19,757	16,304	16,323
Deferred taxation	12	32,530	58,633	48,013
		8,409,283	9,254,898	8,539,291
Current assets				
Stores and spares	13	189,401	203,164	206,946
Stock in trade	14	606,005	814,283	672,600
Trade debts	15	267,764	132,533	166,050
Short term investments	16	458,506	566,773	465,415
Loans, advances, deposits, prepayments and other receivables	17	6,751,453	4,366,459	1,149,885
Cash and bank balances	18	151,549	347,967	198,174
		8,424,678	6,431,179	2,859,070
Assets held for sale	9.1.2	964,054	-	-
		9,388,732	6,431,179	2,859,070
Liabilities				
Current liabilities				
Current portion of redeemable capital		179,417	179,417	179,417
Short term borrowings	19	7,753,403	5,749,596	1,557,993
Trade and other payables	20	681,761	481,156	443,664
Unclaimed dividend		13,301	18,629	12,800
Accrued mark-up	21	277,666	348,639	297,720
Provision for taxation		65,003	41,622	26,769
		8,970,551	6,819,059	2,518,363
Net current assets / (liabilities)		418,181	(387,880)	340,707
Non-current liabilities				
Long term deposits	22	1,214	1,214	1,037
Redeemable capital	23	178,166	357,583	537,000
Deferred liabilities - Employee retirement benefits	24	325,698	251,939	216,881
		505,078	610,736	754,918
Contingencies and commitments	26			
		8,322,386	8,256,282	8,125,080
Represented by:				
Authorised capital				
250,000,000 (2017: 250,000,000) ordinary shares of Rs. 10 each		2,500,000	2,500,000	2,500,000
150,000,000 (2017: 150,000,000) preference shares of Rs. 10 each		1,500,000	1,500,000	1,500,000
		4,000,000	4,000,000	4,000,000
Issued, subscribed and paid up capital	27	1,600,846	1,421,436	1,378,043
Reserves	28	4,760,228	4,586,001	4,383,132
Unappropriated profit		695,265	974,863	1,083,270
Surplus on revaluation of land and buildings - net of tax	29	1,266,047	1,273,982	1,280,635
		8,322,386	8,256,282	8,125,080

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

LAHORE
October 04, 2018


Syed Sheharyar Ali
Executive Director


Amir Zia
Chief Financial Officer


Muhammad Shafique Anjum
Executive Director

STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
Sales - net	30	6,094,956	5,355,311
Cost of sales	31	4,496,693	3,723,880
Gross profit		1,598,263	1,631,431
Administrative expenses	32	404,100	306,448
Distribution cost	33	1,092,838	1,010,987
		1,496,938	1,317,435
Operating profit		101,325	313,996
Finance cost	34	577,503	478,349
Other operating expenses	35	41,370	82,438
		618,873	560,787
Other income	36	531,218	351,568
Profit before taxation		13,670	104,777
Taxation	37	(96,694)	(39,096)
(Loss) / profit after taxation		(83,024)	65,681
			restated
(Loss) / earnings per share - basic and diluted (Rupees)	38	(0.52)	0.43

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

LAHORE
October 04, 2018


Syed Sheharyar Ali
Executive Director


Amir Zia
Chief Financial Officer


Muhammad Shafique Anjum
Executive Director

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

	2018	2017
	(Rupees in thousand)	
(Loss) / profit after taxation	(83,024)	65,681
<i>Other comprehensive income</i>		
<i>Items that will never be reclassified to profit or loss account:</i>		
Re-measurement of employee retirement benefits - net of tax	(62,558)	(42,937)
Total comprehensive (loss) / income for the year	(145,582)	22,744

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

LAHORE
October 04, 2018


Syed Sheharyar Ali
Executive Director


Amir Zia
Chief Financial Officer


Muhammad Shafique Anjum
Executive Director

STATEMENT OF CASH FLOWS

For the year ended 30 June 2018


	Note	2018 (Rupees in thousand)	2017
Cash used in operations	39	(1,299,282)	(2,489,722)
Taxes paid		(123,620)	(74,160)
Finance cost paid		(648,476)	(427,430)
WPPF (paid) / refund		(10,983)	1,891
Payment to gratuity fund		(25,613)	(31,212)
Payment to superannuation fund		(35,410)	(34,617)
Long term loans and deposits - net		(207)	(2,045)
		(844,309)	(567,573)
Net cash used in operating activities		(2,143,591)	(3,057,295)
Cash flows from investing activities			
Fixed capital expenditure		(458,349)	(313,429)
Proceeds from disposal of property, plant and equipment		36,827	46,747
Proceeds from disposal of long term investments in subsidiary		137,336	-
Investment in equity instruments of subsidiaries		-	(609,706)
Short term investments - net		71,017	(177,952)
Profit received on bank deposits		3,587	4,604
Dividend received		126,926	130,175
Net cash used in investing activities		(82,656)	(919,561)
Cash flows from financing activities			
Long term deposits		-	177
Proceeds from issue of share capital under ESOS		37,623	73,117
Short term borrowings - net		637,077	682,545
Loan from Chief Executive Officer - interest free, unsecured		-	390,000
Redemption of participation term certificates		(6,273)	(6,273)
Dividend paid		(5,328)	(131,975)
Net cash generated from financing activities		663,099	1,007,591
Net decrease in cash and cash equivalents		(1,563,148)	(2,969,265)
Cash and cash equivalents at beginning of year		(3,308,585)	(339,320)
Cash and cash equivalents at end of year	40	(4,871,733)	(3,308,585)

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

LAHORE
October 04, 2018


Syed Sheharyar Ali
Executive Director


Amir Zia
Chief Financial Officer


Muhammad Shafique Anjum
Executive Director


STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018


	Capital Reserves				Revenue Reserves		
	Share Capital	Share Premium	Capital Reserve	Surplus on revaluation of land and buildings - net of tax	General Reserve	Un-appropriated Profit	Total
	----- (Rupees in thousand) -----						
Balance as at 30 June 2016 - as previously reported	1,378,043	4,116,103	629	-	266,400	1,083,270	6,844,445
Effect of restatement as explained in note 5.1.1	-	-	-	1,280,635	-	-	1,280,635
Balance as at 30 June 2016 - restated	1,378,043	4,116,103	629	1,280,635	266,400	1,083,270	8,125,080
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	65,681	65,681
Other comprehensive loss	-	-	-	-	-	(42,937)	(42,937)
	-	-	-	-	-	22,744	22,744
Incremental depreciation relating to surplus on revaluation of buildings - net of tax	-	-	-	(6,653)	-	6,653	-
Transactions with owners of the Company, Contributions and distributions							
Conversion of PTCs into ordinary shares @ 0.07 share per PTC	29,275	143,869	-	-	-	-	173,144
Issuance of shares under employee stock option scheme	14,118	59,000	-	-	-	-	73,118
Final cash dividend @ 10% for the year ended 30 June 2016	-	-	-	-	-	(137,804)	(137,804)
	43,393	202,869	-	-	-	(137,804)	108,458
Balance as at 30 June 2017 - restated	1,421,436	4,318,972	629	1,273,982	266,400	974,863	8,256,282
Total comprehensive loss for the year							
Loss for the year	-	-	-	-	-	(83,024)	(83,024)
Other comprehensive loss	-	-	-	-	-	(62,558)	(62,558)
	-	-	-	-	-	(145,582)	(145,582)
Incremental depreciation relating to surplus on revaluation of buildings - net of tax	-	-	-	(8,854)	-	8,854	-
Effect of change in tax rate on account of surplus on revaluation of buildings	-	-	-	919	-	-	919
Transactions with owners of the Company, Contributions and distributions							
Conversion of PTCs into ordinary shares @ 0.07 share per PTC	29,275	143,869	-	-	-	-	173,144
Issuance of shares as fully paid bonus share @10%	142,870	-	-	-	-	(142,870)	-
Issuance of shares under employee stock option scheme	7,265	30,358	-	-	-	-	37,623
	179,410	174,227	-	-	-	(142,870)	210,767
Balance as at 30 June 2018	1,600,846	4,493,199	629	1,266,047	266,400	695,265	8,322,386

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

LAHORE
October 04, 2018


Syed Sheharyar Ali
Executive Director


Amir Zia
Chief Financial Officer


Muhammad Shafique Anjum
Executive Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

1 STATUS AND NATURE OF THE BUSINESS

1.1 Treet Corporation Limited ("the Company") was incorporated in Pakistan on 22 January 1977 as a Public Limited Company under the Companies Ordinance, 1984 (now Companies Act, 2017). Its shares are quoted on Pakistan Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of razors and razor blades along with other trading activities. The registered office of the Company is situated at 72-B, Industrial Area Kot Lakhpat, Lahore. The manufacturing facilities of the Company are located at 72-B Kot Lakhpat, Industrial Area, Lahore and at Hali Road, Hyderabad.

1.2 Summary of significant events and transactions in the current reporting period

The Company's unconsolidated financial position and performance was particularly affected by the following events and transactions during the reporting period:

- The accounting policy for surplus on revaluation of freehold land and building on freehold land changed during the year as detailed in note 5.1 to these unconsolidated financial statements.
- The Company has incurred capital expenditure amounting to Rs. 165 million on plant and machinery for the expansion and modernization of its current manufacturing facility.
- During the year, Company has incurred loss of Rs. 186.43 million on trading operations of battery on account of discount and warranty claims, which affected the profitability of the Company.
- Due to the first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fourth schedule of the Companies Act, 2017, some of the amounts reported for the previous period have been reclassified.
- For a detailed discussion about the Company's performance please refer to the Director's report.

2 BASIS OF PREPARATION

2.1 Separate financial statements

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

The Company has the following long term investments:

Name of Company	2018 (Direct holding percentage)	2017
Subsidiaries		
- Treet Holdings Limited	85.93	85.93
- First Treet Manufacturing Modaraba	87.54	89.85
- Global Arts Limited	88.76	94.08
- Renacon Pharma Limited	45.45	58.16
Associate		
- Loads Limited	12.49	12.49

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

2.2 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the provisions of 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
- 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.

2.3 Basis of measurement

These unconsolidated financial statements have been prepared on the historical cost convention except for certain items of property, plant and equipment that are stated at revalued amounts, investment in listed securities and financial instruments that are stated at their fair values and recognition of employee retirement benefits that are stated at present value. The methods used to measure fair values are discussed further in their respective policy notes.

2.4 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistan Rupees which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand of rupees, unless otherwise indicated.

3 USE OF ESTIMATES AND JUDGMENTS

The preparation of unconsolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values 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. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

	Note
- Employee retirement benefits	5.2
- Taxation	5.3
- Residual values and useful lives of depreciable assets	5.4
- Impairment	5.9
- Provisions	5.16
- Contingent liabilities	5.23

4 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED INTERNATIONAL FINANCIAL REPORTING STANDARDS THAT ARE NOT YET EFFECTIVE

4.1 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 01 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's unconsolidated financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' -effective for annual periods beginning on or after 01 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's unconsolidated financial statements.
- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 01 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's unconsolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on Company's unconsolidated financial statements.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's unconsolidated financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 01 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.
- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 July 2018 and 01 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.
- IFRS 16 'Leases' (effective for annual period beginning on or after 01 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' – Long Term interests in Associates and Joint Ventures (effective for annual period beginning on or after 01 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's unconsolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's unconsolidated financial statements.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company re-measures its previously held interest in a joint operation when it obtains control of the business. A company does not re-measure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 01 January 2019 and are not likely to have an impact on Company's unconsolidated financial statements.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparation of unconsolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

5.1 Changes in accounting policies

Upto 30 June 2017, surplus on revaluation of land and building was being measured under the repealed Companies Ordinance, 1984. The surplus arising on the revaluation is credited to the surplus on revaluation of land and building account. With effect from 1 January 2018, Companies Act, 2017 has become applicable and section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Accordingly, the management has changed the accounting policy to bring accounting of revaluation surplus on land and building in accordance with IAS 16 "Property, plant and equipment". The effect of this change in accounting policy, which is applied with retrospective effect, has resulted in transfer of surplus on revaluation of land and building - net of tax to equity by restating the corresponding figures which resulted in increase in equity by Rs. 1,274 million and Rs. 1,281 million as at 30 June 2017 and 30 June 2016 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

5.2 Employee benefits

Defined contribution plans

The Company has maintained five contributory schemes for the employees, as below:

- i) A recognized contributory provident fund scheme namely "Treet Corporation Limited - Group Employees Provident Fund" is in operation covering all permanent employees. Equal monthly contributions are made both by the Company and employees in accordance with the rules of the scheme at 10% of the basic salary.
- ii) A recognized contributory fund scheme namely "Treet Corporation Limited - Group Employee Service Fund" is in operation which covers all permanent management employees. In accordance with the rules of the scheme, equal monthly contributions are made both by the Company and employees at 10% of basic salary from the date the employee gets permanent status. Additional contributions may be made by the Company for those employees who have at most 15 years of service remaining before reaching retirement age, however, employee can start their additional contribution above the threshold limit of 10% of the basic salary at any time.
- iii) A recognized contributory fund scheme namely "Treet Corporation Limited - Group Employees Benevolent Fund" in operation for the benefit of employees if the employee opts for the scheme. The contributions to the fund are made at 10% of employees basic salary on monthly basis by both employee and the employer. Periodic bonuses by the Company to all the employees in any year, not exceeding one month's basic salary of an employee, is credited to his personal account in the Fund at the sole discretion of the Company.
- iv) A unrecognized contributory fund scheme namely "Treet Corporation Limited - Group Employees Superannuation Fund - II" is in operation for the benefit of employees if the employee opts for it. Equal monthly contributions are made both by the Company and employees in accordance with the rules of the scheme at 12% of the basic salary.
- v) An unrecognized contributory fund scheme namely, "Treet Corporation Limited - Group Employees Housing Fund Scheme" is in operation covering permanent management employees with minimum five years of service with the Company and on option of the employee. Equal contributions are made monthly both by the Company and employees in accordance with the rules of the scheme at 20% of the basic pay.

Defined benefit plans

An approved funded gratuity scheme and a funded superannuation scheme are in operation for all employees with qualifying service periods of six months and ten years respectively. These are operated through "Treet Corporation Limited - Group Employees Gratuity Fund" and "Treet Corporation Limited - Group Employee Superannuation Fund" respectively. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in current and prior periods, discounting that amount and deducting the fair value of any plan assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

The calculation of defined benefit obligation is performed annually by a qualified actuary using the 'Projected Unit Credit Method' and latest actuarial valuation has been carried out at 30 June 2018. When calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Actual gains and losses arising from experience adjustments and changes in actuarial assumptions are charged to equity through other comprehensive income in the year in which they arise. Past service costs are recognized immediately in the profit or loss account. The main features of defined benefit schemes are mentioned in note 24.

Employee Stock Option Scheme

The Company operates an equity settled stock option scheme to be called 'Treet Corporation Limited - Employees Stock Option Scheme, 2015'. The Compensation Committee ("Committee") of the Board of Directors ("Board") evaluates the performance and other criteria of employees and recommends to the Board for grant of options. The Board on the recommendation of the committee, on its discretion, grants recommended options to employees. These options vest after a specified period subject to fulfillment of certain conditions as defined in the scheme. Upon vesting, employees are eligible to apply and secure allotment of Company's shares at a pre-determined price on the date of grant of options. The main features of the scheme are mentioned in note 25.

The grant date fair value of equity settled share based payments to employees, determined as option discount as allowed by Public Companies (Employee Stock Option Scheme) Rules 2001, is recognized as employee compensation expense on a straight line basis over the vesting period with a consequent credit to equity as employee stock option compensation reserve. The deferred employee stock option cost is shown as a deduction from employee stock option compensation reserve. Option discount means the excess of market price of the share at the date of grant of an option under a Scheme over exercise price of the option.

When an unvested option lapses by virtue of an employee not conforming to the vesting conditions after recognition of an employee compensation expense in the profit or loss account, such employee compensation expense is reversed in the profit or loss account equal to the amortized portion with a corresponding effect to employee stock option compensation reserve equal to the un-amortized portion.

When a vested option lapses on expiry of the exercise period, employee compensation expense already recognized in the profit or loss is reversed with a corresponding reduction to employee stock option compensation reserve. When the options are exercised, employee stock option compensation reserve relating to these options is transferred to share capital and share premium. An amount equivalent to the face value of related shares is transferred to share capital. Any amount over and above the share capital is transferred to share premium.

5.3 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

Deferred

Deferred tax is recognized using the balance sheet liability method, on all temporary differences arising from differences between the carrying amount of assets and liabilities in the unconsolidated financial statements and the corresponding tax losses used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax losses and tax credits, 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.

The carrying amount of all deferred tax assets is reviewed at each balance sheet 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 assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. In this regard, the effects on deferred taxation of the proportion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is charged in the profit or loss account, except in the case of items charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

5.4 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment loss, if any, except for freehold land and buildings on freehold land. Freehold land is stated at revalued amount carried out by independent valuers by reference to its current market price less impairment loss, if any. Buildings on freehold land is stated at revalued amount carried out by independent valuers by reference to its current market price less accumulated depreciation and impairment loss, if any. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the buildings, and the net amount is restated to the revalued amount of the buildings.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to profit or loss account. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the profit or loss, and depreciation based on the asset's original cost is transferred from 'surplus on revaluation of property, plant and equipment' to 'equity'. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred income tax.

Capitalization threshold

Following are the minimum threshold limits for capitalization of individual items:

Particulars	Rupees
Building on freehold land	50,000
Plant and machinery	10,000
Office equipments	8,000
Furniture and fixture	10,000
Others	10,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

Depreciation is charged to statement of profit or loss, unless it is included in the carrying amount of another asset, on straight line method whereby cost of an asset is written off over its estimated useful lives given in note 6.1.

Depreciation on additions to property, plant and equipment is charged from the day on which an asset is available for use till the day the asset is fully depreciated or disposed off. Assets, which have been fully depreciated, are retained in the books at a nominal value of Rupee 1. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets revised carrying amount over its estimated useful life.

Depreciation methods, residual value and the useful life of assets are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss account as and when incurred.

On disposal or scrapping, the cost of the assets and the corresponding depreciation is adjusted and the resultant gain or loss is dealt with through the profit or loss account.

Capital work-in-progress

Capital work in progress is stated at cost, less any identified impairment loss. Capital work-in-progress represents expenditure on property, plant and equipment in the course of construction and installation. Transfers are made to relevant category of property, plant and equipment as and when assets are available for use.

5.5 Investment property

Property not held for own use or for the sale in the ordinary course of business is classified as investment property. The investment property of the Company comprises of land and are valued using the cost method and are stated at cost less any identified impairment loss.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense in the profit or loss account.

5.6 Intangible assets

Intangible assets represent the cost of computer software (ERP system) and are stated at cost less accumulated amortization and any identified impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss account as incurred.

All intangibles are amortized over the period of five years on a straight line basis as referred in note 8 so as to write off the cost of an asset over its estimated useful life. Amortization on additions to intangible assets is charged from the day on which an asset is available for use till the day the asset is fully amortized or disposed off.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

5.7 Non-current assets held for sale

Non-current assets are classified as assets held for sale if it is highly probable that their carrying amount will be recovered principally through sale rather than through continuing use. They are stated at lower of carrying amount and fair value less costs to sell.

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.

5.8 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital are included in current assets, all other investments are classified as non-current. Management determines the classification of its investments at the time of purchase depending on the purpose for which the investments are required and re-evaluates this classification on regular basis.

Investment in subsidiaries and associates

Investments in subsidiaries and associates where the Company has significant influence are measured at cost less impairment, if any, in the Company's separate financial statements. At subsequent reporting date, the recoverable amounts of investments are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense in the profit or loss account. Investments in subsidiaries and associates that have suffered an impairment are reviewed for possible reversal of impairment at each reporting date. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. Impairment losses recognised in the profit or loss account on investments in subsidiaries and associates are reversed through the profit or loss account.

The Company is required to issue consolidated financial statements along with its separate financial statements, in accordance with the requirements of IAS 27, 'Separate Financial Statements'. Investments in associates, in the consolidated financial statements, are being accounted for using the equity method.

Investments at fair value through profit or loss

Investments which are acquired principally for the purpose of generating profits from short term fluctuations in price are classified as "Investments at fair value through profit or loss account". These are initially recognized on trade date at cost, being the fair value of consideration given, and derecognized by the Company on the date it commits to sell them off. Transaction costs are charged to statement of profit or loss as and when incurred. At subsequent reporting date, these investments are remeasured at fair value and changes therein are recognized in the statement of profit or loss account for the year. Fair value is determined on the basis of year-end bid prices obtained from stock exchange quotations.

Held-to-maturity investments

Investments with a fixed maturity that the Company has the intent and ability to hold to maturity are classified as held to maturity investments. These are initially recognized on trade date at cost and derecognized by the Company on the date it commits to sell them off. At subsequent reporting date they are measured at amortized cost using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

Investments available for sale

Investments that are intended to be held for an indefinite period of time or may be sold in response to the need for liquidity are classified as available for sale.

Investments classified as available for sale are initially recognized at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are re-measured at fair values, unless fair value cannot be measured reliably. The investment for which quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Unrealized gains and losses arising from changes in fair values are recognized in other comprehensive income in the period in which these arise and accumulated in fair value reserve. At the time of disposal, the accumulated surplus or deficit in the fair value reserve is reclassified to profit or loss account.

All purchases and sales of investments are recognized on the trade date which is the date that the Company commits to purchase or sell the investment. Cost of purchase includes transaction cost.

At each reporting date, the Company reviews the carrying amounts of the investment to assess whether there is any indication that any investment has suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit or loss account. Impairment losses on available for sale investments are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss account. Impairment losses recognized in the profit or loss account on equity instruments classified as available for sale are not reversed through the profit or loss account.

5.9 Impairment

Financial assets

Financial assets not carried at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss account.

All impairment losses are recognized in statement of profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, if no impairment loss had been recognized.

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. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

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 profit or loss. Impairment losses recognized in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the 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 amortisation, if no impairment loss had been recognized.

5.10 Stores and spares

These are valued at the moving average cost except for items in transit, which are valued at invoice price and related expenses incurred up to the balance sheet date. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores and spares.

5.11 Stock-in-trade

Stock of raw materials, packing materials, work-in-process and finished goods is valued at lower of moving average cost and net realizable value, except for stock in transit which is valued at invoice price and related expenses. Cost in relation to work in process and finished goods includes direct production costs such as raw materials, consumables, labor and appropriate proportion of production overheads. Finished goods purchased for resale are valued at moving average cost of purchase and comprise of purchase price and other other costs incurred in bringing the material to its present location and condition.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated cost necessary to be incurred to make the sale.

5.12 Trade debts

Trade debts are carried at original invoice amount which is the fair value of consideration receivable less an allowance for doubtful debts based on a review of all outstanding amounts at the year end. Balances considered bad and irrecoverable are written off as and when identified.

5.13 Cash and cash equivalents

Cash and cash equivalents are carried in the unconsolidated statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, current and deposit account balances with banks and outstanding balance of running finance facilities availed by the Company.

5.14 Borrowings

Borrowings are recognized initially at the proceeds received. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit or loss account over the period of the borrowings using the effective interest rate method. Finance costs are accounted for on accrual basis and are reported under accrued markup to the extent of the amount remaining unpaid.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

5.15 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received whether or not billed to the Company.

5.16 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, 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 obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

A provision for warranties is recognised when the underlying products or services are sold, based on historical data and a weighting of possible outcomes against their associated probabilities.

5.17 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees which is the Company's functional and presentation currency using the exchange rates approximating those prevailing at the date of the transaction. 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 recognized in profit or loss account. All non-monetary assets and liabilities are translated in Pak Rupees using the exchange rates prevailing on the date of transaction or at the date when the fair value was determined.

5.18 Revenue recognition

- (i) Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably and there is no continuing management involvement with the goods. Revenue from sale of goods is recognized when the significant risk and rewards of ownership of the goods are transferred to the buyer.
- (ii) Dividend income and entitlement of bonus shares are recognized when the right to receive is established.
- (iii) Return on bank deposits, investments and interest on loans is accounted for on a time proportionate basis using the applicable rate of return / interest.

5.19 Borrowing costs

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 profit or loss account in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

5.20 Financial instruments

- (i) Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.
- (ii) Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset.
- (iii) Financial liabilities are de-recognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired.
- (iv) Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit or loss account for the year.
- (v) Financial instruments carried on the balance sheet includes investments, long term loan, long term deposits, trade debts, cash and bank balances, borrowings, trade and other payables and accrued markup. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.
- (vi) Financial assets and liabilities are offset and the net amount is reported in the unconsolidated financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.
- (vii) Derivative financial instruments are initially recognized at fair value; any directly attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, any changes therein are generally recognized in profit or loss account.

5.21 Research and development costs

Research and development costs are charged to profit or loss account as and when incurred.

5.22 Dividends

Dividend distribution to the shareholders is recognized as a liability in the period in which the dividends are approved.

5.23 Contingent liabilities

A contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
6	PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	6.1	2,539,328	2,465,457
Capital work-in-progress	6.2	519,487	350,989
		3,058,815	2,816,446

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

6.1 Property, plant and equipment

	Annual rate of depreciation %	Cost/ revalued amount as at 01 July 2017	Additions/ (Deletions)	Cost as at 30 June 2018	Accumulated depreciation as at 01 July 2017 (Rupees in thousand)	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at 30 June 2018	Book value as at 30 June 2018
Owned								
Freehold land - note 6.1.1	-	1,227,805	-	1,227,805	-	-	-	1,227,805
Buildings on free hold land	5	495,758	-	495,758	93,642	32,947	126,589	369,169
Plant & machinery	10	1,521,966	164,996 (2,623)	1,684,339	868,060	105,320 (2,623)	970,757	713,582
Furniture and equipment	10 - 25	92,998	17,069 (1,178)	108,889	54,092	9,770 (954)	62,908	45,981
Vehicles	20	280,763	107,015 (54,757)	333,021	138,039	50,692 (38,501)	150,230	182,791
2018		3,619,290	289,080 (58,558)	3,849,812	1,153,833	198,729 (42,078)	1,310,484	2,539,328

	Annual rate of depreciation %	Cost/ revalued amount as at 01 July 2016	Additions/ Adjustments/ (Deletions)	Cost as at 30 June 2017	Accumulated depreciation as at 01 July 2016 (Rupees in thousand)	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at 30 June 2017	Book value as at 30 June 2017
Owned								
Freehold land	-	1,227,805	-	1,227,805	-	-	-	1,227,805
Buildings on free hold land	5	469,933	25,825	495,758	62,006	31,636	93,642	402,116
Plant & machinery	10	1,373,223	151,071 (2,328)	1,521,966	772,212	98,176 (2,328)	868,060	653,906
Furniture and equipment	10 - 25	76,085	17,737 (824)	92,998	46,089	8,408 (405)	54,092	38,906
Vehicles	20	235,941	108,459 (63,637)	280,763	123,548	48,716 (34,225)	138,039	142,724
2017		3,382,987	303,092 (66,789)	3,619,290	1,003,855	186,936 (36,958)	1,153,833	2,465,457

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

Location	Usage of Immovable Property	Total area (acres)	Covered Area (Square Feet)
Main Hali/ Link Road Hyderabad	Manufacturing facility	5.49	98,696
72-B Main Peco Road, Kot Lakhpat Lahore	Head Office & Manufacturing facility	14.06	231,440
Warehouse land, 14 Km Multan Road, Lahore	Warehouse	1.5	10,752
05 Km off Ferozepur Road, Gajju Matta, Kacha Road, Lahore	Warehouse	10.76	82,913
	Note	2018 (Rupees in thousand)	2017

6.1.2 Depreciation charge for the year has been allocated as follows:

Cost of sales	31	156,432	142,885
Administrative expenses	32	27,109	32,395
Distribution cost	33	15,188	11,656
		198,729	186,936

6.1.3 Had there been no revaluation, the net book value of specific classes of operating fixed assets would have amounted to:

Land	111,933	111,933
Buildings	198,518	220,774
	310,451	332,707

6.1.4 The following assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Profit / (Loss)	Mode of disposal	Relationship with the Company	Particulars of purchaser
----- (Rupees in thousand) -----								
Plant & Machinery								
Process chiller	1,175	1,175	-	187	187	Negotiation	Third party sale	Mr. Shakeel Ahmad
Chiller for chilled water	1,217	1,217	-	187	187	Negotiation	Third party sale	Mr. Shakeel Ahmad
Air drier	231	231	-	56	56	Negotiation	Third party sale	Mr. Shakeel Ahmad
Sub-total	2,623	2,623	-	430	430			
Furniture and Equipment								
Refrigerator	43	22	21	-	(21)	Company Scheme	Employee	Mr. Israr-Ul-Haq
Split conditioner	21	11	10	-	(10)	Company Scheme	Employee	Mr. Israr-Ul-Haq
Split conditioner	41	21	20	-	(20)	Company Scheme	Employee	Mr. Azhar Saeed Butt
Fridge	28	14	14	-	(14)	Company Scheme	Employee	Mr. Azhar Saeed Butt
Split conditioner	41	21	21	-	(21)	Company Scheme	Employee	Mr. Ikhtlaq Ahmad
Fridge	48	24	24	-	(24)	Company Scheme	Employee	Mr. Ikhtlaq Ahmad
Refrigerator	47	9	38	39	-	Company Scheme	Employee	Mr. Shahid Mehmood
Split conditioner	61	11	49	50	1	Company Scheme	Employee	Mr. Shahid Mehmood
Laptop IBM lenove	66	66	-	21	21	Donation	Related Party	Ghulab Devi Hospital & Trust
Laptop dell	49	49	-	16	16	Donation	Related Party	Ghulab Devi Hospital & Trust
Laptop	55	55	-	18	18	Donation	Related Party	Ghulab Devi Hospital & Trust
Laptop	55	55	-	18	18	Donation	Related Party	Ghulab Devi Hospital & Trust
Laptop	55	55	-	18	18	Donation	Related Party	Ghulab Devi Hospital & Trust

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Profit / (Loss)	Mode of disposal	Relationship with the Company	Particulars of purchaser
(Rupees in thousand)								
Laptop	55	55	-	18	18	Donation	Related Party	Ghulab Devi Hospital & Trust
Laptop	55	55	-	18	18	Donation	Related Party	Ghulab Devi Hospital & Trust
Laptop	53	52	-	17	17	Donation	Related Party	Ghulab Devi Hospital & Trust
Laptop	47	47	-	15	15	Donation	Related Party	Ghulab Devi Hospital & Trust
Laptop	47	47	-	15	15	Donation	Related Party	Ghulab Devi Hospital & Trust
Laptop	47	47	-	15	15	Donation	Related Party	Ghulab Devi Hospital & Trust
Laptop	47	47	-	15	15	Donation	Related Party	Ghulab Devi Hospital & Trust
Laptop	47	47	-	15	15	Donation	Related Party	Ghulab Devi Hospital & Trust
Laptop	64	64	-	21	21	Company Scheme	Employee	Azam Tariq Ghorri
Laptop	57	57	-	18	18	Donation	Related Party	Ghulab Devi Hospital & Trust
Laptop	95	68	27	42	15	Company Scheme	Employee	Tariq Aziz
Sub-total	1,178	954	224	374	150			
Vehicles								
Honda Civic Vti Oriel	2,578	145	2,432	2,475	43	Company Scheme	Employee	Mr. Shahid Mehmood
Honda Civic Vti	2,112	2,110	2	700	698	Company Scheme	Employee	Mr. Javeed Aslam
Corolla Altis	1,860	1,858	1	895	894	Company Scheme	Employee	Mr. Arshad Latif
Corolla GLi	1,706	1,706	0	566	566	Company Scheme	Employee	Mr. Rashid Ali Rizvi
Honda City	1,542	1,541	2	842	841	Company Scheme	Employee	Mr. Sajjad Fakhri
Honda City	1,491	1,479	12	489	477	Company Scheme	Employee	Mr. Akhlaq Ahmad
Toyota Corolla XLI	1,478	1,477	-	552	552	Company Scheme	Employee	Mr. Imran Khan
Toyota Corolla XLI	1,477	1,477	-	490	490	Company Scheme	Employee	Mr. Ahmad Husnain
Honda City	1,392	1,392	-	488	488	Company Scheme	Employee	Mr. Muhammad Azeem
Suzuki Swift	1,366	1,296	70	1,175	1,105	Negotiation	Third Party Sale	Diamond Paints (Pvt.) Limited
Honda City	1,354	1,354	-	450	449	Company Scheme	Employee	Mr. Hammad Mehmood
Suzuki Cultus	1,171	1,015	156	551	395	Company Scheme	Employee	Mr. Sajjad Haider Khan
Honda City	1,125	19	1,106	1,043	(63)	Company Scheme	Employee	Mr. Zahid Anwar
Daihatsu Coure	1,125	19	1,106	1,043	(63)	Company Scheme	Employee	Mr. Asghar Ali Bhatti
Suzuki Cultus	1,042	1,042	-	343	343	Company Scheme	Employee	Mr. Akbar Khan
Suzuki Cultus	1,038	1,038	-	341	341	Company Scheme	Employee	Mr. Amir Saeed
Suzuki Cultus	1,038	1,038	-	341	341	Company Scheme	Employee	Mr. Amir Haseeb
Suzuki Cultus	1,016	1,015	1	334	334	Company Scheme	Employee	Mr. Imran Ahmad
Suzuki Cultus	1,014	1,014	-	336	336	Company Scheme	Employee	Mr. Shakeel Ahmad
Suzuki Cultus	1,014	1,014	-	538	538	Company Scheme	Employee	Mr. Rashid Ali Rana
Suzuki Cultus	990	967	23	349	325	Company Scheme	Employee	Mr. Imran Nazir
Suzuki Wagon R	974	235	739	815	76	Company Scheme	Employee	Mr. Awais Sultan
Suzuki Cultus	970	970	-	321	321	Company Scheme	Employee	Mr. Shoaib Ishaq
Suzuki Cultus	950	950	-	313	313	Company Scheme	Employee	Mr. Rehan Tariq Ghouri
Honda City	875	284	591	671	80	Company Scheme	Employee	Mr. Muhammad Jahanger
Honda City	780	608	172	436	264	Company Scheme	Employee	Mr. Muhammad Jahanger
Suzuki Bolan	640	640	-	325	325	Company Scheme	Employee	Mr. Tallat Maqsood
Suzuki Mehran	625	328	297	625	328	Company Scheme	Employee	Mr. Abbas Ahmed
Suzuki Mehran	625	99	526	625	99	Company Scheme	Employee	Mr. Safwan Mushtaq
Suzuki Mehran	605	605	-	201	201	Company Scheme	Employee	Mr. Ijaz ud Din
Suzuki Mehran	580	565	15	580	565	Company Scheme	Employee	Mr. Ijaz ud Din
Suzuki Mehran	577	577	-	190	190	Company Scheme	Employee	Mr. Salman Asif
Suzuki Bolan	559	559	-	420	420	Negotiation	Third Party Sale	Suzuki Township
Suzuki Mehran	500	239	261	500	239	Company Scheme	Employee	Mr. Muhammad Ali Jibran
Honda City LRX	500	263	237	500	263	Company Scheme	Employee	Mr. Ali Raza
Suzuki Mehran	455	440	15	455	440	Company Scheme	Employee	Mr. Tariq Mahmood
Suzuki Mehran	455	440	15	455	440	Company Scheme	Employee	Mr. Amer Ahmad Khan
Suzuki Mehran	455	348	107	455	348	Company Scheme	Employee	Mr. Nisar
Suzuki Mehran	455	348	107	455	348	Company Scheme	Employee	Mr. Muhammad Ali
Suzuki Mehran	455	326	129	455	326	Company Scheme	Employee	Mr. Arslan Javed
Suzuki Cultus	438	231	207	437	231	Company Scheme	Employee	Mr. Hammad
Hyundai Santro	438	209	228	438	209	Company Scheme	Employee	Mr. Zubair Hassan
Honda 125	105	35	70	47	(23)	Company Scheme	Employee	Mr. Muhammad Yousaf Saeed
Honda 125	103	42	62	103	42	Company Scheme	Employee	Mr. Zafar Ali

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Profit / (Loss)	Mode of disposal	Relationship with the Company	Particulars of purchaser
----- (Rupees in thousand) -----								
Honda 125	103	60	43	51	8	Company Scheme	Employee	Mr. Imran Khan
Honda 125	98	98	0	44	44	Company Scheme	Employee	Mr. Azam Hassan Khan
Honda 125	97	96	0	44	43	Company Scheme	Employee	Mr. Hafiz Nadeem
Honda 125	91	91	0	91	91	Company Scheme	Employee	Mr. M. Jabbar
Honda 125	90	90	0	90	90	Company Scheme	Employee	Mr. Mohammad Aslam
Yamaha 100	79	79	0	30	30	Company Scheme	Employee	Mr. Sufwan Malik
Get-Bike	76	7	69	76	7	Company Scheme	Employee	Mr. Zahid Nadeem
Honda Cd 70	70	47	23	35	12	Company Scheme	Employee	Mr. Ibrar Hassan
Suzuki Sprinte	69	69	0	62	62	Company Scheme	Employee	Mr. Shahbaz Ali
Honda Cd 70	68	68	0	30	30	Company Scheme	Employee	Ms. Noor
Honda Cd 70	68	68	0	15	15	Company Scheme	Employee	Mr. Waseem Dar
Honda Cd-70	68	66	2	15	13	Company Scheme	Employee	Mr. Samad Jafri
Honda Cd-70	68	66	2	15	13	Company Scheme	Employee	Mr. Nawaz Khokhar
Honda 125	68	67	0	47	47	Company Scheme	Employee	Mr. Zia ul Haq
Yamaha 100	64	63	0	64	63	Company Scheme	Employee	Mr. Abrar ul Haq
Yamaha 100	64	63	0	64	63	Company Scheme	Employee	Mr. Muhammad Munir
Honda Cd 70	64	12	51	57	6	Company Scheme	Employee	Mr. Muhammad Raju
Yamaha 100	60	60	0	60	60	Company Scheme	Employee	Mr. Muhammad Zaman
Get-Bike	59	34	25	59	34	Company Scheme	Employee	Mr. Said Ahmed Khan
Get-Bike	59	35	24	59	35	Company Scheme	Employee	Mr. Zaheer Abbas
Get-Bike	59	35	24	59	35	Company Scheme	Employee	Mr. Fazal Khaliq
Get-Bike	59	35	24	59	35	Company Scheme	Employee	Mr. Mohsin Abbas
Get-Bike	59	35	24	59	35	Company Scheme	Employee	Mr. Muhammad Razzaq
Get-Bike	59	34	25	59	34	Company Scheme	Employee	Mr. Niaz Ahmed
Get-Bike	59	34	25	59	34	Company Scheme	Employee	Muhammad Kamran
Get-Bike	59	35	24	59	35	Company Scheme	Employee	Mr. Allah Bux
Get-Bike	59	35	24	59	35	Company Scheme	Employee	Mr. Ali Ahmed
Get-Bike	59	34	24	59	34	Company Scheme	Employee	Mr. Khawaja Amer
Get-Bike	52	25	27	52	25	Company Scheme	Employee	Mr. Mohammad Mohsen
Get-Bike	51	30	21	51	30	Company Scheme	Employee	Mr. Muhammad Wali ud Din
Get-Bike	51	30	21	51	30	Company Scheme	Employee	Mr. Syed Waseem Tahir
Get-Bike	51	15	37	51	15	Company Scheme	Employee	Mr. Emman Ullah
Get-Bike	50	28	22	50	28	Company Scheme	Employee	Mr. Hussain Khan
Get-Bike	50	28	22	50	28	Company Scheme	Employee	Mr. Sher Muhammad Khan
Get-Bike	50	28	22	50	28	Company Scheme	Employee	Mr. Muhammad Jaffar
Get-Bike	50	28	22	50	28	Company Scheme	Employee	Mr. Mohammad Salman
Get-Bike	50	28	22	50	28	Company Scheme	Employee	Mr. Khurram Behzad Ali
Get-Bike	50	28	22	50	28	Company Scheme	Employee	Mr. Hasham Qureshi
Get-Bike	50	28	22	50	28	Company Scheme	Employee	Mr. Zahid Ashraf Khan
Get-Bike	50	28	22	50	28	Company Scheme	Employee	Mr. Amir Hussain Chohan
Get-Bike	50	28	22	50	28	Company Scheme	Employee	Mr. Salman Ahmad
Get-Bike	50	28	22	50	28	Company Scheme	Employee	Mr. Arshad Khan
Get-Bike	50	28	22	50	28	Company Scheme	Employee	Mr. Abdul Rashid
Get-Bike	50	28	22	50	28	Company Scheme	Employee	Mr. Mohammad Naveed
Get-Bike	50	28	22	50	28	Company Scheme	Employee	Mr. Wahid Hussain Qureshi
Get-Bike	50	28	21	50	28	Company Scheme	Employee	Mr. Muhammad Arshad Khan
Get-Bike	50	28	21	50	28	Company Scheme	Employee	Mr. Liaquat Ali
Get-Bike	50	28	21	50	28	Company Scheme	Employee	Mr. Imran
Get-Bike	50	28	21	50	28	Company Scheme	Employee	Mr. Abdul Basit
Get-Bike	50	28	21	50	28	Company Scheme	Employee	Mr. Muhammad Aslam
Get-Bike	50	29	21	50	29	Company Scheme	Employee	Mr. Akhtar Niazi
Get-Bike	50	29	20	50	29	Company Scheme	Employee	Mr. Najmul Hassan
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Mohammad Nadim Farooqi
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Mohammad Iqbal
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Shehzad Muhammad
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Mohammad Aslam

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Profit / (Loss)	Mode of disposal	Relationship with the Company	Particulars of purchaser
(Rupees in thousand)								
Get-Bike	47	26	21	47	26	Company Scheme	Employee	Mr. Mohammad Ayoob
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Mohammad Irshad
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Baber Bux
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Muhammad Tahir
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Shaikhzada Furqan
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Ishtiaque Ahmed
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Tariq Aziz
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Adnan Warsi
Get-Bike	47	27	20	47	27	Company Scheme	Employee	Mr. Hassan Dad
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Hassan Dad
Get-Bike	47	23	23	47	23	Company Scheme	Employee	Mr. Sultan Ahmed
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Abdul Razzaq
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Abdul Sattar
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Ghulam Nabi
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Mohammad Asif Khan
Get-Bike	47	24	22	47	24	Company Scheme	Employee	Mr. Mohammad Imran Khan
Get-Bike	47	11	36	47	11	Company Scheme	Employee	Mr. Shoukat Ali
Get-Bike	47	28	19	47	28	Company Scheme	Employee	Mr. Zaheer Ahmad
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Sufwan Malik
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Muhammad Ishfaq
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Asghar Mushtaq
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Ibrarul Haq
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Saeed Akhtar
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Masood Ahmed
Get-Bike	47	28	19	47	28	Company Scheme	Employee	Mr. Itbar Khan
Get-Bike	47	28	19	47	28	Company Scheme	Employee	Mr. Asim Ghazanfar Ali
Get-Bike	47	28	19	47	28	Company Scheme	Employee	Mr. Imran Nazir
Get-Bike	47	28	19	47	28	Company Scheme	Employee	Mr. Iqbal Masih
Get-Bike	47	26	21	47	26	Company Scheme	Employee	Mr. Malik Shahzad
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Javed Ashraf
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Allah Ditta Zafar
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Mohammad Nadeem
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Asghar Ali
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Tauqir Wamiq Khan
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Arif Ali
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Arslan Ahmed
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Muhammad Ashfaq
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Safwan Mushtaq
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Yar Mohammad
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Muzaffar Iqbal
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Rab Nawaz
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Muhammad Iqbal
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Muhammad Arif
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Jamshaid Ahmed
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Pitras Saghar
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Muhammad Iqbal
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Arshad Hussain
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Muhammad Shahbaz
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Javaid Iqbal
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Javaid Ahmed
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Abdul Majeed
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Mudassar Hussain
Get-Bike	47	24	23	47	24	Company Scheme	Employee	Mr. Sardar Masih
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Qasir Rasheed
Get-Bike	47	23	24	47	23	Company Scheme	Employee	Mr. Hafiz Muhammad
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Muhammad Ishtiaq

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Profit / (Loss)	Mode of disposal	Relationship with the Company	Particulars of purchaser
(Rupees in thousand)								
Get-Bike	47	27	20	47	27	Company Scheme	Employee	Mr. Nasir Bashir
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Mohammad Akhtar
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Muhammad Jabbar
Get-Bike	47	23	24	47	23	Company Scheme	Employee	Mr. Muhammad Javed Khan
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Muhammad Bilal
Get-Bike	47	24	23	47	24	Company Scheme	Employee	Mr. Asghar Ali
Get-Bike	47	22	25	47	22	Company Scheme	Employee	Mr. Malik Nisar Ahmad
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Muhammad Mazhar
Get-Bike	47	24	22	47	24	Company Scheme	Employee	Mr. Shakeel Ahmed
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Rashid Ali Rana
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Muhammad Islam
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Saud Ahmad
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Muhammad Razzaq
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Qasim Ali
Get-Bike	47	27	19	47	27	Company Scheme	Employee	Mr. Shahid Ali
Get-Bike	47	27	20	47	27	Company Scheme	Employee	Mr. S.Ali Zulqarnain
Get-Bike	47	27	20	47	27	Company Scheme	Employee	Mr. Malik Sadaquat
Get-Bike	47	26	20	47	26	Company Scheme	Employee	Mr. Tanvir Ali
Get-Bike	47	20	26	47	20	Company Scheme	Employee	Mr. Amjid Ali
Get-Bike	47	24	23	47	24	Company Scheme	Employee	Mr. Syed Ali Raza Gardezi
Get-Bike	47	22	24	47	22	Company Scheme	Employee	Mr. Liaquat Ali
Get-Bike	47	20	27	47	20	Company Scheme	Employee	Mr. Mohammad Asif
Get-Bike	47	21	26	47	21	Company Scheme	Employee	Mr. Muhammad Akmal
Get-Bike	47	17	30	47	17	Company Scheme	Employee	Mr. Khalid Hussain
Get-Bike	47	15	31	47	15	Company Scheme	Employee	Mr. Muhammad Younes
Get-Bike	47	13	33	47	13	Company Scheme	Employee	Mr. Abid Mushtaq
Get-Bike	47	18	29	47	18	Company Scheme	Employee	Mr. Zubair Hassan
Get-Bike	47	18	29	45	16	Company Scheme	Employee	Mr. Muhammad Sher
Get-Bike	47	15	32	47	15	Company Scheme	Employee	Mr. Muhammad Irshad Khan
Get-Bike	47	13	33	47	13	Company Scheme	Employee	Mr. Tariq Hameed Khan
Get-Bike	47	13	34	47	13	Company Scheme	Employee	Mr. Mubashar Mehmood
Get-Bike	47	9	37	47	9	Company Scheme	Employee	Mr. Anser Ali
Get-Bike	47	7	40	47	7	Company Scheme	Employee	Mr. Khalid Hussain
Get-Bike	44	42	1	30	29	Company Scheme	Employee	Mr. Fayaz Ahmed
Get-Bike	43	42	0	43	42	Company Scheme	Employee	Mr. Habib Nawaz
Get-Bike	43	42	0	43	42	Company Scheme	Employee	Mr. Muhamamd Sardar
Get-Bike	43	42	0	39	39	Company Scheme	Employee	Mr. M. Akbar
Get-Bike	38	14	24	38	14	Company Scheme	Employee	Mr. Syed Mehboob Alam
Get-Bike	38	14	23	38	14	Company Scheme	Employee	Mr. Zulqarnain Afzal Baloch
Get-Bike	38	8	30	30	0	Company Scheme	Employee	Mr. Naveed Kaisar
Get-Bike	37	7	31	38	7	Company Scheme	Employee	Mr. Mohd Aziz
Get-Bike	37	8	29	37	8	Company Scheme	Employee	Mr. Liaquat Ali
Get-Bike	37	8	29	37	8	Company Scheme	Employee	Mr. Liaquat Ali
Get-Bike	47	6	41	47	6	Company Scheme	Employee	Mr. Waqar Ahmad Rana
Honda Civic	2,524	339	2,185	2,185	0	Company Scheme	Employee	Mr. Shahid Mehmood
Get-Bike	67	12	55	67	12	Company Scheme	Employee	Mr. Saleem Fazal
Get-Bike	47	2	45	47	2	Company Scheme	Employee	Mr. Faisal Nazir
Get-Bike	47	6	41	47	6	Company Scheme	Employee	Mr. Maqsood Ahmad
Get-Bike	76	9	67	76	9	Company Scheme	Employee	Mr. Hafeez Khan
Honda 125	107	10	97	107	10	Company Scheme	Employee	Mr. Tallat Mehmood
Suzuki Mehran	500	25	475	500	25	Company Scheme	Employee	Mr. Umar Farooq
Suzuki Swift	1,375	29	1,346	1,360	13	Company Scheme	Employee	Mr. Salman Asif
Get-Bike	48	0	48	48	0	Company Scheme	Employee	Mr. Muhammad Nadeem
Sub-total	54,757	38,501	16,256	36,023	19,767			
2018	58,558	42,078	16,480	36,827	20,348			
2017	66,789	36,958	29,831	46,747	16,916			

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
6.2 Capital work-in-progress			
Civil works		20,606	6,768
Plant and machinery	6.2.1	433,039	285,899
Advances for capital expenditure - considered good	6.2.2	65,842	58,322
		519,487	350,989

6.2.1 These represents plant and machinery and equipment in the course of development and installation.

6.2.2 These are interest free in the normal course of business for machinery and equipment.

7 INVESTMENT PROPERTY

Cost as at 01 July		19,384	19,384
Additions during the year		-	-
Disposals during the year		-	-
Cost as at 30 June		19,384	19,384

These represent the following pieces of land:

- 14 kanals and 5 marlas located at 4 km Kacha Road Mouza Kacha Tehsil Model Town, Lahore, having fair value of Rs. Rs. 9.26 million.
- 11 kanals and 1 marla located at 34 km Ferozepur Road, Lahore, having a fair value of Rs. 12.35 million.

The value of investment property was determined by approved external, independent property valuer i.e. M/S Zafar Iqbal and company (Pakistan Banks Association approved valuer). The most significant input into this valuation is market value. The valuation is considered to be Level 3 in the fair value hierarchy due to non-observable inputs used in valuation. The different levels have been mentioned in note 44.5.

8 INTANGIBLE ASSET

Intangible asset represents computer software (ERP system)

8.1 Oracle computer software and implementation

Cost			
As at 01 July		41,110	-
Addition during the year		772	41,110
Accumulated amortisation			
As at 01 July		(3,426)	-
Amortisation for the year	32	(8,376)	(3,426)
Balance as at 30 June		30,080	37,684
Rate of amortisation		20%	20%

9 LONG TERM INVESTMENTS

In equity instruments of subsidiaries - at cost	9.1	6,048,064	6,138,494
In equity instruments of associate - at cost	9.2	162,529	162,529
Available for sale - at cost	9.3	1,555	1,555
		6,212,148	6,302,578

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
Less: Assets held for sale	9.1.2	(964,054)	-
		5,248,094	6,302,578
9.1 In equity instruments of subsidiaries - at cost			
Treet Holdings Limited - unquoted			
61,101,712 (2017: 61,101,712) fully paid ordinary shares of Rs. 10 each	9.1.1	611,017	611,017
Equity held: 85.93 % (2017: 85.93 %)			
Chief Executive Officer - Syed Shahid Ali			
First Treet Manufacturing Modaraba - quoted			
171,224,700 (2017: 175,745,700) fully paid certificates of Rs. 10 each	9.1.2	3,424,902	3,515,332
Equity held: 87.54% (2017: 89.85%)			
Chief Executive Officer - Syed Shahid Ali			
Global Arts Limited - unquoted			
160,540,320 (2017: 160,540,320) fully paid ordinary shares of Rs. 10 each	9.1.3	1,605,403	1,605,403
Equity held: 88.76% (2017: 94.08%)			
Chief Executive Officer - Syed Shahid Ali			
Renacon Pharma Limited - unquoted			
28,342,800 (2017: 834,000) fully paid ordinary shares of Rs. 10 each	9.1.4	406,742	406,742
Equity held: 45.45% (2017: 58.16%)			
Chief Executive Officer - Dr. Salman Shakoh			
		6,048,064	6,138,494
Assets held for sale			
First Treet Manufacturing Modaraba - quoted			
48,202,710 fully paid ordinary shares of Rs. 10 each (cost Rs. 20 per share)	9.1.2	(964,054)	-
		5,084,010	6,138,494
9.1.1	The Company directly owns 85.93% (2017: 85.93%) equity interest in Treet Holdings Limited (THL) while the remaining 14.07% (2017: 14.07%) equity interest is indirectly owned through the Company's subsidiary, Global Arts Limited .		
9.1.2	The Company directly owns 87.54% (2017: 89.85%) equity interest in First Treet Manufacturing Modaraba (FTMM) and 10.02% (2017: 10.02%) equity interest is indirectly owned through the Company's wholly owned subsidiary, Treet Holdings Limited. The decrease in equity interest is due to the sale of 4.52 million certificates during the year at an average rate of Rs. 30.38 per certificate.		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

The Board of Directors of the Company in their meeting held on 27 February 2018 resolved to reduce the Company's certificate holding in FTMM up-to 59.85% (dilution of 30% in certificate holding from 89.85%) either through selling of modaraba certificates in the market (or otherwise) and/or not to subscribe fully the further issue of capital (if any) of FTMM. The management is committed to the sale of modaraba certificates (up-to 30%) constituting 48,202,710 number of certificates and expects this sale to be completed within the next twelve months after the reporting date and consequently this expected dilution of investment in FTMM has been classified as 'Assets held for sale' in accordance with the requirements of IFRS 5 'Non- Current Assets Held for Sale and Discontinued Operations'.

9.1.3 The Company directly owns 88.76% (2017: 94.08%) equity interest in Global Arts Limited ("GAL") while the remaining 11.24% (2017: 5.92%) equity interest is indirectly owned through the Company's subsidiaries, Treet Holdings Limited (wholly owned) and Renacon Pharma Limited ("RPL"). During the current year, GAL made right issue in the month of July which was not subscribed by the Company and instead was renounced in favour of RPL which was fully subscribed by RPL. This resulted in decrease of equity interest of the Company in GAL.

9.1.4 Renacon Pharma Limited ("RPL") is a pharmaceutical manufacturing company incorporated on 07 July 2009. The Company directly owns 45.45% (2017: 58.16%) equity interest in RPL and 10.39% (2017: NIL) equity interest is indirectly owned through the Company's subsidiary, Global Arts Limited ("GAL"). During the year, RPL made right issue in the month of July which was not subscribed by the Company and instead was renounced in favour of GAL, resulting in decrease of equity interest of the Company. After the right issue, RPL issued 3,300% bonus shares that has resulted in increase in number of shares held.

	Note	2018 (Rupees in thousand)	2017
9.2 In equity instruments of associate - at cost			
<u>Loads Limited - quoted</u>			
18,895,057 (2017: 17,177,325) fully paid ordinary shares of Rs. 10 each	9.2.1	162,529	162,529
Equity held: 12.49% (2017: 12.49%)			
Chief Executive Officer - Munir K. Bana			
		162,529	162,529
9.2.1 The Company's investment in Loads Limited is less than 20% but it is considered to be an associate in accordance with the requirements of IAS - 28 "Investments in Associates" because the Company has significant influence over its financial and operating policies through representation on the Board. During the year, the company has issued 10% bonus shares that has resulted in increase in number of shares held. The market value at reporting date is Rs. 31.18 per share.			
9.3 Available for sale - at cost			
<u>Techlogix International Limited - unquoted</u>			
748,879 (2017: 748,879) fully paid ordinary shares of par value of USD 0.00015.		8,593	8,593
Equity held: 0.71% (2017: 0.71%)			
Less: Provision for impairment		(7,038)	(7,038)
	9.3.1	1,555	1,555

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

- 9.3.1** Techlogix International Limited ("Techlogix") is a Bermuda registered company with the beneficial owners, Salman Akhtar and Kewan Khawaja of United States of America. Techlogix is engaged in providing specialized technical consultancy and software development services to national and international clients. The Company intends to hold this investment of USD 112 (2017: USD 112) over the long term and realise its returns. During the year, the company received a return amounting to Rs. 0.12 milion (2017: Rs. 0.18 million) as disclosed in note 36.2.
- 9.3.2** The breakup value per share as per latest available audited financial statements for the year ended 31 December 2016 of Techlogix International Limited is Rs. 6.38 (2017: Rs. 6.38) per share. The shares have par value of USD 0.00015.
- 9.4** These investments were made before the promulgation of the Companies Act, 2017 and the requirements of repealed Companies Ordinance, 1984 were duly complied with at the time of investment.

	Note	2018 (Rupees in thousand)	2017
10 LONG TERM LOANS			
Loans to employees - secured, considered good	10.1	12,941	17,548
Less : current portion of			
Loan to employees - secured, considered good	17	(12,318)	(13,679)
		623	3,869
10.1	These are interest free loans to the Company's employees for construction of house and purchase of cycles, which are repayable in monthly installments over a period of 12 to 24 months and are secured against employee retirement benefits. These include an amount of Rs. 12.28 million (2017: Rs. 15.93 million) receivable from the executives of the Company. No loan has been given to directors or chief executive of the Company.		
10.2	Reconciliation of the carrying amount of loans to executives:		
Balance as at 01 July		15,933	8,037
Disbursements during the year		15,064	20,161
Repayments during the year		(18,714)	(12,265)
Balance as at 30 June		12,283	15,933
10.3	The maximum amount due from the executives at the end of any month during the year was Rs. 2.75 million (2017: Rs. 5.84 million).		
11 LONG TERM SECURITY DEPOSITS			
Long term security deposits	11.1	19,757	16,304
11.1	This represents deposits against utilities.		
12 DEFERRED TAXATION			
Deferred tax asset	12.1	32,530	58,633

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
12.1	Deferred tax asset arises in respect of following temporary differences:		
	Taxable temporary differences on:		
	- Accelerated tax depreciation	(58,572)	(56,440)
	- Surplus on revaluation of buildings	(20,477)	(23,231)
		(79,049)	(79,671)
	Deductible temporary differences on:		
	- Unused tax losses	58,013	90,587
	- Capital loss on short term investments	5,588	11,489
	- Employee retirement benefits	47,722	36,005
	- Provision for doubtful debts	256	223
		111,579	138,304
		32,530	58,633
12.1.1	Deferred tax asset on tax losses available for carry forward and other items have been recognized to the extent of realization of related tax benefits through future taxable profits is probable.		
12.1.2	Movement in deferred tax asset is as follows:		
	Balance as at 01 July	58,633	48,013
	Recognized in statement of profit or loss:		
	- Accelerated tax depreciation	(2,132)	2,120
	- Surplus on revaluation of buildings	1,836	1,353
	- Capital loss on short term investments	(5,901)	4,799
	- Unused tax losses	(32,574)	(6,969)
	- Provision for doubtful debts	32	4
		(38,739)	1,307
	Recognized in other comprehensive income:		
	- Net off against re-measurement of employee retirement benefits recognized	11,717	9,313
	- Effect on deferred tax due to change in tax rate and proportion of local and export sales	919	-
	Balance as at 30 June	32,530	58,633
13	STORES AND SPARES		
	Stores	59,928	46,234
	Spares	129,473	156,930
		189,401	203,164
	13.1		

13.1 It includes stores and spares in transit amounting to Rs. 17.15 million (2017: Rs. 36.35 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
14 STOCK-IN-TRADE			
Raw and packing material	14.1	395,318	518,058
Work-in-process		65,068	61,311
Finished goods	14.2	145,619	234,914
		606,005	814,283

14.1 It includes raw material in transit amounting to Rs. 38.55 million (2017: Rs. 51.23 million).

14.2 The amount charged to profit and loss account on account of write down of finished goods to net realizable value amounts to Rs. 2.76 million (2017: Nil). It also includes finished goods-batteries in transit amounting to Nil (2017: Rs. 188.41 million).

15 TRADE DEBTS

Foreign debtors			
- secured - considered good		64,406	36,267
- unsecured - considered good		150,736	69,095
	15.1	215,142	105,362
Local debtors			
- unsecured - considered good	15.2	52,622	27,171
		267,764	132,533
Considered doubtful	15.3	1,785	1,785
		269,549	134,318
Less: Provision for doubtful debts		(1,785)	(1,785)
		267,764	132,533

15.1 Detail of trade debts on account of export sales:

	Confirmed LCs		Contracts	
	2018 Rupees	2017 Rupees	2018 Rupees	2017 Rupees
Country				
Singapore	41,641	36,267	-	-
Bangladesh	19,143	-	-	-
Thailand	3,622	-	-	-
United Arab Emirates	-	-	29,597	11,834
Saudi Arabia	-	-	72,552	37,977
Uzbekistan	-	-	17,362	10,332
Poland	-	-	5,037	-
Brazil	-	-	26,188	-
Sri Lanka	-	-	-	4,410
Jordon	-	-	-	1,561
Indonesia	-	-	-	1,771
Malaysia	-	-	-	1,191
Sweden	-	-	-	19
	64,406	36,267	150,736	69,095

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

- 15.2** This includes Rs 0.30 million (2017: Nil) receivable from a related party, Elite Brands Limited, in the normal course of business and is due by less than 30 days. The maximum amount outstanding at the end of any month was Rs. 4.74 million.

	Note	2018 (Rupees in thousand)	2017
15.3	The movement in provision for doubtful debts for the year is as follows:		
Balance as at 01 July		1,785	1,320
Charge for the year	33	-	465
Balance as at 30 June		1,785	1,785

16 SHORT TERM INVESTMENTS

Investments at fair value through profit or loss

Listed equity securities	16.1	458,506	566,773
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- 16.1** Details of investment in listed equity securities are stated below:

		Share / certificates		Market value	
		2018 Number	2017 Number	2018 (Rupees in thousand)	2017
Sector /Companies					
a) Banks					
Silk Bank Limited		252,572,500	244,676,000	343,499	411,055
c) Textile					
Sunrays Textile Mills Limited		30,600	30,600	5,216	6,044
Shahtaj Textile Limited		868,400	868,400	69,463	115,002
Maqbool Textile Mills Limited		894,500	648,500	37,828	19,942
Kohinoor Spinning Mills Limited		856,000	3,000,000	2,500	14,730
d) Miscellaneous					
Transmission Engineering Industries Limited		133,000	133,000	-	-
				458,506	566,773

- 16.2** Investments (shares of Silk Bank Limited and Shahtaj Textile Limited) to the extent of Rs. 210.18 million (cost of Rs. 242.48 million) are pledged in favour or under lien of the trustee as security against Participation Term Certificates as referred to in note 23.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
17 LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Current portion of loan to employees – secured, considered good	10	12,318	13,679
Advances to employees – secured, considered good	17.1	76,140	68,177
Advances to suppliers – unsecured, considered good		51,365	67,271
Margin deposits against letters of credits		3,785	3,785
Prepayments	17.2	11,564	13,581
Advances to related parties – unsecured, considered good:			
Loads Limited		70	-
IGI General Insurance Limited		127	3,496
	17.3	197	3,496
Workers' profit participation fund	17.4	7,793	-
Balances with statutory authorities:			
Export rebate		61,950	54,392
Collector of customs – custom duty		18,707	76,771
Advance income tax		466,258	377,212
Sales tax receivable		-	8,316
		546,915	516,691
Receivable from broker against sale of investments		43,519	49,542
Receivable from subsidiary company – First Treet Manufacturing Modaraba , unsecured – considered good	17.5 & 9.1.2	5,830,524	3,564,666
Other receivable - unsecured, considered good			
Related parties:			
Treet Holdings Limited		107,441	36,638
Global Arts Limited		-	1,749
Renacon Pharma Limited		124	-
Treet Power Limited		4,555	4,154
Superannuation Fund		1,161	1,159
Gratuity Fund		20,369	20,369
Employees Housing Fund		31,770	1,043
	17.6	165,420	65,112
Others		1,913	459
		6,751,453	4,366,459

- 17.1** These are interest free advances to employees in respect of salary, medical and travelling expenses and are secured against employees retirement benefits. These include an aggregate amount of Rs. 7.76 million (2017: Rs. 2.91 million) receivable from executives of the Company. No amount is advances to CEO or directors of the Company.
- 17.2** Prepayments includes amount paid to IGI General Insurance Limited (associated undertaking) of Rs. 8.52 million (2017: Rs. 5.58 million).
- 17.3** These represent advances for purchase of goods or services under normal business trade as per the agreed terms and are interest free.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
17.4 Workers profit participation fund			
Balance as at 01 July		(2,470)	7,444
Charge for the year		(720)	(5,553)
		(3,190)	1,891
Payments during the year		10,983	(4,361)
Balance as at 30 June	20	7,793	(2,470)

17.5 It includes Rs. 5,197.81 million (2017: 3,104 million) advanced to First Treet Manufacturing Modaraba ("FTMM") for the on going Battery Project out of the short term running finance facilities availed by the Company. Markup is calculated at average borrowing rate of the Company. It also includes receivable on account of reimbursement of expenses, sharing of common expenses and purchase of goods under normal business trade as per the agreed terms and are interest free. After the approval by the Board of Directors ("Board") for dilution in the certificate holding of FTMM as explained in note 9.1.2, the Company's equity interest (direct and indirect) in FTMM gradually reduced from 99.99% to 97.56%. Consequently, the Company required approval from the shareholders in accordance with the provisions of section 199 of the Companies Act, 2017 for amount advanced to FTMM. The Company intends to take approval from the shareholders in the Annual General Meeting to be held on October 2018.

17.6 These represent amounts receivable from related parties for reimbursement of expenses, sharing of common expenses and purchase of goods or services under normal business trade as per the agreed terms and are interest free.

	Less than 3 months	3 to 6 months	Greater than 6 months	2018	2017
	----- (Rupees in Thousand) -----				
17.7 Ageing of balances					
First Treet Manufacturing Modaraba	832,781	662,377	4,335,366	5,830,524	3,564,666
Treet Holdings Limited	18,047	5,159	84,235	107,441	36,638
Treet Power Limited	-	-	4,555	4,555	4,154
Global Arts Limited	-	-	-	-	1,749

	In the month of	In the month of	2018 (Rupees in Thousand)	2017
17.8 Maximum outstanding balance with reference to month end balances:				
First Treet Manufacturing Modaraba	Jun-18	Jun-17	5,830,524	3,564,666
Treet Holding Limited	Jun-18	Aug-16	107,441	48,557
Treet Power Limited	Jul-17	Jul-16	4,555	22,855
Global Arts Limited	N/A	Oct-16	-	50,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 (Rupees in Thousand)	2017
18 CASH AND BANK BALANCES			
Cash in hand		50,537	58,417
Cash at bank - local currency			
Current accounts	18.1	46,250	53,455
Saving accounts	18.2	54,762	236,095
		101,012	289,550
		151,549	347,967

18.1 These include bank accounts of Rs. 1.10 million (2017: Rs. 0.53 million) maintained under Shariah compliant arrangements.

18.2 These carry mark-up at the rates ranging from 4% to 7% per annum (2017: 3.5% to 6% per annum).

These deposits include Nil (2017: Rs. 3.82 million) under Shariah compliant arrangements, which carries profit rate ranging from 3.5% to 5.5% per annum (2017: 2.5% to 5.4% per annum).

19 SHORT TERM BORROWINGS			
Short term running finance - secured	19.2	5,023,282	3,656,552
Export refinance - secured	19.2	2,340,121	1,703,044
Loan from Chief Executive - Interest free, unsecured	19.3	390,000	390,000
	19.4	7,753,403	5,749,596
19.1 Particulars of borrowings			
Interest / markup based financing		6,121,089	4,527,719
Islamic mode of financing		1,242,314	831,877
Interest free		390,000	390,000
		7,753,403	5,749,596

19.2 The Company has arranged facilities for short term finances to meet working capital requirements from various banks under mark-up arrangement / shariah arrangements to the extent of Rs. 7,775 million (2017: Rs. 5,955 million). The running finance facilities carried mark-up at the rates ranging from 6.39% to 9.43% per annum (2017: 6.30% to 7.55% per annum). Running finance amounting to Rs. 3,975 million (2017: Rs. 2,725 million) can interchangeably be utilized as export running finance. These carried mark-up at the rate of per annum from 2.40% to 2.50% (2017: 2.40% to 3.86% per annum). Fund based facilities aggregating to Rs. 900 million can interchangeably be earmarked for utilization by subsidiary company, First Treet Manufacturing Modaraba, through cross corporate guarantee of the Company. Unutilized amount as at the year end amounted to Rs. 412 million (2017: 596 million).

19.3 This represents interest free loan obtained from Chief Executive Officer of the Company for working capital requirements and is repayable on demand.

19.4 All short term borrowings of the Company are secured by way of joint first pari passu hypothecation charge of Rs. 10,371 million (2017: Rs. 8,371 million) on the entire present and future current assets of the Company. Export running finances are also covered through lien on documents.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

- 19.5** The facilities for opening letters of credits and guarantees as at 30 June 2018 amounts to Rs. 3,707 million (2017: Rs. 3,007 million) of which unutilized amount as at year end amounted to Rs. 2,784 million. Non-fund based facilities aggregating to Rs. 1,890 million can interchangeably be earmarked for utilization by subsidiary company, First Treet Manufacturing Modaraba, through cross corporate guarantee of the Company.
- 19.6** As per the financing arrangements, the Company is required to comply with certain financial covenants and other conditions including dividend restrictions as imposed by the providers of finance.
- 19.7** The Company has entered into an interest rate swap to cover the possible adverse movements in interest rates. Under the terms of the interest rate swap arrangement, the Company pays 7.38% per annum on quarterly basis on the notional amount of Rs. 100 million to the arranging bank and receives 3 month KIBOR on same notional amount from the arranging bank. The Company has designated this swap as derivative. The fair value of this swap as at 30 June 2018 is Rs. 0.003 million (2017: 0.01 million).

	Note	2018 (Rupees in thousand)	2017
20 TRADE AND OTHER PAYABLES			
<i>Trade creditors:</i>			
Related parties	20.1	41	4,410
Others		4,652	9,527
		4,693	13,937
<i>Other creditors:</i>			
Related parties	20.2	2,972	4,438
Others		38,058	50,946
		41,030	55,384
Accrued liabilities		421,965	267,330
Advances from customers		38,390	40,909
Advance against sale of land-unsecured		6,593	6,593
Employees deposits-secured		63,199	49,239
Withholding sales tax payable		1,116	3,285
Workers profit participation fund	17.4	-	2,470
Security deposit	20.3	15,000	15,000
Sales tax payable		26,986	-
Other payables		28,949	14,833
<i>Payable to employee retirement benefit funds:</i>			
- Service fund		2,044	3,086
- Employees Benevolent Fund		2,065	885
- Superannuation Fund (SF-II)		4,764	1,020
- Employees Provident Fund	20.4	24,967	7,185
		33,840	12,176
		681,761	481,156
20.1 Related parties			
<i>Associated Undertakings</i>			
Packages Limited		-	967
IGI General Insurance Limited		41	2,558
<i>Subsidiary company</i>			
Treet HR Management (Private) Limited		-	885
		41	4,410

These are interest free in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
20.2 Related parties			
<i>Associated Undertakings</i>			
Packages Limited		2,696	4,357
<i>Subsidiary company</i>			
First Treet Manufacturing Modaraba		276	81
		2,972	4,438

These are interest free in the normal course of business.

20.3 The amount has been received from dealer by virtue of contract and is repayable at the time of termination of dealership or on demand. The amount has been kept in regular business accounts of the Company.

20.4 The Company has set up provident fund for its permanent employees. The total charge against provident fund for the year was Rs. 32.61 million (2017: Rs. 24.36 million). The net assets based on audited financial statements of provident fund for the year ended 30 June 2018 amount to Rs. 436.91 million (2017: Rs. 418 million). The fair value of investments of provident fund was Rs. 215.44 million (2017: Rs. 377.57 million) and the cost of the investment was Rs. 253.85 million (2017: Rs. 366.18 million). The Company is not compliant with the requirement of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	2018 (Rupees in thousand)	2017 (Rupees in thousand)	2018 %	2017 %
20.4.1 The break-up of fair value of investments is:				
National saving bonds / Special saving bonds	16,300	46,300	8%	12%
Pakistan investment bonds	-	10,000	0%	3%
National investment trust units	17,280	21,583	8%	6%
NIT government treasury fund	5,518	5,248	3%	1%
Mutual funds	8,776	5,011	4%	1%
Listed securities	63,928	53,459	30%	14%
Term finance certificates	30,000	50,000	14%	13%
Term deposit certificates	-	15,415	0%	4%
Participation term certificates	10,290	13,157	5%	3%
Account with broker for investment	19	81	0%	1%
	152,111	220,254		
Cash at bank	63,334	157,319	29%	42%
	215,445	377,573	100%	100%

This includes ordinary shares and participation term certificates of the Company whose fair value as at 30 June 2018 is Rs. 12.91 million (2017: Rs. 6.83 million) and Rs. 10.29 million (2017: Rs. 13.16 million) respectively.

20.5 In respect of contributory retirement funds other than provident fund, the Company is not compliant with the requirement of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	2018 (Rupees in thousand)	2017
21 ACCRUED MARK-UP		
<i>Accrued markup / return on:</i>		
Participation term certificates	173,144	289,153
Short term borrowings	104,522	59,486
	277,666	348,639

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

22 LONG TERM DEPOSITS

These represent interest free deposits received from freight forwarding agencies and other contractors repayable after performance of contracts.

	2018 (Rupees in thousand)	2017
23 REDEEMABLE CAPITAL		
Participation term certificates	357,583	537,000
Less: Current portion shown under current liabilities	(179,417)	(179,417)
	178,166	357,583

In 2013, the Company issued 41,822,250 participation term certificates (PTCs) of Rs. 30 each to existing shareholders in the ratio of 1 PTC for every 1 ordinary share held. The PTCs are listed on Pakistan Stock Exchange. The term of PTCs shall be 07 years. The proceeds from the issue of PTC were utilised to repay existing bank borrowings of the Company at the date of issue. The Company has no option to prematurely call the PTCs for redemption and/or conversion. The PTC holders have no option to ask the Company to redeem and/or convert PTCs prematurely. PTC holders shall have no preemptive right in any further issue of capital of the Company.

Terms of redemption

The principal amount of PTCs will be reduced through redemption (in cash and through mandatory conversion) each year. The principal redemption through cash is Rs. 0.15 per PTC per annum for the year 2013 to year 2018. PTCs are mandatorily convertible into ordinary shares through share conversion at the rate of 0.07 share per PTC per annum (pre-agreed price of Rs. 59.14 per share) from year 2013 to year 2018 and 0.08 share per PTC (pre-agreed price of Rs. 51.38 per share) in the year 2019. Shares issued through conversion will rank pari passu with existing shares.

Profit payment

The PTC holder is entitled to a minimum profit (Category A profit) at Rs. 4.14 per annum for each PTC, alongwith a contingent profit (Category B profit) based on the consolidated profits before tax, Workers Welfare Fund (WWF), Workers Profit Participation Fund (WPPF) and finance cost relating to PTCs based on pay-off matrix. The pay-off matrix sets out various ranges for contingent profit pay out percentages.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

23.1 The following table shows the redemption of PTC:

Principal redemption in cash	Principal redemption in shares	Principal value redemption	Increase in ordinary share capital	Increase in ordinary share capital	Share premium of conversion	Category "A" profit payment in cash	Category "B" profit payment in cash	Year
(----- Rupees in thousand -----)			Shares		(----- Rupees in thousand -----)			
6,272	173,145	179,417	2,927,557	29,275	143,869	173,144	-	2018
6,272	173,145	179,417	2,927,557	29,275	143,869	173,144	116,008	2017

The Company will issue 2,927,557 ordinary shares of face value of Rs. 10 per share against Rs. 173.15 million.

The Chief Executive Officer and Directors of the Company holds 17,601,611 (2017: 17,601,611) PTCs of the Company. Finance cost paid to them during the year is Rs 72.87 million (2017: Rs 119.76 million). Loads Limited, an associated company, holds 1,831,500 (2017: 1,831,500) participation term certificates of the Company.

Securities

The PTCs are secured by the following:

First exclusive equitable mortgage of Rs. 1,254.67 million over the mortgaged property, i.e. land measuring 11.62 acres situated in Kot Lakhpat Industrial Area Scheme, Lahore (Quaid-e-Azam Industrial Estate) bearing plot no. 72-B together with all buildings, structures, fittings and fixtures permanently fastened to land and erections built or erected or to be built or erected thereon pursuant to Memorandum of Deposit of Title Deeds dated 16 May 2011.

First Exclusive Floating charge of Rs. 1,254.67 million over the present and future movable fixed assets of the Company pursuant to deed of floating charge dated 16 May 2011.

Pledge of Rs. 210.18 million over the liquid assets (i.e. listed securities having value of at least Rs. 210.18 million pledged in favor, or under lien, of the Security Trustee, which may include shares of Packages Limited, IGI General Insurance Limited, ZIL Limited, Indus Dyeing Manufacturing Company Limited and/or any other liquid securities) pursuant to the letter of lien and pledge dated 16 May 2011. However, currently shares of Silk Bank Limited and Shahtaj Textile Limited are pledged with the Trustee as referred in note 16.

The above investment in shares/securities will be kept in CDC Account which shall be under pledge of security trustee. However movement in/from the said pledged account will not be restricted by the security trustee provided that aggregate value of Rs. 250 million is maintained. The security trustee shall ensure that the closing balance of shares in the pledged account at anytime shall not fall below the equivalent rupee value of Rs. 250 million.

	Note	2018 (Rupees in thousand)	2017
24 DEFERRED LIABILITIES - EMPLOYEE RETIREMENT BENEFITS			
Gratuity fund		160,769	122,823
Superannuation fund		164,929	129,116
	24.1	325,698	251,939

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

24.1 Net retirement benefit obligation

	Gratuity		Superannuation	
	2018	2017	2018	2017
	------(Rupees in thousand)-----			
Amounts recognized in balance sheet are as follows:				
Present value of defined benefit obligation	349,276	311,121	330,390	296,556
Fair value of plan assets	(188,507)	(188,298)	(165,461)	(167,440)
Net retirement benefit obligation	160,769	122,823	164,929	129,116

24.2 Movement in net obligation

Net liability as at 01 July	122,823	115,418	129,116	101,463
Charge to profit and loss account				
Treet Corporation Limited	30,232	25,030	27,587	21,426
Treet HR Management (Private) Limited	1,820	1,507	868	674
	32,052	26,537	28,455	22,100
Re-measurements chargeable in other comprehensive income				
Treet Corporation Limited	39,239	11,476	31,322	38,162
Treet HR Management (Private) Limited	2,065	604	1,649	2,008
	41,304	12,080	32,971	40,170
Contribution made by the Company	(35,410)	(31,212)	(25,613)	(34,617)
Net liability as at 30 June	160,769	122,823	164,929	129,116

24.3 Movement in the liability for funded defined benefit obligations

Liability for defined benefit obligations as at 01 July	311,121	262,883	296,556	251,409
Benefits paid by the plan	(36,928)	(31,212)	(27,088)	(34,617)
Current service costs	23,903	19,301	19,443	15,999
Interest cost	22,681	17,928	21,934	16,972
Re-measurements on obligation:				
Actuarial losses on present value				
- Changes in demographic assumptions	-	-	-	-
- Changes in financial assumptions	363	124	471	123
- Experience adjustments	28,136	42,097	19,074	46,670
	28,499	42,221	19,545	46,793
Present value of defined benefit obligations as at 30 June	349,276	311,121	330,390	296,556

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Gratuity		Superannuation	
	2018	2017	2018	2017
	----- (Rupees in thousand) -----			
24.4 Movement in fair value of plan assets				
Fair value of plan assets as at 01 July	188,298	147,466	167,440	149,945
Contributions into the plan	35,410	31,212	25,613	34,617
Benefits paid by the plan	(36,928)	(31,212)	(27,088)	(34,617)
Interest income on plan assets	14,534	10,691	12,921	10,871
Return on plan assets excluding interest income	(12,807)	30,141	(13,425)	6,624
Fair value of plan assets as at 30 June	188,507	188,298	165,461	167,440
24.5 Plan assets				
Plan assets comprise:				
Listed securities	70,528	45,961	55,456	42,302
Deposits with banks	59,484	56,511	70,121	49,012
Investment in mutual funds	50,361	38,492	31,245	30,530
Government securities	15,376	45,815	8,000	20,000
Commercial paper	-	-	-	25,000
Others	(7,242)	1,519	639	596
	188,507	188,298	165,461	167,440

Plan assets of gratuity fund include ordinary shares and participation term certificates of the Company whose fair value as at 30 June 2018 is Rs. 1.91 million (2017: Rs. 1.14 million) and Rs. 8.11 million (2017: Rs. 12.72 million) respectively.

Plan assets of superannuation fund include ordinary shares and participation term certificates of the Company whose fair value as at 30 June 2018 is Rs. 5.95 million (2017: Rs. 5.12 million) and Rs. 6.83 million (2017: Rs. 9.85 million) respectively.

Before making any investment decision, an Asset-Liability matching study is performed by the Board of Trustees of the funds to evaluate the merits of strategic investments. Risk analysis of each category is done to analyze the impacts of the interest rate risk, currency risk and longevity risk.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

		Gratuity		Superannuation	
		2018	2017	2018	2017
		------(Rupees in thousand)-----			
24.6	Profit and loss account includes the following in respect of retirement benefits:				
	Interest cost	22,681	17,928	21,934	16,972
	Current service cost	23,905	19,300	19,442	15,999
	Interest income on plan assets	(14,534)	(10,691)	(12,921)	(10,871)
	Total, included in salaries and wages	32,052	26,537	28,455	22,100
24.7	Actual return on plan assets	1,727	40,832	(504)	17,495
24.8	Actuarial losses recognized directly in other comprehensive income				
	Cumulative amount at 01 July	(106,849)	(94,769)	(122,815)	(82,645)
	Losses recognized during the year	(41,304)	(12,080)	(32,971)	(40,170)
	Cumulative amount at 30 June	(148,153)	(106,849)	(155,786)	(122,815)
24.9	Historical Information for Gratuity fund				
		2018	2017	2016	2015
		------(Rupees in thousand)-----			
	Present value of defined benefit obligation	349,276	311,121	262,883	221,828
	Fair value of the plan assets	(188,507)	(188,298)	(147,466)	(140,365)
	Deficit	160,769	122,823	115,417	81,463
	Experience adjustments arising on plan liabilities	28,136	42,097	30,656	7,716
	Experience adjustments arising on plan assets	(12,807)	30,141	(6,585)	8,501
					24,439
					1,227
	The Company expects to pay Rs. 43.38 million in contributions to gratuity fund in 2019.				
24.10	Historical Information for Superannuation fund				
	Present value of defined benefit obligation	330,390	296,556	251,409	209,784
	Fair value of the plan assets	(165,461)	(167,440)	(149,945)	(137,612)
	Deficit	164,929	129,116	101,464	72,172
	Experience adjustments arising on plan liabilities	19,074	46,670	31,806	13,052
	Experience adjustments arising on plan assets	(13,425)	6,624	(1,084)	6,252
					8,177
	The Company expects to pay Rs. 37.76 million in contributions to superannuation fund in 2019.				

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

24.11 Significant actuarial assumptions used for valuation of these plans are as follows:

	2018		2017	
	Gratuity fund per annum	Superannuation fund per annum	Gratuity fund per annum	Superannuation per annum
Discount rate used for profit and loss charge	7.75%	7.75%	7.25%	7.25%
Discount rate used for year-end obligation	9.00%	9.00%	7.75%	7.75%
Expected rates of salary increase	8.00%	8.00%	6.75%	6.75%
Expected rates of return on plan assets	9.00%	9.00%	7.75%	7.75%

Mortality rate

The rates assumed were based on the SLIC 2001 - 2005.

24.12 Weighted average duration of the defined benefit obligation is 9 years for both gratuity and superannuation plans.

24.13 Actuarial assumptions sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the impact on the present value of the defined benefit obligation as at 30 June 2018 would have been as follows:

		Impact on present value of defined benefit obligation as at 30 June 2018			
		Gratuity		Superannuation	
		Increase	Decrease	Increase	Decrease
Change		------(Rupees in thousand)-----			
Discount rate	100 bps	(320,374)	382,714	(301,933)	363,378
Future salary increase	100 bps	382,714	(319,872)	363,378	(301,441)

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the balance sheet.

25 EMPLOYEE STOCK OPTION SCHEME

The Company has granted share options to its employees under the Treet Corporation Limited - Employee Stock Options Scheme, 2015 ("the scheme") as approved by the shareholders in their annual general meeting held on 31 October 2014 and the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SMD/CIW/ESOS/02/2014 dated 19 February 2015.

Under the Scheme, the Company may grant options to eligible employees selected by the Board Compensation Committee, from time to time, which shall not at any time exceed 15% of the paid up capital of the Company (as increased from time to time). The option entitles an employee to purchase shares at an exercise prices determined in accordance with the mechanism defined in the scheme at the date of grant. The aggregate number of shares for all options to be granted under the scheme to any single eligible employee shall not, at any time, exceed 3% of the paid up capital of the Company (as increased from time to time). Further the grant of options in any one calendar year exceeding 3% of the paid up capital shall require approval of the shareholders. The options carry neither right to dividends nor voting rights till shares are issued to employees on exercise of options.

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For the year ended 30 June 2018

The options will have a vesting period of one year and an exercise period of one year from the date options are vested as laid down in the scheme. These options shall be exercisable after completion of vesting period i.e. one year from date of grant. Upon vesting, employees are eligible to apply and secure allotment of Company's shares at an exercise price determined on the date of grant of options. Option price shall be payable by the employee on the exercise of options in full or part. The options will lapse after completion of two years of grant date if not exercised.

The details of the share options granted under the scheme together with the status as at 30 June 2018 is as follows:

	Granted in year 2017	Granted in year 2016	Granted in year 2015 (* Modified October 2016)
	(Rupees in thousand)		
Original grant date	14 July 2017	16 July 2016	14 July 2015
Modified grant date	N/A	N/A	31 October 2016
Options issued	4,259	4,114	1,605
Options no longer in issue	-	-	-
Options vested	N/A	4,114	1,605
Options exercised	N/A	533	1,605
Shares issued under the scheme	N/A	533	1,605
Original exercise price per share	66.45	51.79	90.58
Market value per share at grant date	51.53	51.63	77.09
Option discount per share at grant date	NIL	NIL	NIL
Modified exercise price per share	N/A	N/A	51.79
Market value per share at modified grant date	N/A	N/A	47.08
Option discount per share at modified grant date	N/A	N/A	NIL
Options issued to key management personnel	2,003	3,224	1,367
Options exercised by key management personnel	N/A	426	1,367

* The shareholders of the Company in their Annual General Meeting held on 31 October 2016 approved re-pricing of 1,604,800 options already granted and pending for exercise under the scheme from initial price of Rs. 90.58 per share to revised price of Rs. 51.79 per share without any change or modification to any other terms.

Subsequent to the year end, the Company has granted 4.77 million stock options to its eligible employees at an exercise price of Rs. 35.44 per share under "Treet Corporation Limited - Employee Stock Option Scheme, 2015" in respect of year 2017-2018. These options will have a vesting period of one year from grant date and an exercise period of one year from the date the options are vested. These options shall be exercisable after completion of vesting period i.e one year from date of grant.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

26 CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

- A tax demand amounting to Rs. 14.80 million had been created by Additional Commissioner Inland Revenue under section 12(9A) of the repealed Income Tax Ordinance, 1979 for assessment year 2000-2001. The tax demand was adjusted against income tax refunds of the Company for the tax year 2006. The Company has filed an appeal before Appellate Tribunal Inland Revenue.
- A tax demand amounting to Rs. 16.05 million had been raised by the tax department against the Company on the issue of proration of profits between local and export sales for the tax year 2003 and 2006. In 2010, Appellate Tribunal Inland Revenue dismissed the Company's appeal, however, the Company filed an application under section 21 of General Clauses Act, 1997 to rescind or amend the order. Further, without conceding the legitimate position of this issue as stated above, a rectification application on account of incorrect computation has also been filed resulting in rectification amounting to Rs. 10.29 million. The Company is expecting a favorable outcome as this issue was decided in the favor of the Company in past.
- For the assessment year 1999 to 2000, the taxation officer charged additional tax amounting to Rs. 3.27 million on the grounds that the Company failed to deposit the due tax as per the return filed. The Company, on the grounds that the amount due has already been deposited, filed a rectification application against levy of additional tax on the basis that the mistake is apparent from the record.
- For the tax year 2004, the Additional Commissioner Inland Revenue passed an order under section 122(5A) of the Income Tax Ordinance, 2001 on the issue of proration of profits between local and export sales and created a tax demand of Rs. 6.56 million which was subsequently reduced to Rs. 2.62 million vide order dated 30 June 2015. The Company filed an appeal before Commissioner Inland Revenue (CIR) (Appeals) who decided the matter against the Company. Against the order of CIR (appeals), the Company filed an appeal before Appellate Tribunal Inland Revenue which is pending adjudication.
- For the tax year 2011, the Deputy Commissioner Inland Revenue passed an order under section 161/205 of the Income Tax Ordinance, 2001 and created a tax demand of Rs. 0.58 million. The Company filed an appeal before Commissioner Inland Revenue (Appeals) and obtained a relief of Rs. 0.24 million thereby reducing the overall demand to Rs. 0.37 million. The Company then filed a second appeal before the Appellate Tribunal Inland Revenue which is pending adjudication.
- For the tax year 2014, the Deputy Commissioner Inland Revenue passed an order under section 121(1)/122(5) after conducting a tax audit under section 177 of the Income Tax Ordinance, 2001. The additions made through the above order resulted in reduction of the brought forward losses of the respective tax year. The Company filed an appeal before Commissioner Inland Revenue (Appeals) which is pending adjudication.
- For the tax year 2016, the Assistant Commissioner Inland Revenue passed an order under section 161/205 of the Income Tax Ordinance, 2001 and created a tax demand of Rs. 3.12 million. The Company filed an appeal before Commissioner Inland Revenue (Appeals) which is pending adjudication.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

A sales tax demand amounting to Rs. 1.56 million has been created by Deputy Commissioner Inland Revenue for alleged default of compliance of section 8(1)(CA) of the Sales Tax Act, 1990. The Company filed an appeal with Commissioner Appeals against this order and obtained relief of Rs. 0.42 million. The Company filed an appeal before Appellate Tribunal Inland Revenue and expects a favorable outcome on the grounds that Honorable Lahore High Court has declared the provision of section 8(1)(CA) ultra-vires.

In the year 2015, the Company was selected for sales tax audit in respect of tax period July 2013 to June 2014 under section 72B of the Sales Tax Act, 1990. After the conclusion of audit proceedings, a sales tax demand of Rs. 8.65 million including penalty was created by Deputy Commissioner Inland Revenue mainly on account of admissibility of input sales tax under SRO 490(I)/2004. The Company filed an appeal with Commissioner Inland Revenue (Appeals) against this order which is pending adjudication.

Based on the opinion of the Company's legal counsel, management is expecting a favorable outcome of the above cases. Therefore no provision has been recognized in these unconsolidated financial statements.

26.2 Commitments

- Outstanding letters of credit as at 30 June 2018 amounted to Rs. 730.34 million (2017: Rs. 510.79 million).

27 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2018 (Number of shares)	2017	Note	2018 (Rupees in thousand)	2017
	89,793,463	89,793,463	Ordinary shares of Rs. 10 each fully paid-up in cash	897,935	897,935
	15,732,828	12,805,228	Ordinary shares of Rs. 10 each issued on conversion of PTCs	157,327	128,052
	52,420,143	38,133,175	Ordinary shares of Rs. 10 each fully issued as bonus shares	524,201	381,331
	2,138,251	1,411,800	Ordinary shares of Rs. 10 each issued against employee share option scheme	21,383	14,118
	160,084,685	142,143,666		1,600,846	1,421,436
27.1 Reconciliation of number of shares					
At 01 July				1,421,436	1,378,043
Issued on conversion of PTCs			27.5	29,275	29,275
Issued against bonus shares				142,870	-
Issued against employee share option scheme			27.6	7,265	14,118
At 30 June				1,600,846	1,421,436

- 27.2** Syed Shahid Ali (Chief Executive Officer) holds 45,385,542 (2017: 40,102,002) and Syed Sheharyar Ali (Executive Director) holds 12,026,428 (2017: 10,898,674) ordinary shares of Rs. 10 each representing 28.35% (2017: 28.21%) and 7.51% (2017: 7.67%) of the paid up capital of the Company respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

- 27.3** Loads Limited, an associated company, holds 8,613,233 (2017: 7,748,885) ordinary shares of Rs. 10 each representing 5.38% (2017: 5.45%) of the paid up capital of the Company.
- 27.4** Under the terms of conversion as referred in note 23, the Company, during the year, issued 2,927,557 (2017: 2,927,557) fully paid ordinary shares against conversion of Participation Term Certificate (PTCs) into ordinary shares. The issue was made in lieu of mandatory conversion of PTCs @ 0.07 shares per PTCs at a pre agreed price of Rs 59.14 per share resulting in premium of Rs. 143.87 million. (2017: Rs. 143.87 million).
- 27.5** During the year, Company has announced 10% bonus shares in lieu of dividend to its existing shareholders, in proportion of their shareholding.
- 27.6** Under the terms of the scheme as referred in note 25, the Company, during the year, issued 726,451 fully paid ordinary shares to eligible employees. The shares were issued at the exercise price of Rs. 51.79 per share resulting in premium of Rs. 30.36 million.

	Note	2018 (Rupees in thousand)	2017
28 RESERVES			
Capital reserves	28.1	4,493,828	4,319,601
General reserves		266,400	266,400
		4,760,228	4,586,001
28.1 Capital reserves			
Excess of net worth over purchase consideration of assets of Wazir Ali Industries Limited		629	629
Share premium	28.1.1	4,493,199	4,318,972
		4,493,828	4,319,601
28.1.1	This reserve can be utilized by the Company only for the purposes specified under section 81(2) of the Companies Act, 2017. The increase in reserve represents share premium at the rate of Rs. 49.14 (2017: Rs. 49.14) per share and Rs. 41.79 per share in respect of transactions referred in note 27.4 and 27.6 respectively.		
29 SURPLUS ON REVALUATION OF LAND AND BUILDINGS - NET OF TAX			
Revaluation surplus as at 01 July		1,297,214	1,305,220
- Transferred to unappropriated profit as a result of incremental depreciation charged - net of deferred tax		(8,854)	(6,653)
- related deferred tax liability		(1,836)	(1,353)
		(10,690)	(8,006)
Revaluation surplus as at 30 June		1,286,524	1,297,214
Less: Related deferred tax liability on revaluation surplus as at 01 July		(23,232)	(24,585)
- on account of incremental depreciation charged		1,836	1,353
- tax rate adjustment		919	-
		(20,477)	(23,232)
Revaluation surplus as at 30 June - net		1,266,047	1,273,982

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

- 29.1** Land and buildings were last revalued on 30 June 2014 by M/s Zafar Iqbal & Co (PBA approved valutors, inspectors and engineers) resulting in surplus of Rs. 595.95 million. Land was revalued on the basis of current market value and buildings have been revalued on the basis of replacement value. The forced sale value of freehold land and buildings on freehold land was Rs. 891.73 million and Rs. 452.56 million respectively.

	Note	2018 (Rupees in thousand)	2017
30 SALES - NET			
Blades and Razors			
Export sales		2,057,136	1,874,204
Local sales - gross		4,555,991	3,839,329
Less: Sales tax		(695,304)	(592,048)
Less: Trade discount		(141,405)	(69,461)
		3,719,282	3,177,820
Trading income - Batteries			
Sale of batteries - gross		516,364	378,731
Less: Sales tax		(77,901)	(56,679)
Less: Trade discount		(157,663)	(18,765)
		280,800	303,287
Trading income - Chemicals			
Sale of Chemicals - gross		44,333	-
Less: Sales tax		(6,495)	-
Less: Trade discount		(100)	-
		37,738	-
		6,094,956	5,355,311
31 COST OF GOODS SOLD			
Raw and packing materials consumed		1,982,544	1,758,116
Stores and spares consumed		208,298	156,114
Salaries, wages and other benefits		1,179,526	938,272
Fuel and power		243,633	234,178
Repairs and maintenance		29,683	37,104
Rent, rates and taxes		5,400	7,636
Insurance		79,270	51,504
Travelling and conveyance		18,785	29,117
Printing and stationery		17,956	8,421
Postage and telephone		7,373	6,989
Legal and professional charges		332	5,631
Entertainment		1,896	702
Staff training		631	965
Subscriptions		787	2,083
Depreciation on property, plant and equipment		156,432	142,885
Other expenses		34,261	24,591
		3,966,807	3,404,308
Opening stock of work in process		61,311	53,071
Closing stock of work in process	14	(65,068)	(61,311)
Cost of goods manufactured		3,963,050	3,396,068

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
Opening stock of finished goods		234,914	201,245
Purchase of batteries for trading		447,106	361,481
Closing stock of finished goods	14	(148,377)	(234,914)
		4,496,693	3,723,880

31.1 Salaries, wages and other benefits include Rs. 45.42 million (2017: Rs. 37.36 million) and Rs. 47.9 million (2017: Rs. 40.77 million) in respect of defined benefit schemes and defined contribution schemes respectively.

32 ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	32.1	205,206	161,795
Repairs and maintenance		2,415	948
Rent, rates and taxes		887	1,613
Travelling and conveyance		8,861	6,585
Entertainment		955	1,121
Postage and telephone		1,548	1,359
Printing and stationery		2,050	5,614
Legal and professional charges	32.2	20,734	30,508
Donations	32.3 & 32.4	115,538	52,921
Computer expenses		5,967	4,579
Directors' fee	41	409	350
Subscription		599	459
Depreciation on property, plant and equipment	6.1.2	27,109	32,395
Amortization on intangible asset		8,376	3,426
Others		3,446	2,775
		404,100	306,448

32.1 Salaries and other benefits include Rs. 6.26 million (2017: Rs. 5.96 million) and Rs. 8.34 million (2017: Rs. 7.26 million) in respect of defined benefit schemes and defined contribution schemes respectively.

32.2 Legal and professional charges include the following in respect of auditors' remuneration:

Statutory audit	1,711	1,711
Half yearly review	420	420
Certification charges	184	-
Out of pocket expenses	150	150
	2,465	2,281

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
32.3	Donations include the payment to following institution in which the director is interested:		
	Gulab Devi Chest Hospital (GDCH) Ferozepur Road, Lahore. (Syed Shahid Ali, CEO is also Chairman of GDCH)	4,822	500
	Institute of Islamic Culture (IIC) 158- Shah Jamal, Lahore. (Syed Shahid Ali, CEO is also Chairman of IIC)	-	700
	Society for Cultural Education	108,723	48,171
		113,545	49,371

32.3.1 Society for Cultural Education (SCE) is a Society registered under the Societies Registration Act, XXI of 1860. SCE although does not have any share capital, the Company is entitled to nominate 70% of the members as well as governing body of SCE. The amount is given as donation to meet the working capital requirements of SCE for ongoing University project as is approved by the shareholders of the Company in their Annual General Meeting held on 31 October 2017.

32.4	Donations to following organizations exceeds Rs. 0.5 million:		
	Cancer Care Hospital and Research Centre	1,000	2,500
	Information Technology University	500	-
	The Helpcare society	-	1,000
		1,500	3,500

33 DISTRIBUTION COST

	Salaries, wages and other benefits	33.1	314,183	248,462
	Repairs and maintenance	33.2	57,858	28,459
	Advertising		442,796	452,666
	Freight, octroi and handling		178,117	155,149
	Export commission		5,097	27,707
	Rent, rates and taxes		19,730	16,933
	Travelling and conveyance		36,444	29,536
	Postage and telephone		5,659	5,050
	Depreciation on property, plant and equipment	6.1.2	15,188	11,656
	Printing and stationery		973	668
	Legal and professional charges		396	1,771
	Others expenses	33.3	16,397	32,930
			1,092,838	1,010,987

33.1 Salaries and other benefits include Rs. 6.12 million (2017: Rs. 5.04 million) and Rs. 12.77 million (2017: Rs. 11.15 million) in respect of defined benefit schemes and defined contribution schemes respectively.

33.2 This includes Rs. 55.07 million (2017: Rs. 24.89 million) on account of claims against batteries sold.

33.3 It includes Rs. 8.88 million (2017: Rs. 30.11 million) on account of expenses related to battery operations.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
34 FINANCE COST			
Markup on short term borrowings		384,999	170,912
Markup on participation term certificates		173,144	289,153
Bank charges		19,360	18,284
		577,503	478,349
34.1 This includes penalty amounting to Rs. 0.99 million (2017: Nil) levied by a financial institution due to delayed payment.			
35 OTHER OPERATING EXPENSES			
Exchange loss	35.1	3,400	291
Unrealized loss on short term investments at fair value through profit or loss		37,250	76,594
Workers' profit participation fund	17.4	720	5,553
		41,370	82,438
35.1 This represents loss incurred due to actual currency fluctuations.			
36 OTHER INCOME			
<u>Income from financial assets</u>			
Profit on bank deposits	36.1	3,587	4,604
Realized gain on short term investments at fair value through profit or loss		5,697	12,223
Dividend income	36.2	126,926	130,175
Charges to Subsidiary company	17.5	230,000	94,263
		366,210	241,265
<u>Income from non financial assets</u>			
Profit on disposal of property, plant and equipment		20,348	16,916
Realized gain on disposal of long term investments - FTMM	9.1.2	46,906	-
Scrap sale		26,039	14,236
Export rebate		33,247	19,680
Liabilities no longer payable written back		-	23,018
Rental income			
- First Treet Manufacturing Modaraba		35,000	35,000
- Treet Holdings Limited		1,000	1,000
Others		2,468	453
		165,008	110,303
		531,218	351,568

36.1 The income from savings bank accounts relating to deposits placed under shariah based arrangements amounting to Rs. 0.02 million (2017: Rs. 0.79 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
36.2 Dividend income is received from the following:			
Related parties:			
Loads Limited		17,177	15,616
First Treet Manufacturing Modaraba		105,162	110,193
		122,339	125,809
Others:			
Shahtaj Textile Limited		4,342	3,876
Sunrays Textile		123	305
Indus Dyeing and Manufacturing Limited		-	1
Techlogix International Limited		122	184
		4,587	4,366
		126,926	130,175
37 TAXATION			
<i>Current</i>			
- For the year		65,003	41,622
- For prior years		(7,048)	(1,219)
<i>Deferred</i>			
- For the year	12.1.2	38,739	(1,307)
	37.1	96,694	39,096
37.1 Tax charge reconciliation			
Numerical reconciliation between tax expense and accounting profit			
Profit before taxation		13,670	104,777
Tax at 30% (2017: 31%)		4,101	32,481
Tax effect of:			
- Income under FTR		74,799	26,530
- Income on bonus shares		17,492	-
- Tax credits		(16,499)	(15,106)
- Prior year tax		(7,048)	(1,219)
- Tax rate adjustment		(5,432)	-
- Permanent difference - donations to unapproved institutions		34,661	16,406
- Not adjustable for tax purposes		(5,380)	(19,996)
		96,694	39,096

37.2 The Company's current tax provision has been computed based on final taxes paid under final tax regime, as adjusted by tax credits available under section 65-B of Income Tax Ordinance, 2001. For the purpose of current tax, tax losses available for carry forward amounts to Rs. 206.91 million (2017: Rs. 350.67 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

Tax Years		Tax provision as per financial statements	Tax as per assessment / return
2015		37,068	35,070
2016		26,769	55,430
2017		41,622	91,805
		2018	2017
38 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED			(restated)
<i><u>i-(Loss) / profit attributable to ordinary share holders:</u></i>			
(Loss) / profit for the year after taxation	Rupees in thousand	(83,024)	65,681
<i><u>ii-Weighted-average number of ordinary shares:</u></i>			
Weighted average number of shares	Number in thousand	158,554	154,330
(Loss) / earnings per share	Rupees	(0.52)	0.43

- 38.1** 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 other than Participation Term Certificates. Conversion of participation term certificates into ordinary shares have anti-dilutive impact on the basic (loss) / earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
39 CASH USED IN OPERATIONS			
Profit before taxation		13,670	104,777
<i>Adjustments for non cash items:</i>			
Depreciation on property, plant and equipment	6.1.2	198,729	186,936
Amortization on intangible asset		8,376	3,426
Provision for gratuity		30,232	25,030
Provision for superannuation		27,587	21,426
Profit on bank deposits		(3,587)	(4,604)
Gain on sale of property, plant and equipment		(20,348)	(16,916)
Gain on disposal of long term investment		(46,906)	-
Provision for Workers Profit Participation Fund (WPPF)		720	5,553
Unrealized loss on investment at fair value through profit or loss		37,250	76,594
Finance cost		577,503	478,349
Liabilities no longer payable written back		-	(23,018)
Charges to Subsidiary company		(230,000)	(94,263)
Dividend income	36.2	(126,926)	(130,175)
		452,630	528,338
Operating profit before working capital changes		466,300	633,115
<u>Effect on cashflow due to working capital changes</u>			
<i>Decrease / (increase) in current assets:</i>			
Stores and spares		13,763	3,782
Stock-in-trade		208,278	(141,683)
Trade debtors		(135,231)	33,517
Loans, advances, deposits, prepayments and other receivables		(2,055,467)	(3,078,964)
		(1,968,657)	(3,183,348)
<u>Increase in current liabilities:</u>			
Trade and other payables		203,075	60,511
		(1,299,282)	(2,489,722)
40 CASH AND CASH EQUIVALENTS			
Cash and bank balances	18	151,549	347,967
Short term running finance - secured	19	(5,023,282)	(3,656,552)
		(4,871,733)	(3,308,585)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

41 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the unconsolidated financial statements for the year for remuneration, including certain benefits to the chief executive, executive directors, non-executive directors and executives of the Company is as follows:

	Chief Executive		Executive Directors		Non-Executive Directors		Executives	
	2018	2017	2018	2017	2018	2017	2018	2017
	----- (Rupees in thousand) -----							
Managerial remuneration	34,909	34,909	19,911	24,457	-	-	146,276	195,632
Provident fund	-	-	1,308	1,058	-	-	6,663	9,487
Service fund	-	-	1,308	1,058	-	-	6,663	9,418
Housing fund	-	-	-	-	-	-	9,130	11,008
Superannuation fund - II	-	-	-	-	-	-	3,026	3,564
Benevolent fund	-	-	-	-	-	-	2,805	2,802
Bonus	-	-	13,809	7,155	-	-	71,794	73,563
Utilities	-	-	1,308	1,398	-	-	7,256	9,485
Medical	3,491	3,491	1,308	1,430	-	-	7,535	10,117
Fees	-	-	-	-	409	350	-	-
	38,400	38,400	38,952	36,556	409	350	261,148	325,076
Number of persons	1	1	2	2	5	5	33	90

41.1 The chief executive officer, directors and executives are provided with free use of Company maintained cars and telephone facility, according to their entitlement and are also granted options under the employees stock option scheme as referred in note 25

41.2 The Company has contributed Rs. 9.33 million and Rs. 8.59 million in gratuity and superannuation fund respectively for key management personnel.

42 NUMBER OF EMPLOYEES

The Company has employed following number of persons including permanent and contractual staff:

	2018 (Number of persons)	2017 (Number of persons)
As at 30 June	2,224	2,129
-Head Office	103	99
-Hyderabad Factory	431	413
-Lahore Factory	1,690	1,617
Average number of employees:	2,177	2,046
-Head Office	101	94
-Hyderabad Factory	422	396
-Lahore Factory	1,654	1,554

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

43 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise subsidiaries, associated undertakings, other related group companies, directors of the Company, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under loans, advances, deposits, prepayments and other receivables note 17 and trade and other payables note 20 and remuneration of directors and key management personnel are disclosed in note 41. Other significant transactions with related parties are as follows:

43.1	Transactions with related parties	Relationship	Nature of transactions	2018	2017
(Rupees in thousand)					
I	Subsidiaries				
	Treet HR Management (Private) Limited	Subsidiary Co. (100% Equity held)	Purchase of services	15,000	15,000
	Treet Holdings Limited	Subsidiary Co. (85.93% Equity Held)	Expenses incurred	8,474	118,196
			Funds transferred - net	61,329	(125,250)
			Purchase of bikes	13,396	8,009
			Rental income	1,000	1,000
	First Treet Manufacturing Modaraba	Subsidiary Co. (87.54% Equity Held)	Expenses incurred	187,328	334,461
			Funds transferred - net	2,068,519	3,104,916
			Purchase of goods	22,176	24,000
			Sale of goods	896	-
			Dividend income	105,162	110,193
			Rental income	35,000	35,000
			Charges incurred	230,000	94,263
	Global Arts Limited	Subsidiary Co. (88.76% Equity Held)	Short term advance	-	(48,020)
			Expenses incurred	(1,749)	1,749
	Society for Cultural Education	Subsidiary-32.3.1	Donation	108,766	48,171
	Renacon Pharma Limited	Subsidiary Co. (45.47% Direct Holding) (10.39% Indirect Holding)	Funds transferred - net	(1,367)	-
			Sale of goods	50	-
			Expenses incurred	1,491	-
II	Related Parties				
	Packages Limited	Common directorship	Purchase of goods	107,392	115,167
			Sale of goods	79	255
	IGI General Insurance Limited	Common directorship	Purchase of services	39,849	57,331
	Cutting Edge (Private) Limited	Common directorship	Purchase of services	2,574	2,789
	Loads Limited	Common directorship	Finance cost paid - PTC	7,582	12,462
			Dividend paid	-	7,621
			Dividend income	17,177	15,616
	Elite Brands Limited	Common directorship	Sale of goods	175,869	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Transactions with related parties	Relationship	Nature of transactions	2018 (Rupees in thousand)	2017
III	Post employment benefit plans				
	Superannuation fund		Contribution	35,410	34,617
	Gratuity fund		Contribution	25,613	31,212
	Provident fund		Contribution	24,967	24,355
	Service fund		Contribution	2,044	12,996
	Housing fund		Contribution	31,770	12,629
	Benevolent fund		Contribution	2,065	3,150
	Superannuation fund - II		Contribution	4,764	4,052

All transactions with related parties have been carried out on mutually agreed terms and conditions.

44 FINANCIAL RISK MANAGEMENT

44.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other price risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

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

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Company's exposure to financial risk, the way these risks affect the financial position and performance and the manner in which such risks are managed is as follows:

44.2 Credit risk

Credit risk represents the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from trade receivables. Out of the total financial assets of Rs. 6,889 million (2017: Rs. 4,726 million), the financial assets which are subject to credit risk amounted to Rs. 6,838 million (2017: Rs. 4,667 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Export sales are either secured through letter of credit or a foreign bank guarantee is obtained. Majority of the local sales are made through distributors.

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. As the Company is the major manufacturer of blades, it believes that it is not exposed to major concentration of credit risk.

44.2.1 Exposure to credit risk

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

	2018 (Rupees in thousand)	2017
Long term available for sale investments	1,555	1,555
Long term security deposits	19,757	16,304
Trade debts	267,764	132,533
Short term investments	458,506	566,773
Loans, advances and other receivables	5,988,149	3,660,704
Bank balances	101,012	289,550
	6,836,743	4,667,419

Trade debts at the reporting date represent domestic and foreign parties.

The maximum exposure to credit risk before any enhancements for trade debts at the reporting date by type of customer was:

- Local parties	52,622	27,171
- Foreign parties	215,142	105,362
	267,764	132,533

The aging of trade debts at the reporting date is:

Less than 30 days	218,864	116,512
Past due 1 - 3 months	48,838	14,752
Above one year	1,847	3,054
Trade debts - gross	269,549	134,318
Less: Impairment of trade debts	(1,785)	(1,785)
Trade debts	267,764	132,533

Based on past experience the management believes that no impairment allowance is necessary in respect of unimpaired trade receivables that are past due as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

44.2.2 Credit quality of major financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Banks	Rating		Rating Agency	30 June 2018	30 June 2017
	Short term	Long term		(Rupees in thousand)	
MCIB Bank Limited	A	A1	PACRA	4	-
NIB Bank Limited	A1+	AA-	PACRA	3,913	7,210
Faysal Bank Limited	A-1+	AA	JCR-VIS	2,887	120,683
United Bank Limited	A-1+	AAA	JCR-VIS	779	-
Habib Bank Limited	A-1+	AAA	JCR-VIS	52,020	16,786
Askari Bank Limited	A1+	AA+	PACRA	47	25,067
National Bank of Pakistan	A-1+	AAA	JCR-VIS	4,010	25,816
Bank of Punjab	A1+	AA	PACRA	3,458	897
MCB Bank Limited	A1+	AAA	PACRA	24,932	14,271
Silk Bank Limited	A-2	A-	JCR-VIS	3,985	978
Samba Bank Limited	A-1	AA	JCR-VIS	1	6
Bank Alfalah Limited	A-1+	AA+	PACRA	-	22,590
Bank Islami Pakistan Limited	A1	A+	PACRA	112	249
Soneri Bank Limited	A1+	AA-	PACRA	-	30,729
Sindh Bank Limited	A-1+	AA	JCR-VIS	884	127
Dubai Islamic Bank Limited	A-1	A+	JCR-VIS	-	3,803
Allied Bank Limited	A1+	AA+	PACRA	2,992	20,049
Albaraka Bank (Pakistan) Limited	A-1	A	JCR-VIS	988	289
				101,012	289,550

44.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. 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. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained running finance facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	2018				
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
	(Rupees in thousand)				
<u>Financial liabilities</u>					
Trade and other payables	509,938	509,938	509,938	-	-
Long term deposits	1,214	1,214	-	1,214	-
Short term borrowings	7,753,403	7,753,403	7,753,403	-	-
Redeemable capital	357,583	538,248	179,416	358,832	-
Accrued mark-up	277,666	277,666	277,666	-	-
	8,899,804	9,080,469	8,720,423	360,046	-

	2017				
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
	(Rupees in thousand)				
<u>Financial liabilities</u>					
Trade and other payables	370,113	370,113	370,113	-	-
Long term deposits	1,214	1,214	-	1,214	-
Short term borrowings	5,749,596	5,749,596	5,749,596	-	-
Redeemable capital	537,000	886,275	295,425	590,850	-
Accrued mark-up	348,639	348,639	348,639	-	-
	7,006,562	7,355,837	6,763,773	592,064	-

44.4 Market risk

Market risk is the risk that changes in market prices, 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.

44.4.1 Currency risk

The Company is exposed to currency risk on import of raw materials and stores and spares and export of goods mainly denominated in US Dollars and Euros and on foreign currency bank accounts. The Company's exposure to currency risk is as follows:

	2018	2017
	(Rupees in thousand)	
Outstanding letters of credit (US dollars)	645,944	511,774
Outstanding letters of credit (Euros)	84,398	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2018	2017	2018	2017
Rupees per USD	113.30	104.85	121.60	105.00
Rupees per Euro	130.86	118.23	141.57	120.14

At reporting date, if the Pakistani Rupees has fluctuated by 10% against the US Dollar and Euro with all other variables held constant, pre-tax profit would have been higher / lower by Rs. 64.59 million (2017: Rs. 51.17 million) and Rs. 8.44 million (2017: Rs. Nil) respectively, mainly as a result of net foreign exchange gain/ loss on translation of foreign exchange denominated financial instruments.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit or loss for the year and assets/ liabilities of the Company.

44.4.2 Interest rate risk

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments were as follows:

	2018 Effective rate (Percentage)	2017	2018 (Rupees in thousand)	2017
<u>Financial assets</u>				
<i>Fixed rate instruments:</i>				
Bank balances - deposit accounts	4 - 7	3.5 - 6	54,762	236,095
<u>Financial liabilities</u>				
<i>Floating rate instruments:</i>				
Short term borrowings	2.4 -9.4	2.4 -7.5	7,753,403	5,749,596

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 profit or loss. Therefore a change in interest rates at the reporting date would not affect profit and loss.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on short term borrowings, at the year end rate, fluctuate by 1% higher / lower with all the other variables held constant, pre-tax profit for the year would have been lower / higher by Rs 65.25 million (2017: Rs. 34.53 million), mainly as a result of higher / lower interest expense on floating rate borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

44.4.3 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). Other price risk arises from the Company's investment in ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Company diversifies its portfolio and continuously monitors developments in equity markets. In addition the Company actively monitors the key factors that affect stock price movement.

A 10% increase in share prices at the year end would have increased the Company's profit in case of held for trading investments as follows:

	2018 (Rupees in thousand)	2017
Effect on profit and loss	(45,851)	(56,677)
Effect on investments	(45,851)	(56,677)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit or loss, equity and assets of the Company.

44.5 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 and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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 Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	Carrying amount					Fair value				
		Available for sale	Fair value through profit/loss	Trade and other receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- Rupees in thousands -----											
30-Jun-18											
Financial assets - measured at fair value											
Long term investments	9	1,555	-	-	-	-	1,555	-	-	1,555	1,555
Short term Investments	16	-	458,506	-	-	-	458,506	458,506	-	-	458,506
		1,555	458,506	-	-	-	460,061	458,506	-	1,555	460,061
Financial assets - not measured at fair value											
Long term security deposits	11	-	-	19,757	-	-	19,757	-	-	-	-
Trade debts	15	-	-	267,764	-	-	267,764	-	-	-	-
Advances, prepayments and other receivables	17	-	-	5,988,149	-	-	5,988,149	-	-	-	-
Cash and bank balances	18	-	-	-	151,549	-	151,549	-	-	-	-
		-	-	6,275,670	151,549	-	6,427,219	-	-	-	-
Financial liabilities - measured at fair value											
Financial liabilities - not measured at fair value											
Short term borrowings	19	-	-	-	-	7,753,403	7,753,403	-	-	-	-
Trade and other payables	20	-	-	-	-	509,938	509,938	-	-	-	-
Accrued mark-up	21	-	-	-	-	277,666	277,666	-	-	-	-
Long term deposits	22	-	-	-	-	1,214	1,214	-	-	-	-
Redeemable capital	23	-	-	-	-	357,583	357,583	-	-	-	-
		-	-	-	-	8,899,804	8,899,804	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

Note	Available for sale	Carrying amount				Fair value				
		Fair value through profit/loss	Trade and other receivables	Cash and cash equivalents	Other	Total	Level 1	Level 2	Level 3	Total
----- Rupees in thousands -----										
<u>30-Jun-17</u>										
<u>Financial assets - measured at fair value</u>										
9	1,555	-	-	-	-	1,555	-	-	1,555	1,555
16	-	566,773	-	-	-	566,773	566,773	-	-	566,773
		1,555	566,773	-	-	568,328	566,773	-	1,555	568,328
<u>Financial assets - not measured at fair value</u>										
11	-	-	16,304	-	-	16,304	-	-	-	-
15	-	-	132,533	-	-	132,533	-	-	-	-
17	-	-	3,660,704	-	-	3,660,704	-	-	-	-
18	-	-	-	347,967	-	347,967	-	-	-	-
		-	3,809,541	347,967	-	4,157,508	-	-	-	-
<u>Financial liabilities - measured at fair value</u>										
<u>Financial liabilities - not measured at fair value</u>										
19	-	-	-	-	5,749,596	5,749,596	-	-	-	-
20	-	-	-	-	370,113	370,113	-	-	-	-
21	-	-	-	-	348,639	348,639	-	-	-	-
22	-	-	-	-	1,214	1,214	-	-	-	-
23	-	-	-	-	537,000	537,000	-	-	-	-
		-	-	-	7,006,562	7,006,562	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

44.6 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Company. This responsibility is supported by the development of overall company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation including insurance where this is effective

44.7 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:

	2018 (Rupees in thousand)	2017
Total debt	8,110,986	6,286,596
Total equity and debt	16,433,372	14,542,878
Debt to equity ratio	49%	43%

The Company is not subject to externally imposed capital requirement

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

45 Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities							Equity			
	Redeemable capital	Short term borrowings	Loan from Chief Executive	Unclaimed Dividend Payable	Accrued markup	Long term deposits	Share capital/premium	Reserves	Unappropriated profit	Total	
	----- Rupees in thousands -----										
As at 30 June 2017	537,000	1,703,044	390,000	18,629	348,639	1,214	5,740,408	267,029	974,863	9,980,826	
Changes from financing cash flows											
Proceeds from issue of shares under employee stock option scheme	-	-	-	-	-	-	37,623	-	-	37,623	
Proceeds from borrowing	-	1,717,842	-	-	-	-	-	-	-	1,717,842	
Repayment of borrowings	-	(1,080,765)	-	-	-	-	-	-	-	(1,080,765)	
Redemption of redeemable capital	(6,273)	-	-	-	-	-	-	-	-	(6,273)	
Dividend paid	-	-	-	(5,328)	-	-	-	-	-	(5,328)	
Total changes from financing cash flows	(6,273)	637,077	-	(5,328)	-	-	37,623	-	-	663,099	
Other changes including non- cash											
Conversion of PTCs into ordinary shares @ 0.07 share per PTC	(173,144)	-	-	-	-	-	173,144	-	-	-	
Issue of ordinary shares as bonus @ 10%	-	-	-	-	-	-	142,870	-	(142,870)	-	
Changes in borrowings	-	-	-	-	-	-	-	-	-	-	
Total comprehensive loss for the year	-	-	-	-	-	-	-	-	(136,728)	-	
Finance cost paid	-	-	-	-	(648,476)	-	-	-	-	(648,476)	
Finance cost	-	-	-	-	577,503	-	-	-	-	577,503	
Total liability related other changes	(173,144)	-	-	-	(70,973)	-	316,014	-	(279,598)	(70,973)	
As at 30 June 2018	357,583	2,340,121	390,000	13,301	277,666	1,214	6,094,045	267,029	695,265	10,572,952	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Production capacity		Actual production	
	2018	2017	2018	2017
	(Units in millions)		(Units in millions)	
46 PLANT CAPACITY AND PRODUCTION				
Hyderabad plant	810	793	764	712
Lahore plant	1,300	1,300	1,269	1,199
	2,110	2,093	2,033	1,911

The variance of actual production from capacity is primarily on account of the product mix.

47 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on October 04, 2018 by the Board of Directors of the Company.

48 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors in their meeting held on October 04, 2018 have proposed a final cash dividend for the year ended 30 June 2018 of Rs. Nil (2017: Rs. 1) per share, amounting to Rs. Nil (2017: Rs. 142.87 million).

49 GENERAL

Corresponding figures have been re-arranged or reclassified wherever necessary, for the purposes of comparison.

LAHORE
October 04, 2018


Syed Sheharyar Ali
Executive Director


Amir Zia
Chief Financial Officer


Muhammad Shafique Anjum
Executive Director

SOCIETY FOR CULTURAL EDUCATION

FINANCIAL STATEMENTS

For The Year Ended 30 June 2018

STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Note	2018 (Rupees in thousand)	2017
ASSETS			
CURRENT ASSETS			
Consumeable stores		55	-
Advances	4	1,239	894
Tax refund due from Government	5	851	605
Cash and bank balances	6	18,580	9,695
TOTAL ASSETS		20,725	11,194
FUNDS AND LIABILITIES			
ACCUMULATED FUNDS			
General fund			
Opening balance		10,593	55,168
Add: Deficit for the year		(8,412)	(44,575)
		2,181	10,593
Endowment fund	7	15,000	-
		17,181	10,593
CURRENT LIABILITIES			
Trade and other payables	8	3,544	601
CONTINGENCIES AND COMMITMENTS	9	-	-
TOTAL FUND AND LIABILITIES		20,725	11,194

The annexed notes 1 to 14 form an integral part of these financial statements.

LAHORE
October 04, 2018


Syed Sheharyar Ali
Member


Amir Zia
Secretary General

STATEMENT OF COMPREHENSIVE INCOME


For the year ended 30 June 2018

	2018 (Rupees in thousand)	2017
INCOME		
Donation by Treet Corporation Limited	93,723	48,171
Fee income	60	60
Profit on bank deposits	826	2,136
Donations / other income	43	73
	94,652	50,440
EXPENDITURE		
Salaries, allowances and benefits	84,895	77,491
Stores consumed	107	-
Rent, rates and taxes	390	3,549
Repairs and maintenance	2,826	5,213
Printing and stationery	4,030	863
Travelling and conveyance	3,009	822
Legal and professional charges	83	603
Fuel and power	5,825	4,142
Telephone and postage	612	722
Entertainment expense	116	150
Advertisement	47	293
Computer expenses	124	251
Fee and subscription charges	-	350
Insurance	666	-
Audit fee	63	55
Other expenses	269	511
Bank charges	2	-
Total Expenses	(103,064)	(95,015)
Deficit for the year	(8,412)	(44,575)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE DEFICIT FOR THE YEAR	(8,412)	(44,575)

The annexed notes 1 to 14 form an integral part of these financial statements.

LAHORE
October 04, 2018


Syed Sheharyar Ali
Member


Amir Zia
Secretary General

STATEMENT OF CHANGES IN ACCUMULATED FUND

For the year ended 30 June 2018

	Accumulated Fund	Endowment Fund	Total Fund
	(Rupees in thousand)		
Balance as at July 1, 2016	55,168	-	55,168
Total comprehensive deficit for the year	(44,575)	-	(44,575)
Balance as at June 30, 2017	10,593	-	10,593
Total comprehensive surplus for the year	(8,412)	-	(8,412)
Funds provided during the year	-	15,000	15,000
Balance as at June 30, 2018	2,181	15,000	17,181

The annexed notes 1 to 14 form an integral part of these financial statements.

LAHORE
October 04, 2018


Syed Sheharyar Ali
Member


Amir Zia
Secretary General

CASH FLOW STATEMENT


For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
CASH FLOW FROM OPERATING ACTIVITIES			
Deficit for the year before working capital changes		(8,412)	(44,575)
Net Changes in operating assets and liabilities:			
Consumeable stores		(55)	-
Advances		(345)	1,249
Trade and other payables		2,943	239
		2,543	1,488
Cash outflow from operating activities		(5,869)	(43,087)
Income tax paid		(246)	(533)
Net cash outflow from operating activities		(6,115)	(43,620)
CASH FLOW FROM INVESTING ACTIVITIES			
Net cash flow from investing activities		-	-
CASH FLOW FROM FINANCING ACTIVITIES			
Endowment Fund		15,000	-
Net cash inflow from financing activities		15,000	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		8,885	(43,620)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		9,695	53,315
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	6	18,580	9,695

The annexed notes 1 to 14 form an integral part of these financial statements.

LAHORE
October 04, 2018


Syed Sheharyar Ali
Member


Amir Zia
Secretary General

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

1 SOCIETY AND ITS OPERATIONS

The society for cultural education was registered in Pakistan on April 06, 2015 as a Society, under the Societies Registration Act, 1860. The Society was established, to construct, run, maintain and manage schools, professional schools and colleges, universities, coaching classes, offices, libraries, information centres and other institutions for imparting moral, academic and technical education to children and adults and to promote and encourage the study of all arts, sciences, culture, history and general knowledge. The Society is principally engaged in providing culture and arts education. The registered office of the society is located at 72-B, Industrial Area, Kot-Lakhpat, Lahore and the principal place of carrying out commercial activities of the society is located at 7 KM , Thokar Niaz Baig , Main Raiwind , Lahore. The name of ultimate parent company of the Society is Messrs Treet Corporation Limited.

On May 24, 2018, an Act No. XXXI of 2018 was passed by the Majlis e Shoora (Parliament) of Pakistan to establish an "Institute for Art and Culture" under the administration of the Society to meet its aforesaid objectives.

2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE SOCIETY'S FINANCIAL POSITION AND PERFORMANCE

All significant transactions and events that have affected the Society's statement of financial position and performance during the year have been adequately disclosed in the notes 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 applicable in Pakistan comprise of International Financial Reporting Standard for Small and Medium Sized-Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) and Accounting Standard for Not for Profit Organizations (NPOs) issued by Institute of Chartered Accountants of Pakistan.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention without taking the effect of inflation and current values.

3.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupee (Rs. / Rupees) which is the Society's functional currency.

3.4 Taxation

The income and donations of as well as contributions by members to the society is exempt from taxation under section 2(36) of the Income Tax Ordinance, 2001 being a charitable and non-profitable educational institution. The society is registered with the Federal Board of Revenue.

3.5 Consumeable stores

These are carried in the statement of financial position at the weighted average cost method.

3.6 Cash and cash equivalents

Cash equivalents are carried in the statement of financial position at cost for the purposes of cash flow statement. Cash equivalents comprise of cash in hand and bank balances in current accounts.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

3.7 Advances / receivables

These are valued at cost which is the fair value of the consideration to be received in future less any estimate of balances doubtful of recovery based on review of outstanding balances at the financial position date. Balances considered bad are written off as and when identified.

3.8 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

3.9 Provisions

A provision is recognized in the financial position when the Society has a legal and constructive obligation as a result of past events; it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. However, provisions are reviewed at each financial position date and adjusted to reflect the current best estimate. If it is no longer probable that outflow of resources will be required to settle the obligation, the provisions are reversed.

3.10 Commitments and contingencies

Capital commitments and contingencies, unless those are actual liabilities, are not incorporated in the books of account.

3.11 Basic Financial Instruments

Financial assets and financial liabilities are initially measured at fair value, except for certain non-arm's length transactions.

These are subsequently measured at amortized cost, except for investment in equity instruments. Investments in equity instruments that are quoted in an active market shall be measured at fair value and investments in equity instruments that do not have active market shall be carried out at cost less impairment, if any.

Financial assets measured at amortized cost include cash and bank balances. Financial liabilities measured at amortized cost include trade and other payables.

Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the statement of income and expenditure for the period in which it arises.

3.12 Related party transactions

All transactions arising in the normal course of business, are conducted at arm's length at normal commercial rate on the same terms and conditions as third party transactions using valuation modes as admissible, except in rarely extreme circumstances where, subject to approval of the Board of Directors, it is in the interest of the Society to do so.

3.13 Revenue recognition

Revenue from the following sources is recognised as under:
Revenue from fee and profit from bank deposits are recognised on accrual basis
Donations are recognised on receipt basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

	Note	2018 (Rupees in thousand)	2017
4 ADVANCES- Unsecured and interest free			
Advances to suppliers		1,101	537
Advance to staff against expenses		138	357
		1,239	894
5 TAX REFUNDS DUE FROM GOVERNMENT			
Income tax refundable		851	605
6 CASH AND BANK BALANCES			
Cash in hand		940	328
Cash at bank			
in current accounts	6.1	242	7,530
against donation	6.2	17,398	1,837
		17,640	9,367
		18,580	9,695

6.1 These bank accounts are placed under interest / markup arrangements and carry profit rates ranging from 4% - 6% (2017: 4% - 6%) per annum.

6.2 This represents the amount of Rs. 15 million (2017: Rs. Nil) of endowment fund and unspent donation deposited in the bank account along with profit thereon.

7 ENDOWMENT FUND		15,000	-
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The amounts of Endowment Fund has been provided by Messrs Treet Corporation Limited, an ultimate group parent company to comply with the requirements of Higher Education Commission (HEC) for a new degree awarding institution established by the Society in the name of "Institute for Art and Culture" through an Act No. XXXI of 2018 passed by the Majlis e Shoora (Parliament) of Pakistan dated May 24, 2018.

8 TRADE AND OTHER PAYABLES			
Accrued liabilities		1,653	216
Creditors for services		493	-
Income tax deducted at source payable		434	385
Withholding sales tax payable		22	-
Temporary book overdraft	8.1	942	-
		3,544	601

8.1 This represents unpresented cheques which have been cleared subsequent to the reporting date.

9 CONTINGENCIES AND COMMITMENTS

9.1 There was no contingent liability of the society at the terminal date. (2017: NIL)

9.2 There was no capital commitment of the society at the terminal date. (2017: NIL)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

10 FINANCIAL INSTRUMENTS - by category

The Society manages its working capital with a view to maintaining an approximate mix between various sources of finance to minimize risk. Taken as a whole, the Society's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

	2018	2017
	-----Rupees-----	
Financial assets		
Cash and bank balances	18,580	9,695
Financial liabilities		
Accrued liabilities	1,653	216
Creditors for services	492	-
Temporary bank overdraft	942	-
	3,087	216

11 TRANSACTION WITH RELATED PARTIES

The related parties comprise of group parent company, associates and key management personnel. The Society in the normal course of business carries out transactions with various related parties. The outstanding balances and transactions carried out with these parties during the year have been disclosed in the relevant notes to these financial statements. There were no significant transactions carried out with related parties that require disclosure in these financial statements except key management personnel's remunerations disclosed hereunder.

Treet Corporation Limited (Group Parent Company)

Donation		93,723	48,171
Endowment Fund	7	15,000	-
Key management personnel's remuneration		16,000	1,600

12 NUMBER OF EMPLOYEES

Number of contractual employees at year end	83	79
Average number of contractual employees during the year	81	63

13 DATE OF AUTHORIZATION

The Executive Council has authorized the financial statements for issuance on October 04, 2018.

14 GENERAL

- 14.1** Treet Corporation Limited has constitutional right to nominate 70% of the members of the executive council.
- 14.2** Corresponding figures have been rearranged where necessary to facilitate comparison. However, no major reclassification has been made in these financial statements.
- 14.3** Figures in these financial statements have been rounded off to the nearest rupee.

LAHORE
October 04, 2018


Syed Sheharyar Ali
Member


Amir Zia
Secretary General

PATTERN OF SHAREHOLDING

Form 34

As at 30 June 2018

Sr. No.	Shareholdings' Slab		No. of Shareholders		Total	No. of Shares held
	From	To	CDC	Physical		
1	1	100	536.00	758.00	1,294	46,084
2	101	500	766.00	434.00	1,200	370,366
3	501	1,000	1,058.00	114.00	1,172	838,221
4	1,001	5,000	2,452.00	183.00	2,635	6,024,515
5	5,001	10,000	619.00	27.00	646	4,583,417
6	10,001	15,000	305.00	8.00	313	3,799,454
7	15,001	20,000	143.00	3.00	146	2,533,662
8	20,001	25,000	93.00	5.00	98	2,219,311
9	25,001	30,000	77.00	2.00	79	2,187,280
10	30,001	35,000	42.00	3.00	45	1,472,820
11	35,001	40,000	30.00	1.00	31	1,171,106
12	40,001	45,000	22.00	1.00	23	987,477
13	45,001	50,000	36.00	1.00	37	1,802,932
14	50,001	55,000	32.00	1.00	33	1,766,962
15	55,001	60,000	14.00	-	14	804,768
16	60,001	65,000	14.00	-	14	867,007
17	65,001	70,000	12.00	1.00	13	884,644
18	70,001	75,000	8.00	-	8	578,862
19	75,001	80,000	6.00	-	6	468,899
20	80,001	85,000	8.00	-	8	657,198
21	85,001	90,000	5.00	1.00	6	531,136
22	90,001	95,000	5.00	-	5	464,687
23	95,001	100,000	15.00	-	15	1,487,200
24	100,001	105,000	6.00	-	6	606,897
25	105,001	110,000	12.00	-	12	1,310,180
26	110,001	115,000	3.00	-	3	336,357
27	115,001	120,000	2.00	-	2	236,128
28	120,001	125,000	4.00	-	4	497,807
29	125,001	130,000	4.00	-	4	506,892
30	130,001	135,000	2.00	-	2	266,500
31	135,001	140,000	2.00	-	2	278,568
32	140,001	145,000	1.00	-	1	143,000
33	145,001	150,000	3.00	-	3	442,500
34	150,001	155,000	2.00	-	2	308,975
35	160,001	165,000	3.00	-	3	488,981
36	165,001	170,000	3.00	-	3	508,585
37	175,001	180,000	1.00	-	1	177,500
38	180,001	185,000	2.00	-	2	361,623
39	190,001	195,000	1.00	-	1	193,813
40	195,001	200,000	1.00	-	1	200,000
41	200,001	205,000	3.00	-	3	608,180
42	205,001	210,000	1.00	-	1	209,134

PATTERN OF SHAREHOLDING

Form 34

As at 30 June 2018

Sr. No.	Shareholdings' Slab		No. of Shareholders		Total	No. of Shares held
	From	To	CDC	Physical		
43	210,001	215,000	1.00	-	1	215,000
44	215,001	220,000	3.00	-	3	657,000
45	220,001	225,000	2.00	-	2	441,302
46	225,001	230,000	2.00	-	2	455,877
47	230,001	235,000	1.00	-	1	231,000
48	235,001	240,000	1.00	-	1	237,050
49	240,001	245,000	1.00	-	1	243,065
50	265,001	270,000	2.00	-	2	534,589
51	270,001	275,000	4.00	-	4	1,097,384
52	290,001	295,000	1.00	-	1	294,314
53	295,001	300,000	1.00	-	1	300,000
54	300,001	305,000	1.00	-	1	302,500
55	315,001	320,000	1.00	-	1	319,000
56	320,001	325,000	1.00	-	1	321,382
57	325,001	330,000	2.00	-	2	660,000
58	355,001	360,000	2.00	-	2	712,278
59	375,001	380,000	1.00	-	1	378,038
60	420,001	425,000	1.00	-	1	425,000
61	435,001	440,000	2.00	-	2	876,250
62	535,001	540,000	1.00	-	1	538,500
63	600,001	605,000	-	1.00	1	602,922
64	655,001	660,000	1.00	-	1	659,450
65	660,001	665,000	-	1.00	1	660,471
66	680,001	685,000	1.00	-	1	685,000
67	900,001	905,000	1.00	-	1	904,547
68	1,100,001	1,105,000	1.00	-	1	1,102,500
69	1,290,001	1,295,000	1.00	-	1	1,292,500
70	1,560,001	1,565,000	1.00	-	1	1,561,527
71	1,700,001	1,705,000	1.00	-	1	1,703,108
72	2,275,001	2,280,000	1.00	-	1	2,277,000
73	2,900,001	2,905,000	1.00	-	1	2,900,262
74	2,905,001	2,910,000	-	1.00	1	2,909,885
75	3,820,001	3,825,000	1.00	-	1	3,822,950
76	4,780,001	4,785,000	1.00	-	1	4,781,371
77	6,470,001	6,475,000	-	1.00	1	6,474,187
78	8,340,001	8,345,000	1.00	-	1	8,344,644
79	11,430,001	11,435,000	1.00	-	1	11,431,119
80	12,025,001	12,030,000	1.00	-	1	12,026,428
81	42,475,001	42,480,000	1.00	-	1	42,475,657
			6,400	1,547	7,947	160,084,685

PATTERN OF SHAREHOLDING

Form 34

As at 30 June 2018

NAME & CATEGORY WISE DETAILS IN ACCORDANCE WITH THE CCG 2012

Name of Shareholders	Status	CDC* Shareholders	No. of Shares in CDC*	Physical Shareholders	No. of Shares in Physical	Total Share-holders	Total No. of Shares Held	%
Syed Shahid Ali	Director	1	42,475,657	1	2,909,885	2	45,385,542	28.35%
Syed Sheharyar Ali	Director	1	12,026,428	-	-	1	12,026,428	7.51%
Dr. Mrs. Niloufer Mahdi	Director	1	4,781,371	1	660,471	2	5,441,842	3.40%
Saulat Said	Director	1	6,090	-	-	1	6,090	0.00%
Imran Azim	Director - Nominee NIT	-	-	-	-	-	-	0.00%
Munir Karim Bana	Director - Nominee Loads Limited	2	196,613	-	-	2	196,613	0.12%
Dr. Salman Faridi	Director	1	110	-	-	1	110	0.00%
Shafique Anjum	Director	1	47,630	1	27,555	2	75,185	0.05%
Loads Limited	Associated Company	2	8,613,233	-	-	2	8,613,233	5.38%
IGI Holdings Limited	Associated Company	-	-	-	-	-	-	0.00%
National Bank of Pakistan / NIT	Government Institution	5	14,701,487	-	-	5	14,701,487	9.18%
Foreign Company		-	-	1	6,474,187	1	6,474,187	4.04%
Bank, DFI, Insurance		14	6,179,596	1	129	15	6,179,725	3.86%
Joint Stock Companies		41	2,019,997	2	10,424	43	2,030,421	1.27%
Investment Companies		66	6,403,792	3	522	69	6,404,314	4.00%
Public Sector	Government Institution	1	274,134	1	51,767	2	325,901	0.20%
Modaraba		5	175,167	-	-	5	175,167	0.11%
Executive		2	50,063	-	-	2	50,063	0.03%
Company Secretary		1	10,950	-	-	1	10,950	0.01%
Others		40	2,410,628	1	2,097	41	2,412,725	1.51%
Individual		6,215	47,521,119	1,535	2,053,583	7,750	49,574,702	30.97%
		6,400	147,894,065	1,547	12,190,620	7,947	160,084,685	100.00%

*based on no. of accounts in CDC / folios

SHAREHOLDERS HOLDING 5% SHARES OR MORE

Sr. No.	Name of Shareholder	Shares held
1	Syed Shahid Ali	45,385,542
2	National Investment Trust	11,431,119
3	Syed Sheharyar Ali	12,026,428
4	Loads Limited	8,613,233

Intimation under Clause (I) of sub-regulation (XVI) of Regulation 35 of Chapter (XI) of Listing Regulations of Pakistan Stock Exchange Limited during the year.

	Opening Balance (01-07-2017)	Through TCLTC* Conversion		Market Trade : Buy/(Sell)		Bonus Shares		Closing Balance (30/06/2018)
	No. of Shares	No. of Shares	Conversion Price*	No. of Shares	Market Price	No. of Shares	Market Price	No. of Shares
Syed Shahid Ali	40,102,002	1,173,340	59.14	100,000	40.52	4,010,200	39.78	45,385,542
Syed Sheharyar Ali	10,898,674	26,887	59.14	10,000	51.79	1,090,867	39.78	12,026,428
Dr. Mrs. Niloufer Mahdi	4,963,167	7,175	59.14			471,500	39.78	5,441,842
Saulat Said	4,900	700	59.14			490	39.78	6,090
Munir Karim Bana	156,670	25,060	59.14			14,883	39.78	196,613
Shafique Anjum	68,350					6,835	39.78	75,185

*Participation Term Certificate : - Conversion Price is Rs. 59.14 per share. This is the opportunity cost of the principal value of TCLTC forgone to get One additional Ordinary Share of the Company.

PATTERN OF SHAREHOLDING

Form 34

As at 30 June 2018

		01/Jul/17	Issued under ESOS		Bonus Shares		Conversion of TCLTC		30/Jun/18	
Executive		No. of Shares	No. of Shares Issued	Strike Price	No. of Shares Issued	Bonus Price**	No. of Shares Issued	Conversion Price*	Shares Sold	No. of Shares
Shahid Zia	Executive		174,500	51.79	14,450	39.78	-		(188,950)	-
Nasir Mahmood	Executive	23,200	18,300	51.79	4,150	39.78	-			45,650
Amir Zia	Executive	42,300	3,000	51.79	4,530	39.78	233	59.14		50,063
Rana Shakeel Shaukat	Executive		10,000	51.79	950	39.78	-			10,950
Imran Aziz	Executive	15,300			1,530	39.78	-		(5,880)	10,950

*Participation Term Certificate : - Conversion Price is Rs. 59.14 per share. This is the opportunity cost of the principal value of TCLTC forgone to get One additional Ordinary Share of the Company.

**This price represents the market price on which 5% Tax [under Section 236M of Income Tax Ordinance, 2001] is paid.

***This includes shares issued under Treet Corporation Limited - Stock Option Scheme, 2015 during the year:

PARTICIPATION TERM CERTIFICATES (TCLTC)

Sr. No.	Shareholdings' Slab		No. of Shareholders		Total	PTCs
	From	To	CDC	Physical		
1	1	100	62.00	24.00	86	2,592
2	101	500	51.00	15.00	66	24,716
3	501	1,000	31.00	4.00	35	30,564
4	1,001	5,000	57.00	3.00	60	185,425
5	5,001	10,000	18.00	1.00	19	146,600
6	10,001	15,000	11.00	-	11	140,238
7	15,001	20,000	3.00	-	3	50,205
8	20,001	25,000	6.00	1.00	7	162,790
9	25,001	30,000	3.00	-	3	89,400
10	30,001	35,000	2.00	-	2	67,000
11	35,001	40,000	3.00	-	3	112,000
12	40,001	45,000	1.00	-	1	40,470
13	50,001	55,000	1.00	-	1	52,500
14	60,001	65,000	1.00	-	1	60,500
15	65,001	70,000	1.00	-	1	70,000
16	80,001	85,000	1.00	-	1	82,500
17	95,001	100,000	3.00	-	3	300,000
18	100,001	105,000	1.00	-	1	102,500
19	150,001	155,000	1.00	-	1	154,500
20	165,001	170,000	1.00	-	1	167,500
21	185,001	190,000	1.00	-	1	189,500
22	195,001	200,000	1.00	-	1	199,999
23	210,001	215,000	1.00	-	1	213,500
24	220,001	225,000	1.00	-	1	225,000
25	225,001	230,000	1.00	-	1	230,000
26	315,001	320,000	1.00	-	1	318,000
27	345,001	350,000	1.00	-	1	350,000
28	380,001	385,000	1.00	-	1	384,100
29	400,001	405,000	1.00	-	1	404,500
30	405,001	410,000	1.00	-	1	406,000
31	450,001	455,000	1.00	-	1	451,000
32	495,001	500,000	1.00	-	1	500,000
33	520,001	525,000	1.00	-	1	522,500
34	755,001	760,000	1.00	-	1	759,000
35	1,830,001	1,835,000	1.00	-	1	1,831,500
36	3,550,001	3,555,000	1.00	-	1	3,550,640
37	4,750,001	4,755,000	1.00	-	1	4,753,500
38	7,725,001	7,730,000	1.00	-	1	7,729,500
39	16,760,001	16,765,000	1.00	-	1	16,762,011
			277	48	325	41,822,250

PARTICIPATION TERM CERTIFICATES (TCLTC)

Name of Shareholders	Status	CDC	CDC	Physical	Physical	TOTAL	TOTAL	%
Syed Shahid Ali	Director	1	16,762,011	-	-	1	16,762,011	40.08%
Syed Sheharyar Ali	Director	1	384,100	-	-	1	384,100	0.92%
Dr. Mrs. Niloufer Mahdi	Director	1	102,500	-	-	1	102,500	0.25%
Dr. Salman Faridi	Director	-	-	-	-	-	-	0.00%
Imran Azim	Director - Nominee NIT	-	-	-	-	-	-	0.00%
Munir Karim Bana	Director - Nominee Loads Limited	2	358,000	-	-	2	358,000	0.86%
Saulat Said	Director	1	25,000	-	-	1	25,000	0.06%
Shafique Anjum	Director	-	-	-	-	-	-	0.00%
Loads Limited	Associated Company	1	1,831,500	-	-	1	1,831,500	4.38%
IGI Holdings Limited	Associated Company	-	-	-	-	-	-	0.00%
NIT	Government Institution	2	11,280,140	-	-	2	11,280,140	26.97%
Foreign Company		-	-	-	-	-	-	0.00%
Bank, DFI, Insurance		-	-	-	-	-	-	0.00%
Joint Stock Companies		3	727,000	-	-	3	727,000	1.74%
Investment Companies		3	215,920	-	-	3	215,920	0.52%
Public Sector		-	-	-	-	-	-	0.00%
Modaraba		-	-	-	-	-	-	0.00%
Executive		1	3,334	-	-	1	3,334	0.01%
Company Secretary		-	-	-	-	-	-	0.00%
Others		10	2,183,499	-	-	10	2,183,499	5.22%
Individual		251	7,906,870	48	42,376	299	7,949,246	19.01%
		277	41,779,874	48	42,376	325	41,822,250	100.00%

Free Float

	Physical	CDC	Total
No. of Certificates Outstanding	42,376.00	41,779,874	41,822,250
Certificates held by Directors	-	17,273,611	17,273,611
Certificates held by Associates	-	2,189,500	2,189,500
Certificates held by Government Institutions	-	11,280,140	11,280,140
Certificates held by Foreign Companies	-	-	-
Others	42,376	11,036,623	11,078,999
	42,376	41,779,874	41,822,250
Free Float of Certificates as on June 30, 2018		11,036,623	11,036,623
% of Free Float		26.42%	26.39%

INFORMATION FOR SHAREHOLDERS

Company's Registered Office/Works

Treet Corporation Limited
72-B, Industrial Area, Kot Lakhpat, Lahore
Tel: 042-35830881, 35156567
Fax: 042-35114127, 35117650

Share Registrar:

Corplink (Private) Limited
Wings Arcade 1-K, Commercial Model Town, Lahore
Tel: 042-35916714, 35916719
Fax: 042-35869037
Email: corplink786@gmail.com
shares@corplink.com

Listing

Treet Corporation Limited is listed on:
Pakistan Stock Exchange Limited

Stock Symbol

The stock symbol for dealing in equity shares of Treet Corporation Limited is 'Treet'

Annual Listing Fees

The Annual listing fee for the Financial Year 2018 has been paid within the prescribed time limit.

Statutory Compliance

During the year, the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant particulars as required under the Companies Act 2017 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the Listing requirements.

Share Transfer System

Share transfers received by the Company's Share Registrar are registered within the prescribed period.

Proxies

Pursuant to Section 137 of the Companies Act 2017 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a general meeting of the Company can appoint another person as his/her proxy to attend and vote on his/her behalf. Every notice calling a general meeting of the Company contains a statement that a shareholder entitled to attend and vote is entitled to appoint a proxy who sought to be a member of the Company.

The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the registered office of the Company not less than forty eight hours before the meeting.

Financial Information

The Company has published the Annual and Quarterly Accounts on the Company's website.

Company's Website

Updated information regarding the Company can be accessed at www.treetonline.com. The website contains the latest financial results of the Company together with Company's profile and product range.

Free Float of Shares

	Physical	CDC	Total
No. of Shares Outstanding	12,190,620.00	147,894,065	160,084,685
Shares held by Directors	3,597,911	59,533,899	63,131,810
Shares held by Associates	-	8,613,233	8,613,233
Shares held by Government Institutions	51,767	14,975,621	15,027,388
Shares held by Foreign Companies	6,474,187	-	6,474,187
Others	2,066,755	64,771,312	66,838,067
	12,190,620	147,894,065	160,084,685
Free Float of Shares as on June 30, 2018		64,771,312	64,771,312
% of Free Float		43.80%	40.46%

Detail of Shares	No. of Shares
Ordinary Shares - Issued Capital as on June 30, 2009	4,182,225
Bonus Shares 900% in April 2010	37,640,025
Partial Conversion of Participation Term Certificates in October, 2013	2,927,557
15% Right Issue made in December 2013	6,273,337
Partial Conversion of Participation Term Certificates in October, 2014	2,927,557
150% Right Issue made in July 2015	80,926,051
Partial Conversion of Participation Term Certificates in October, 2015	2,927,557
Partial Conversion of Participation Term Certificates in October, 2016	2,927,557
Shares Issued under ESOS - (till 30/06/2017)	1,411,800
Partial Conversion of Participation Term Certificates in October, 2017	2,927,557
Shares Issued under ESOS - (from July 01, 2017 to June 30, 2018)	726,451
Bonus Shares 10% in November 2017	14,287,011
	160,084,685

180

پراکسی فارم

میں مسٹر مسز زمرس ساکن بحیثیت ممبر ٹریٹ کارپوریشن لمیٹڈ ہولڈنگ
..... شہر ذیل نمبر کے تحت مسٹر مسز زمرس ساکن
..... یا فرد مذکورہ کی عدم دستیابی کی صورت میں مسٹر مسز زمرس
ساکن کو اپنا نمائندہ مقرر کرتا کرتی ہوں کہ 26 اکتوبر 2018 بروز جمعہ کو صبح گیارہ بجے (11:00) پر منعقد ہونے والے کمپنی کے سالانہ اجلاس
اور اس کے بعد کسی بھی اور کہیں بھی منعقد ہونے والے دوسرے اجلاس کے لیے اپنا نمائندہ مقرر کر سکتا رہتی ہوں

5/- روپے کا
محصول ٹکٹ

دستخط شہر ہولڈر
(دستخط کمپنی کے پاس دستخط کے نمونہ کے مطابق ہوں)
قومی شناختی کارڈ نمبر / پاسپورٹ نمبر

مورخہ اکتوبر 2018

دستخط مقرر کردہ نمائندہ

گواہان:

..... 1- دستخط 2- دستخط
نام	نام
پتہ	پتہ
قومی شناختی کارڈ نمبر	قومی شناختی کارڈ نمبر

نوٹ:








- 1- پراکسی فارم ہذا مکمل اور دستخط کے ہمراہ اجلاس کے انعقاد سے کم از کم اڑتالیس (48) گھنٹے قبل کمپنی کے رجسٹرڈ دفتر میں جمع کرادیا جائے۔
 - 2- اگر کوئی ممبر ایک سے زیادہ پراکسی فارم کمپنی کے رجسٹرڈ دفتر میں جمع کروادے گا تو پراکسی فارم قابل قبول نہیں ہوگا۔
 - 3- مقرر کردہ نمائندے کے لیے کمپنی کا ممبر ہونا لازمی نہیں۔
- سی ڈی سی اکاؤنٹ ہولڈر کارپوریشن انٹیلی ہونے کی صورت میں درج ذیل شرائط پر عمل کرنا ہوگا۔
- (i) ممبر اور پراکسی کی قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ہمراہ منسلک کرنی ہوں گی۔
 - (ii) پراکسی کو اجلاس کے وقت اپنا اصل قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
 - (iii) کارپوریٹ اسٹیٹمنٹ کی صورت میں ڈائریکٹرز کی پاس کردہ قرارداد / پاور آف اٹارنی مع نامزد فرد کے دستخط کا نمونہ پراکسی فارم کے ہمراہ اڑتالیس (48) گھنٹے قبل کمپنی کے رجسٹرڈ دفتر میں جمع کرانا ہوگی۔










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NOTE

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*Never pursue material
goals based on whims,
or you will end up
with weaker outcomes.*



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