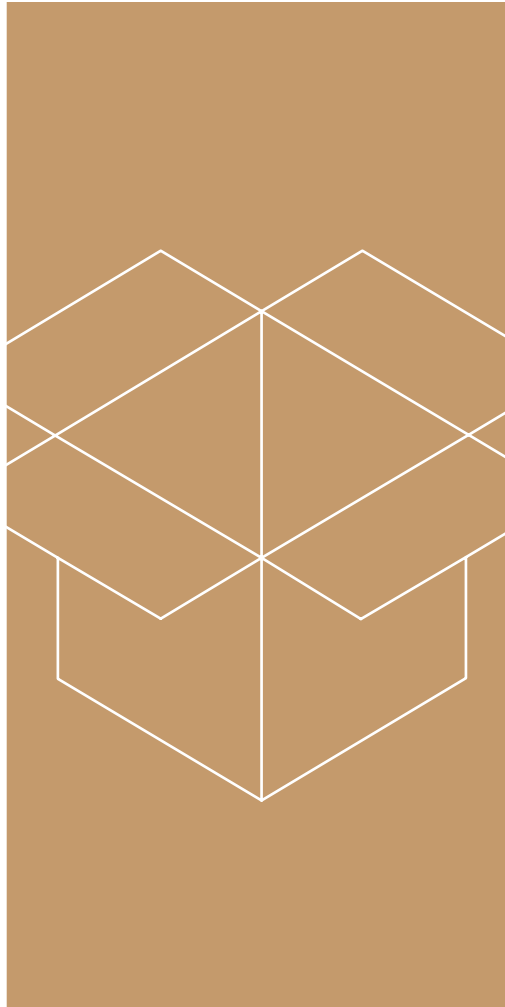
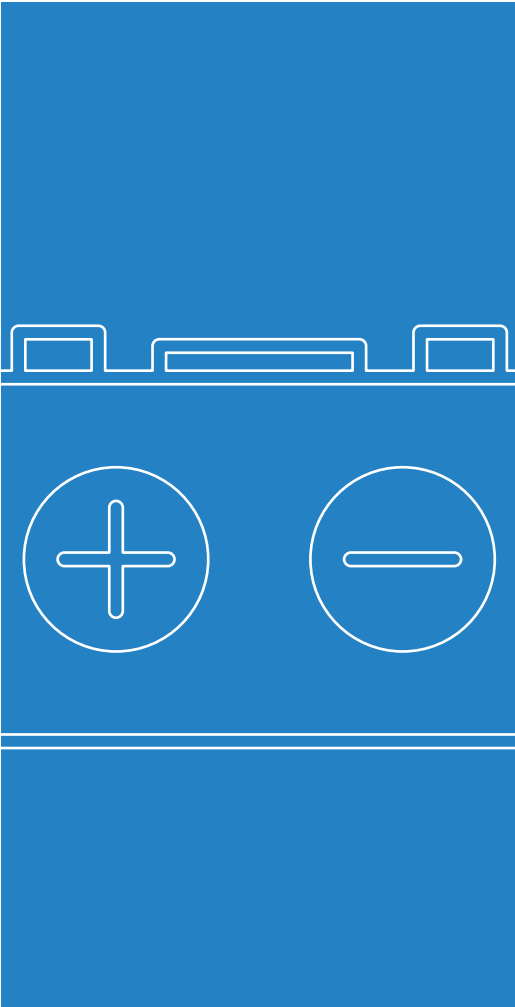


ANNUAL REPORT 2019



First Treet
Manufacturing Modaraba

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Company Information

BOARD OF DIRECTORS:	Dr. Mrs. Niloufer Qasim Mahdi Syed Shahid Ali Syed Sheharyar Ali Mr. Imran Azim Mr. Munir Karim Bana Mr. Saulat Said Muhammad Shafique Anjum Dr. Salman Faridi	Chairperson / Non-Executive Director Chief Executive Officer Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Independent Director
AUDIT COMMITTEE:	Dr. Salman Faridi Syed Sheharyar Ali Mr. Imran Azim Mr. Munir K. Bana Rana Shakeel Shaukat	Chairman/Member Member Member Member Secretary
CHIEF ACCOUNTANTS:	Mr. Sajjad Haider Khan Mr. Muhammad Zubair	Modaraba Modaraba Company
COMPANY SECRETARY:	Rana Shakeel Shaukat	
EXTERNAL AUDITORS:	Kreston Hyder Bhimji & Co	Chartered Accountants
EXTERNAL AUDITORS OF MODARABA Company:	KPMG Taseer Hadi & Co.	Chartered Accountants
LEGAL ADVISORS:	Salim & Baig	Advocates
CORPORATE ADVISORS:	Cornelius, Lane & Mufti - Advocates	
SHARIAH ADVISOR:	Mufti Muhammad Javed Hassan	
BANKERS:	Allied Bank Limited Askari Bank Limited Bank Alfalah Limited BankIslami Pakistan Limited Bank Al Habib Limited Dubai Islamic Bank Limited Al-Baraka Bank Pakistan Limited Habib Metropolitan Bank National Bank of Pakistan	Al-Baraka Bank Pak MCB Bank Limited MCB Islamic Bank Ltd Meezan Bank Limited Faysal Bank Limited Soneri Bank Limited United Bank Limited Habib Bank Limited
REGISTERED OFFICE/ PLACE OF BUSINESS:	72-B, Industrial Area, Kot Lakhpat, Lahore. Tel: 042-35830881, 35156567 & 35122296 Fax: 042-35114127 & 35215825 E-mail: info@treetonline.com Home Page: www.ftmm.com.pk	
SHARES REGISTRAR:	Corplink (Private) Limited Wingez Arcade, 1-K, Commercial Model Town, Lahore	
PACKAGING SOLUTIONS - CORRUGATION:	Kacha Tiba Rohi Nala, 22-KM Ferozepur Road, Lahore	
SOAP PLANT:	Ghakkar 80 KM, G.T. Road, Ghakkar Mandi, Gujranwala	
BATTERY PROJECT:	Faisalabad Industrial City, (FIEDMC) M-3, Motorway Faisalabad	

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 Corporation limited
- 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:-

- Treet Corporation limited
- Packages Limited
- Gulab Devi Chest Hospital
- IGI Insurance Limited
- Treet Power Limited
- First Treet Manufacturing Modaraba
- Global Arts Limited
- Loads Limited
- Multiple Autoparts Industries (Pvt.) Limited
- Multiple Autoparts Industries (Pvt.)
- Specialized Autoparts Industries (Pvt.) Limited
- Treet Holdings Limited
- Gulab Devi Chest Hospital, Kasur



Syed Sheharyar Ali
Non-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 40 he manages a very diversified portfolio consisting of manufacturing, healthcare, information technology, automobiles, sports and music.

His portfolio includes:-

- Treet Corporation limited
- 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
- Spell Digital Movies (Pvt.) Limited
- Elite Brands Limited
- RoboArt (Pvt.) 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:-

- Treet Corporation Limited
- Renacon Pharma Limited
- 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)



Muhammad Shafique Anjum
Non-Executive Director

Mr. Anjum has been with the Treet Group for over 36 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 Corporation Limited
- 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 36 years.

His portfolio includes:-

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



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:-

- Treet Corporation Limited
- 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 Autoparts (Pvt.) 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:-

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

Mission, Vision Statements

MISSION STATEMENT

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

Our emphasis on continuous improvement in all aspects of our business will enable us to reward our certificate holders and employees.

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

Chairperson's Review

I am pleased to place before you annual report together with audited financial statements of First Treet Manufacturing Modaraba for the year ended on 30th June 2019 and the auditors' report thereon.

Generally 2018-2019 was a tough year for the Country. Pak Rupee devaluation, increasing KIBOR rates, inflationary pressures were remained major areas of concern. Moreover, recent taxation measures is adding problem to the trade (supply chain).

Because of the battery operations [and increased KIBOR rate coupled with cost services being payable to the parent company), financial results of your Modaraba have shown losses.

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

1. Battery operations are still in its infancy stage. 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. Grid installation was under process in this period so your Modaraba had to bear higher fuel costs in the form of diesel generation in battery plant ;
3. Corrugations margins are squeezed due to intense competition;
4. Soaps margins are also dropped due to reduction in sales prices and increasing raw material prices due to Pak Rupee devaluation;
5. 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 Modaraba 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 certificate-holders for their confidence in the Modaraba and assure them that we are committed to do our best to ensure best rewards for their investment in the Modaraba.



Dr. Mrs. Niloufer Qasim Mahdi
Chairperson

October 04, 2019
Lahore

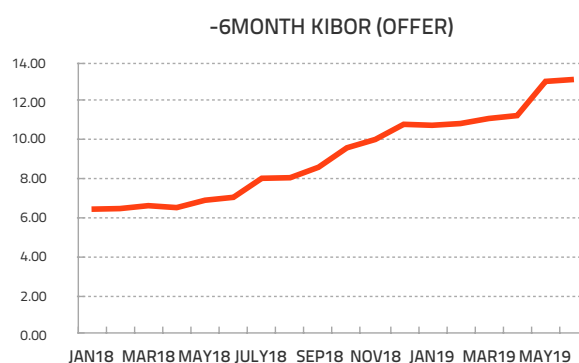
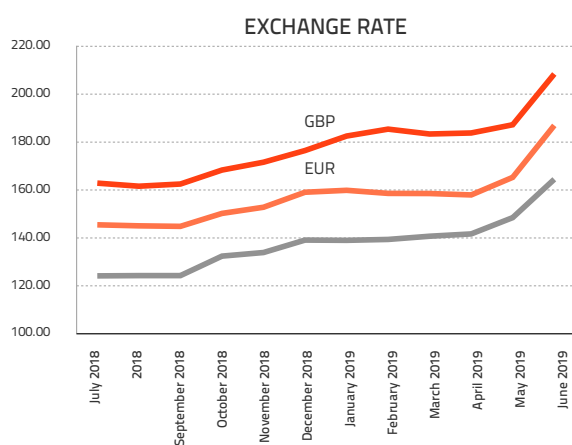
Directors' Report

Board of Directors of Treet Holdings Limited (THL), the Modaraba Company of First Treet Manufacturing Modaraba (FTMM), is pleased to present the Directors' Report on the 13th annual accounts of FTMM for the year ended June 30, 2019. These accounts have been audited by statutory auditors of the Modaraba and are accompanied by their audit report.

ECONOMIC OUTLOOK

The provisional GDP growth rate for FY2019 is estimated at 3.29 percent on the basis of 0.85, 1.40 and 4.71 percent growth in agricultural, industrial and services sectors respectively. The Large-Scale manufacturing (LSM) declined by 2.93 percent during July-March FY 2019 in contrast to growth of 6.33 percent during the same period last year.

KIBOR rates that were around 6.50%~6.75% jumped to 13%~13.50% and is proving real burden on leveraged companies. Exchange rates have also taken its toll and Rupee devalued to 35% (vis-à-vis dollar) in one year and 49% since January 2018.



Recent taxation measures have increased the uncertainties on trade part (i.e. supply chain). Moreover, Inflation rose considerably to 7.3 percent in FY19 due to higher government borrowing from SBP, lagged impact of exchange rate depreciations, hike in domestic fuel prices, and rising food prices. CPI inflation was 8.9 percent in June 2019 and is expected to rise in the near term due to the one - off impact of adjustment in utilities prices and other measures in the FY20 budget.

[Source: Monetary Policy Statement, September 2019 of State Bank of Pakistan & Pakistan Economic Survey 2018-19]

Directors' Report

FINANCIAL RESULTS

	Rs. in 000	2018-2019	2017-2018	% Change
Sales (net)		4,569,400	2,713,128	68%
Net Profit/(Loss)		(2,391,792)	(357,120)	570%
Earnings/(Loss) per Certificate		(12.23)	(1.83)	568%
Transfer to Statutory Reserve – Nil% (2018: Nil%)		Nil	Nil	
Book Value per Certificate		10.44	20.80	-50%

Segment-wise Analysis

Rs. in 000	Corrugated Packaging		Soap		Battery	
	2018-2019	2017-2018	2018-2019	2017-2018	2018-2019	2017-2018
Gross Sales	2,213,412	1,975,571	1,093,066	841,518	2,183,422	410,501
Inter-Segment Sales	19,631	14,494	-	-	-	-
Less: Sales Tax & Excise & Discounts	(324,016)	(290,564)	(192,763)	(150,080)	(423,352)	(88,312)
Total Sales	1,909,027	1,699,501	900,303	691,438	1,760,070	322,189
Gross Profit/(Loss)	98,765	148,027	93,885	102,032	(1,145,091)	(200,650)
Gross Profit%	5.17%	8.71%	10.43%	14.76%	-65.06%	-62.28%
Operating Profit/(Loss)	(54,323)	(18,644)	69,028	79,094	(2,178,578)	(353,857)

GENERAL

Sales volumes are increased due to Battery segment (and healthy sales growth in Soap segment) but gross margins are decreased due to battery segment (as described below). Reduction in margins in Corrugation segment is due to increased cost of raw material and Soap segment is due to reduction in prices and increased raw material cost (due to Pak Rupee devaluation). Net profit is reduced mainly because of financial charges to finance the working capital and project financing of Battery Project.

CORRUGATED PACKAGING

Sales volumes are increased but margins are decreased due to following factors:

1. Increased cost of raw material due to the inflationary impact;
2. Increased freight charges;
3. Limited pass through impact (i.e. increased cost is not pass through to the customer due to intense competition);

Efforts are being made to broaden the customer base through market diversification, particularly this stratagem is apparent to avoid bad debts in the ailing industries. Moreover, prices are also being rationalized in tandem with the increased costs (raw material, salaries etc.) however, with time lagged impact.

SOAPS

Soaps sales volumes are increased but margins are slightly reduced due to increased cost of raw material (because of depreciation of the currency) and reduction in selling price. Prices are being rationalized to increase the margins in the coming months.

Directors' Report

BATTERY PLANT

Your Modaraba has started commercial production of lead acid batteries since February 2018. In the initial periods, profitability will remain in **Red** due to following factors:

1. Manpower is to be built up and to be trained through learning curve. Your Modaraba has hired full work force and they 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;
2. Cost of Korean experts is relatively high but has to be borne to develop the local workforce;
3. Production pace is slow and will be geared up gradually as learning curve is developed;
4. Depreciation and other fixed costs are to be borne fully irrespective of production volumes;
5. Utilities costs are high due to diesel generation. But this will be calm down in the coming months since Modaraba's own grid is installed and functioning;
6. Economies of scale will be available only with the increased sales (and production) volumes. Thus main reason for loss is lower activity level (23.42% of normal production). Thus fixed costs (as explained above) have to be borne by the Modaraba as below:

Battery Segment

Fixed Costs	Rs. in '000
Depreciation	390,521
Salaries	341,289
Utilities	82,379
Others	84,704
Total Fixed Costs	898,893
Activity Level	23.42%
Diesel Power Generation Extra Cost	164,758
Overhead Rate Applied	210,503
Overhead Rate under Absorption	853,148
Overhead Rate under Absorption (Excluding Depreciation)	554,079
Depreciation	390,521

DIVIDEND

Cash dividend is Nil % (2018: Nil) due to loss in the Modaraba.

APPROPRIATIONS

	Rs. in '000
(Loss) for the Year	(2,391,792)
Un-appropriated loss brought forward	(379,209)
Transferred to Statutory Reserves (0.0%) for the year ended June 30, 2019	-
Sale of land classified as held for sale	4,575
Incremental depreciation charged during the year	981
Un-appropriated loss carried forward	(2,765,445)
Final Dividend for the year ended June 30, 2019 @ Rs. Nil	Nil

Directors' Report

FUTURE OUTLOOK

Inflation is itching up. The jump is even more pronounced in core inflation – a key measure reflecting the underlying inflationary pressures in the economy. Economic activity is likely to slow down in FY 2019-2020 a general macro-economic policy mix is focusing towards stabilization. This assessment takes shock of the following factors:

- (i) - a higher than anticipated increase in international oil prices due to gulf countries situation.
- (ii) - an upward revision in domestic gas and electricity prices.
- (iii) - a further increase in regulatory duties on imports.
- (iv) - exchange rate depreciation.
- (v) - Inflationary pressure due to monetary tightening (CPI is already moved to 11% till September 2019).
- (vi) -Increase in KIBOR rate.

As indicated above, international price indices are depicting international price upsurge.

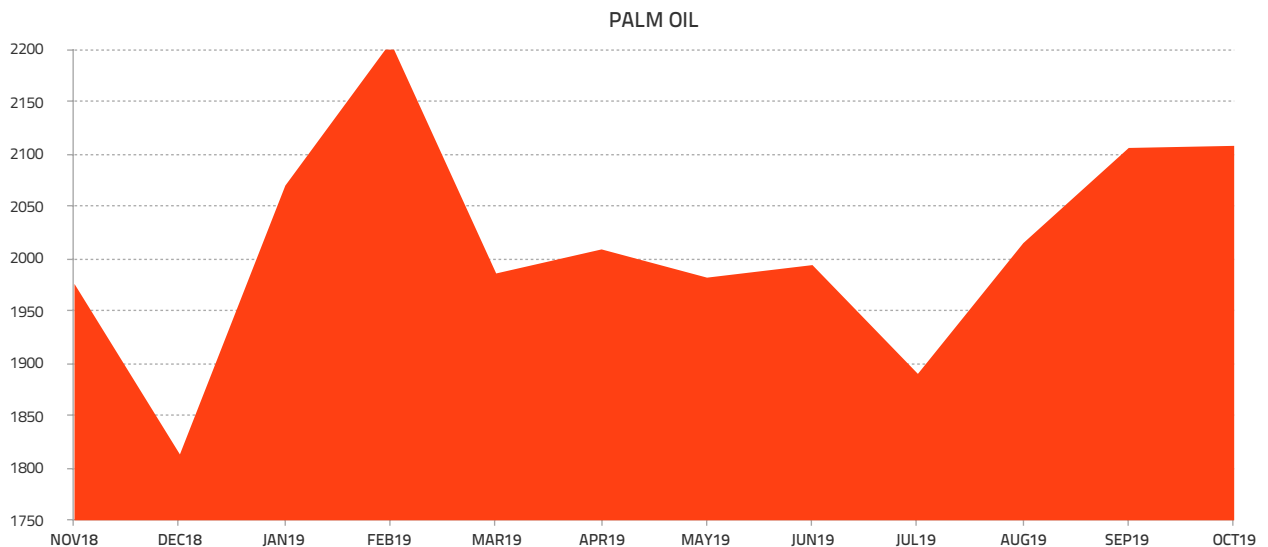
The management of your Modaraba is well aware of the posed challenges and is deploying most feasible marketing mix at trade and retail levels and is taking all possible measures to meet these challenges. Moreover, your Modaraba is continually reviewing its business strategy to cope with the threats and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

CORRUGATED PACKAGING

Efforts are being made to rationalized inventory and trade debts levels but pass-through effect is limited due to intense competition. Your Modaraba is working to explore new markets and likely to increase sales volumes [and prices] in the coming months.

SOAP

Selling prices are being rationalized. Sales volumes will be maintained in the coming months. Palm oil prices are very volatile and difficult to predict.



Directors' Report

Battery

Your Modaraba has organized required resources (manpower, technical know-how etc.) during the year. Learning curve is being improved with the help of Korean experts. Moreover, utilities expenses will be coming down due to grid installation. Sales volumes will be improved as productions volumes are achieved and hence economies of scale will be achieved gradually. Your Modaraba is making full efforts to achieve positive EBITDA in Financial Year 2019-2020. 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.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

- The financial statements, prepared by the management of Modaraba, fairly present its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Modaraba have been maintained.
- Appropriate accounting policies are consistently applied by your Modaraba 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 Modaraba is sound and has been effectively persisted throughout the year.
- Keeping in view the financial position of your Modaraba, 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.

Meetings of the Board of Directors

During the year the Board of Directors of Modaraba Company has met 05 times and the attendance at each of these meetings is as follows:-

Attendance of Board Meetings during the year 2018-2019

Sr. No.	Name	Designation	4/Oct/18	30/Oct/18	21/Jan/19	26/Feb/19	30/Apr/19	2018-2019
1	Niloufer Qasim Mehdi	Chairperson	P	P	P	P	P	5/5
2	Syed Shahid Ali	Chief Executive Officer	P	P	P	A	P	4/5
3	Syed Sheharyar Ali	Non-Executive Director	P	P	A	P	P	4/5
4	Mr. Munir Karim Bana	Non-Executive Director	P	P	P	P	P	5/5
5	Mr. Imran Azim	Non-Executive Director	A	P	P	P	P	4/5
6	Dr. Salman Farid	Independent Director	A	P	P	A	P	3/5
7	Mr. Saulat Said	Non-Executive Director	P	P	A	A	A	2/5
8	M. Shafique Anjum	Non-Executive Director	A	P	P	P	P	4/5

P	Present in the Meeting
A	Leave of Absence

Directors' Report

AUDIT COMMITTEE

In compliance with the Code, the Board of Directors of your Modaraba Company has established an Audit Committee.

Attendance of Audit Committee Meetings during the year 2018-2019

Sr. No.	Name	Designation	4/Oct/18	30/Oct/18	26/Feb/19	30/Apr/19	2018-2019
1	Dr. Salman Faridi	Chairman/Independent Director	P	P	P	P	4/4
2	Syed Sheharyar Ali	Non-Executive Director	A	P	P	P	3/4
3	Mr. Imran Azim	Non-Executive Director	P	P	A	P	3/4
4	Mr. Munir Karim Bana	Non-Executive Director	P	P	P	P	4/4

P	Present in the Meeting
A	Leave of Absence

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.

The Audit Committee is also responsible for recommending to the Board of Directors the appointment of external auditors 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 Modaraba 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 Modaraba.
- (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.

Directors' Report

FINANCIAL REPORTING:

The Committee reviewed, discussed and recommended for Board approval, the draft Interim and Annual Results of the Modaraba. 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 Modaraba'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 Modaraba Company has also established an Internal Audit Function to monitor and review the adequacy and implementation of Internal Control at each level of your Modaraba.

AUDITORS

The Audit Committee of your Modaraba Company has recommended that, the present auditors, Messers Kreston Hyder Bhimji & Co., Chartered Accountants due to retire and being eligible, are offering themselves for reappointment, may be appointed as auditors of your Modaraba Company for another term. Subject to approval by the Registrar of Modaraba Companies and Modarabas, their appointment has been confirmed by the Board.

SHARI'AH ADVISOR

Mufti Muhammad Javed Hassan is the Shari'ah advisor to the Modaraba. Annual Shari'ah Advisor's Report is attached with this report.

PATTERN OF CERTIFICATE-HOLDING

The pattern of certificate-holding of your Modaraba as on **June 30, 2019** is annexed with this report. This statement is in accordance with the amendments made through the Code.

HR & ADMINISTRATION

Complete HR Function is outsourced to associated company Treet HR Management (Private) Limited who is labor hire company specialized in providing workforce to host companies under service agreement and taking all responsibilities of the workforce.

Directors' Report

ACKNOWLEDGEMENT

The Board would like to take this opportunity to express gratitude and thanks to our valuable customers for their patronage and support, the Securities and Exchange Commission of Pakistan, the Pakistan Stock Exchange Limited and Modaraba Association of Pakistan for their continuous support and guidance.

Special thanks to our certificate holders for the trust and confidence reposed in us.

For and on behalf of the Board



Syed Shahid Ali
Chief Executive Officer

Dated: October 04, 2019
Lahore

ڈائریکٹرز کی رپورٹ

شریعت کا مشیر

مفتی محمد جاوید حسن موصاحبہ کے مشیر شرعی ہیں۔ سالانہ شرعی مشیر کی رپورٹ اس رپورٹ کے ساتھ منسلک ہے۔

سرٹیفکیٹ کے انعقاد کا نمونہ

تیس جون 2019 کو آپ کے موصاحبہ کے سرٹیفکیٹ ہولڈنگ کا نمونہ اس رپورٹ سے منسلک ہے۔ یہ بیان ضابطہ اخلاق کے ذریعے کی جانے والی ترامیم کے مطابق ہے۔

انسانی وسائل اور اختلافیہ

مکمل ایچ آر فنکشن کا تعلق متعلقہ کمپنی ٹریٹ ایچ آر مینجمنٹ (پرائیویٹ) لمیٹڈ کو ہے جو لیبر ہاؤس کمپنی ہے جو خدمت کے معاہدے کے تحت میرٹھان کمپنیوں کو افرادی قوت فراہم کرنے اور افرادی قوت کی تمام ذمہ داریاں سنبھالنے میں مہارت رکھتی ہے۔

اعتراف

بورڈ اس موقع کا فائدہ اٹھانا چاہتا ہے اور ان کی سرپرستی اور مدد، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان اسٹاک ایکسچینج لمیٹڈ اور موصاحبہ ایسوسی ایٹن آف پاکستان کی مستقل حمایت اور رہنمائی اور قابل قدر قیمتی گراؤوں کا شکریہ ادا کرتا ہے۔

ہمارے بے اعتماد رکھنے کے لئے ہمارے سرٹیفکیٹ ہولڈرز کا خصوصی شکریہ۔
بورڈ کے لئے اور اس کی طرف سے۔



سید شاہد علی
چیف ایگزیکٹو آفیسر
لاہور تارنچ
04 اکتوبر، 2019

ڈائریکٹرز کی رپورٹ

آڈٹ کمیٹی بیرونی آڈیٹرز کی تقرری کے لئے بورڈ آف ڈائریکٹرز کو سفارش کرنے کی بھی ذمہ داری عائد کرتی ہے اور آڈٹ کے علاوہ بیرونی آڈیٹرز کے استعفیٰ یا بیرونی آڈیٹرز کی برطرفی، آڈٹ فیس اور کمپنی کو کسی بھی خدمات کی فراہمی کے سوال پر بھی غور کرتی ہے۔ اس کے مالی بیانات، آڈٹ کمیٹی کے حوالہ کی شرائط کارپوریٹ گورننس کے ضابطہ اخلاق میں بیان کردہ الفاظ کے مطابق ہیں اور ان میں مندرجہ ذیل شامل ہیں:

- ۱۔ بورڈ آف ڈائریکٹرز کی منظوری سے قبل موضوعات کے عبوری اور سالانہ مالی بیانات کا جائزہ۔
- ۲۔ عبوری اور حتمی آڈٹ سے پیدا ہونے والے بڑے مشاہدات کے بیرونی آڈیٹرز کے ساتھ تبادلہ خیال؛ بیرونی آڈیٹرز اور انتظامیہ کے جوابات کے ذریعہ جاری کردہ انتظامی خط کا جائزہ۔
- ۳۔ داخلی آڈٹ کے دائرہ کار اور وسعت کا جائزہ اس بات کو یقینی بنانا ہے کہ اندرونی آڈٹ فنکشن کے پاس کافی وسائل ہوں اور موضوعات میں مناسب طور پر رکھے جائیں۔
- ۴۔ مالی اور آپریشنل کنٹرولز، اکاؤنٹنگ سسٹم اور رپورٹنگ ڈھانچے سمیت اندرونی کنٹرول سسٹم کی اہلیت اور تاثیر کا پتہ لگائیں۔
- ۵۔ متعلقہ قانونی تقاضوں کی تعمیل اور کارپوریٹ گورننس کے بہترین طریقہ کار کی تعمیل کی نگرانی۔
- ۶۔ انسٹی ٹیوٹ کے خصوصی منصوبے، بورڈ آف ڈائریکٹرز کے ذریعہ متعین کردہ کسی بھی معاملے پر رقم کی تعلیم یا دیگر تحقیقات کی قدر۔
- ۷۔ بیرونی آڈیٹرز اور اس کے جوابات کے ذریعہ جاری کردہ انتظامی خط کا جائزہ۔

آڈٹ کمیٹی کی رپورٹ

کمیٹی بورڈ کے ذریعہ منظور شدہ ریفرنس کی شرائط کے مطابق اپنے فرائض سرانجام دیتی ہے اور رواں مالی سال کے دوران مندرجہ ذیل کلیدی اشیا کا جائزہ لیا جاتا ہے۔

مالی رپورٹنگ

کمیٹی نے بورڈ کی منظوری، موضوعات کے عبوری اور سالانہ نتائج کے مسودے کا جائزہ لیا، اس پر تبادلہ خیال کیا اور سفارش کی۔ کمیٹی نے مالی معلومات تیار کرنے میں لاگو اکاؤنٹنگ پالیسیوں، تخمینوں اور فیصلوں پر کمپنی کے سی ایف او، ایچ آئی اے اور بیرونی آڈیٹرز کے ساتھ تبادلہ خیال کیا۔

کارپوریٹ گورننس (سی سی جی) کے ضابطہ اخلاق کی تعمیل کا جائزہ:

کمیٹی کارپوریٹ گورننس کے ضابطہ اخلاق کے بہترین طریق کار کی تعمیل کو یقینی بنانے پر بہت اہمیت دیتی ہے۔ اس سلسلے میں، کمیٹی سالانہ موضوعات کے سی سی جی کے تعمیل کا جائزہ لیتی ہے۔

بیرونی آڈیٹرز کی تقرری

آڈٹ کمیٹی کے سی سی جی کی شرائط اور اصطلاحی حوالہ کے مطابق، کمیٹی نے بیرونی آڈیٹرز کی تقرری اور معاوضے کی سفارش بورڈ کو منظوری کے لیے دی ہے۔

بیرونی آڈیٹرز کے ذریعہ جاری کردہ بینچمنٹ لیٹر کا جائزہ

کمیٹی بیرونی آڈیٹرز کے جاری کردہ بینچمنٹ لیٹر کا بھی جائزہ لیتی ہے جس میں کنٹرول کی کمزوریوں کو اجاگر کیا گیا ہے۔ بیرونی آڈیٹرز کے ذریعہ پہلے نمایاں کردہ مشاہدات کی تعمیل حیثیت کا جائزہ لیا جاتا ہے اور کنٹرول کے مجموعی ماحول کو بہتر بنانے کے لئے اصلاحی اقدامات پر تبادلہ خیال کیا جاتا ہے۔

اندرونی آڈٹ

اس ضابطہ کی تعمیل کرتے ہوئے، آپ کے موضوعات کمیٹی کے بورڈ آف ڈائریکٹرز نے آپ کے موضوعات کی ہر سطح پر داخلی کنٹرول کی اہلیت اور نفاذ کی نگرانی اور اس کا جائزہ لینے کے لئے ایک اندرونی آڈٹ فنکشن بھی قائم کیا ہے۔

آڈیٹر

آپ کی موضوعات کمیٹی کی آڈٹ کمیٹی نے سفارش کی ہے کہ، موجودہ آڈیٹرز، میسیسر کر سٹن ہانڈر بھیجی اینڈ کمیٹی، ریٹائر ہونے اور اہل ہونے کی وجہ سے خود کو دوبارہ تقرری کے لیے پیش کر رہی ہیں، وہ کسی اور مدت کے لئے آپ کے موضوعات کمیٹی کی آڈیٹر مقرر ہو سکتی ہیں۔ موضوعات کمیٹیوں کے رجسٹرار کی منظوری سے مشروط، ان کی تقرری کی بورڈ نے تصدیق کر دی ہے

ڈائریکٹرز کی رپورٹ

۴۔ بین الاقوامی اکاؤنٹنگ معیارات ، جیسا کہ پاکستان میں قابل اطلاق ہیں ، ان مالی بیانات کی تیاری میں عمل کیا گیا ہے اور وہاں سے کسی بھی قسم کی روانگی ، اگر کوئی ہے تو، اس کا انکشاف مناسب طور پر کیا گیا ہے۔

۵۔ اندرونی کنٹرول کا نظام ، جو آپ کے مواضع میں نافذ کیا جا رہا ہے ، وہ مستحکم ہے اور پورے سال موثر انداز میں برقرار ہے۔

۶۔ آپ کے مواضع کی مالی حیثیت کو مد نظر رکھتے ہوئے ، ہمیں اس کے کام جاری رہنے کے تسلسل پر کوئی خاص شک نہیں ہے۔

۷۔ جائزہ لینے والے سال کے دوران کارپوریٹ گورننس کے بہترین طریق کار سے کسی قسم کے طریقے کو خارج نہیں کیا گیا، جیسا کہ فہرست سازی کے ضوابط میں تفصیل ہے۔

بورڈ آف ڈائریکٹرز کی میٹنگز

ایک سال کے دوران مواضعہ کمپنی کے بورڈ آف ڈائریکٹرز نے 05 بار ملاقات کی ہے اور ان میں سے ہر ایک کی میٹنگ میں شرکت اس طرح ہے۔

نمبر شمار	نام	عہدہ	4 اکتوبر - 18	30 اکتوبر - 18	21 جنوری - 19	26 فروری - 19	30 اپریل - 19	2018-2019
1	میدم نیلوفر قاسم مہدی	چیئر پرسن	P	P	A	A	A	2/5
2	سید شاہد علی	چیف ایگزیکٹو آفیسر	A	P	P	P	P	4/5
3	سید شہر یار علی	نان ایگزیکٹو ڈائریکٹر	A	P	P	A	P	3/5
4	جناب منیر کریم بانہ	نان ایگزیکٹو ڈائریکٹر	P	P	A	P	P	4/5
5	جناب عمران عظیم	نان ایگزیکٹو ڈائریکٹر	P	P	P	A	P	4/5
6	ڈاکٹر سلمان فریدی	آزاد ڈائریکٹر	P	P	P	P	P	5/5
7	جناب صولت سعید	نان ایگزیکٹو ڈائریکٹر	P	P	P	P	P	5/5
8	محمد شفیق انجم	نان ایگزیکٹو ڈائریکٹر	A	P	P	P	P	4/5

P	اجلاس میں پیش ہوئے
A	غیر موجودگی کی رخصت

آڈٹ کمیٹی

اس ضابطہ کی تعمیل کرتے ہوئے ، آپ کی مواضعہ کمپنی کے بورڈ آف ڈائریکٹرز نے ایک آڈٹ کمیٹی قائم کی ہے۔

نمبر شمار	نام	عہدہ	4 اکتوبر - 18	30 اکتوبر - 18	26 فروری - 19	30 اپریل - 19	2018-2019
1	ڈاکٹر سلمان فریدی	چیئر مین	P	P	P	P	4/4
2	سید شہر یار علی	نان ایگزیکٹو ڈائریکٹر	A	P	P	P	3/4
3	جناب عمران عظیم	نان ایگزیکٹو ڈائریکٹر	P	P	A	P	3/4
4	جناب منیر کریم بانہ	نان ایگزیکٹو ڈائریکٹر	P	P	P	P	4/4

P	اجلاس میں پیش ہوئے
A	غیر موجودگی کی رخصت

آڈٹ کمیٹی کے حوالہ کی شرائط

کمیٹی وقتاً فوقتاً مالی بیانات کا جائزہ لیتی ہے اور مالی پالیسیوں اور طریقوں کی وافر مقدار کی جانچ کرتی ہے تاکہ یہ یقینی بنایا جاسکے کہ داخلی کنٹرول کا موثر اور مضبوط نظام موجود ہے۔ کمیٹی محکمہ داخلی آڈٹ سے جاری کردہ آڈٹ رپورٹس اور آڈٹ مشاہدات کی تعمیل حیثیت کا بھی جائزہ لیتی ہے۔

ڈائریکٹرز کی رپورٹ

جیسا کہ اوپر اشارہ کیا گیا ہے ، بین الاقوامی قیمت کے اشاریے بین الاقوامی قیمتوں میں اضافے کو ظاہر کر رہے ہیں۔

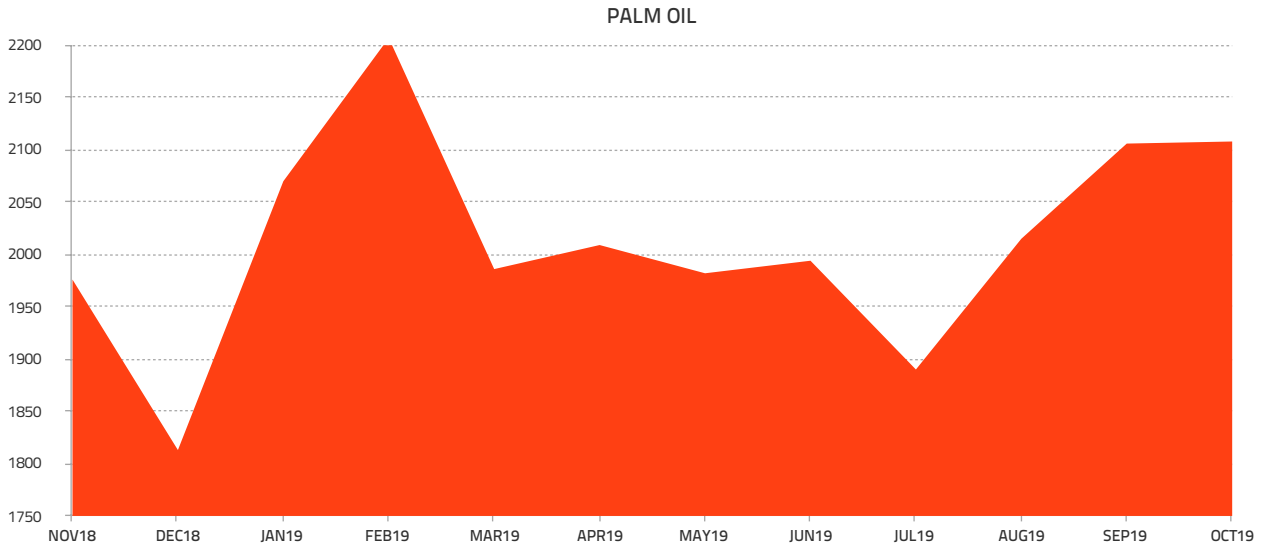
آپ کے مواضع کا انتظام ، درپیش چیلنجوں سے بخوبی واقف ہے اور وہ تجارت اور خوردہ سطحوں پر سب سے زیادہ ممکنہ مارکیٹنگ مرکب تعینات کر رہا ہے اور ان چیلنجوں کا مقابلہ کرنے کے لئے ہر ممکن اقدامات اٹھا رہا ہے۔ مزید یہ کہ ، آپ کا مواضع خطرات سے نمٹنے کے لئے اپنی کاروباری حکمت عملی کا باقاعدگی سے جائزہ لے رہا ہے اور نہ صرف خام مال کے متبادل سستے ذرائع کو ڈھونڈنے کی کوشش کر رہا ہے بلکہ کسی نظام یا عمل سے گزرنے والے مواد کی مقدار کو بہتر بنانے کی بھی کوشش کر رہا ہے۔

کور و گیلڈ پیکیجنگ

معقول اونٹری اور تجارتی قرضوں کی سطح کے لئے کوششیں جاری ہیں لیکن شدید مقابلہ کی وجہ سے اس کا اثر محدود ہے۔ آپ کا مواضع نئی مارکیٹوں کی تلاش میں کام کر رہا ہے اور آنے والے مہینوں میں فروخت کے حجم [اور قیمتوں] میں اضافے کا امکان ہے۔

صابن

بچنے والی قیمتوں کو معقول قرار دیا جا رہا ہے۔ آنے والے مہینوں میں فروخت کی مقدار برقرار رکھی جائے گی۔ پام آئل کی قیمتیں بہت ہی غیر مستحکم اور انکی پیشین گوئی کرنا مشکل ہیں۔



بیٹری

آپ کے مواضع نے سال کے دوران مطلوبہ وسائل (افراد قوت ، تکنیکی جانکاری وغیرہ) کا اہتمام کیا ہے۔ کورین ماہرین کی مدد سے سکھنے کے منحنی خطوط کو بہتر بنایا جا رہا ہے۔ مزید یہ کہ ، گرڈ کی تنصیب کی وجہ سے یوٹیلیٹی کے اخراجات کم ہوں گے۔ پروڈکشن والیوم کے حصول کے ساتھ ہی فروخت کے حجم میں بہتری آئے گی اور اسی وجہ سے مقررہ معاشی کامیابی آہستہ آہستہ حاصل ہو جائے گی۔ آپ کا مواضع مالی سال 2019-2020 میں ای بی آئی ٹی ڈی اے کے مثبت حصول کے لئے پوری کوشش کر رہا ہے۔ مزید یہ کہ برآمدی منڈیوں کو تلاش کرنے کے لئے کوششیں جاری ہیں اور ضروری سرٹیفیکیشن زیر عمل ہیں۔ ڈسٹری بیوشن چینل قائم ہے اور آنے والے مہینوں میں مزید مستحکم ہوں گے۔

کارپوریٹ اور مالی رپورٹنگ کا فریم ورک

ضابطہ کی تعمیل کرتے ہوئے ، مواضع کمپنی کے بورڈ آف ڈائریکٹرز بیان کرتے ہیں کہ:

- 1- مواضع کے انتظام کے ذریعہ تیار کردہ مالی بیانات ، اس کی امور کی صورتحال ، اس کے آپریشن ، نقد بہاؤ اور لیکویٹی میں تبدیلی کا نتیجہ پیش کرتے ہیں۔
- 2- مواضع کے حساب کتاب کی مناسب کتابیں برقرار رکھی گئیں۔
- 3- مناسب بیانات کی پالیسیاں مالی بیانات کی تیاری میں آپ کے مواضع کے ذریعہ مستقل طور پر لاگو ہوتی ہیں ، اور محاسبہ کا تخمینہ معقول اور محتاط فیصلے پر مبنی ہوتا ہے۔

ڈائریکٹرز کی رپورٹ

Rs. in '000	گلسڈ لاگت
390,521	فرسودگی
341,289	تنخواہ
82,379	انفاذیات
84,704	دوسرے اخراجات
898,893	کل گلسڈ لاگت
23.42%	سرگرمی کی سطح
164,758	ڈیزل بجلی پیداوار کی اضافی لاگت
210,503	اور اور ہیڈ رینٹ لاگو ہوا
853,148	جذب کے تحت اور ہیڈ کی شرح
554,079	اور اور ہیڈ رینٹ جذب کے تحت (فرسودگی کو چھوڑ کر)
390,521	فرسودگی

ڈیویڈنڈ

موضوعہ میں نقصان کی وجہ سے کیش ڈیویڈنڈ (2018: Nil) % Nil ہے

تخصیصات

Rs. in '000	
(2,391,792)	(نقصان) سال کے لئے۔
(379,209)	غیر ضروری نقصان آگے لایا۔
-	جون 30، 2019 کو ختم ہونے والے سال کے لئے قانونی ذخائر (0.0%) میں منتقل کر دیا گیا۔
4,575	ارضی کی فروخت کو درجہ بندی کے طور پر فروخت کے لئے رکھا گیا ہے۔
981	سال کے دوران اضافی فرسودگی وصول کی جاتی ہے۔
(2,765,445)	غیر مختص شدہ منافع آگے بڑھایا گیا۔
Nil	جون 30، 2019 کو ختم ہونے والے سال کے لئے حتمی منافع @ روپے Nil-

مستقبل کا نقطہ نظر

افراط زر بڑھ رہا ہے۔ بنیادی افراط زر میں اضافہ اس سے بھی زیادہ واضح ہے۔ یہ ایک اہم اقدام ہے جو معیشت میں بنیادی افراط زر کے دباؤ کی عکاسی کرتا ہے۔ مالی سال 2019-2020 میں معاشی سرگرمی میں سست روی کا امکان ہے ایک عام میکرو اقتصادی پالیسی کس استحکام کی طرف مرکوز ہے۔ یہ تشخیص مندرجہ ذیل عوامل پر اثر انداز ہوتی ہے۔

- 1- خلیجی ممالک کی صورتحال کی وجہ سے تیل کی بین الاقوامی قیمتوں میں زیادہ اضافہ متوقع ہے۔
- 2- گھریلو گیس اور بجلی کی قیمتوں میں اضافہ۔
- 3- درآمدات پر باقاعدہ فرائض میں مزید اضافہ
- 4- شرح تبادلہ کی قدر میں کمی
- 5- ماہی پالیسی سخت ہونے کی وجہ سے افراط زر کا دباؤ (سی پی آئی پی بی ای ستمبر 2019 تک 11 فیصد ہو چکا ہے)
- 6- کابھری شرح میں اضافہ

ڈائریکٹرز کی رپورٹ

شعبہ وار تجزیہ

بیڑی		صابن		کورو گینڈ پیکجنگ		Rs. in 000
2017-2018	2018-2019	2017-2018	2018-2019	2017-2018	2018-2019	
410,501	2,183,422	841,518	1,093,066	1,975,571	2,213,412	مجموعی فروخت
-	-	-	-	14,494	19,631	انٹریگنٹ
(88,312)	(423,352)	(150,080)	(192,763)	(290,564)	(324,016)	کم: سیلز ٹیکس اور ایکسائز اور چھوٹ۔
322,189	1,760,070	691,438	900,303	1,699,501	1,909,027	کل فروخت
(200,650)	(1,145,091)	102,032	93,885	148,027	98,765	مجموعی منافع / نقصان
-62.28%	-65.06%	14.76%	10.43%	8.71%	5.17%	کل منافع %
(353,857)	(2,178,578)	79,094	69,028	(18,644)	(54,323)	آپریٹنگ منافع / نقصان

عام تجزیہ

بیڑی طبقہ (اور صابن طبقہ کی فروخت میں صحت مند اضافے) کی وجہ سے سیلز کی مقدار میں اضافہ ہوا ہے لیکن بیڑی کے حصے کی وجہ سے (جیسا کہ نیچے بتایا گیا ہے) مجموعی مارجن میں کمی واقع ہوئی ہے۔ کورو گینڈ طبقہ میں مارجن میں کمی خام مال کی قیمت میں اضافہ کی وجہ سے ہے اور صابن طبقہ قیمتوں میں کمی اور خام مال کی قیمت میں اضافے کی وجہ (روپیہ کی قدر میں کمی) ہے۔ ورک منافع اور بیڑی پروجیکٹ کے منصوبے کی مالی اعانت کے لئے مالی معاوضوں اور مالیاتی چارجز جو کہ کام چلانے کے لیے لگے گئے سرمائے پر پڑے ہیں کی وجہ سے خالص منافع میں کمی واقع ہوئی ہے۔

کورو گینڈ پیکجنگ

فروخت کی مقدار میں اضافہ کیا گیا ہے لیکن درج ذیل عوامل کی وجہ سے مارجن میں کمی واقع ہوئی ہے۔

1. افراط زر کے اثرات کی وجہ سے خام مال کی قیمت میں اضافہ۔
 2. کرائے چارجز میں اضافہ۔
 3. شدید مسابقت کی وجہ سے بڑھا ہوا خرچ گاہک کو اثر انداز نہیں کرتا۔
- مارکیٹ میں تنوع کے ذریعہ کسٹمرز کے دائرے کو وسیع کرنے کی کوششیں کی جارہی ہیں، خاص طور پر یہ طریقہ بیمار صنعتوں میں خراب قرضوں سے بچنے کے لیے ہے۔ مزید یہ کہ قیمتوں میں بھی اضافہ (خام مال، تنخواہ وغیرہ) کے بھرنے کی شرح کی تناسب سے کیا جا رہا ہے، تاہم، وقت کے ساتھ اس کے اثرات دیکھائی دیں گے۔

صابن

صابن کی فروخت کی مقدار میں اضافہ ہوا ہے لیکن خام مال کی قیمت میں اضافے (کرنسی کی قدر میں کمی کی وجہ سے) اور فروخت قیمت میں کمی کی وجہ سے مارجن میں قدرے کمی واقع ہوئی ہے۔ آنے والے مہینوں میں مارجن کو بڑھانے کے لئے قیمتوں کو بہتر طریقہ فراہم کیا جا رہا ہے۔

بیڑی پلانٹ

آپ کے موزارہ نے فروری 2018 سے لیڈ ایسڈ بیڑیوں کی تجارتی پیداوار شروع کر دی ہے۔ ابتدائی ادوار میں، درج ذیل عوامل کی وجہ سے منافع سرخ میں رہے گا:

- 1۔ افرادی قوت کو تعمیر کرنا ہے اور سیکھنے کے مخفی خطوط کے ذریعہ تربیت دی جائے۔ آپ کے موزارہ نے مکمل ورک فورس کی خدمات حاصل کی ہیں اور وہ کورین ماہرین کی طرف سے تربیت حاصل کر رہے ہیں کیونکہ یہ نئی ٹکنالوجی ہے اور مقامی مہارت دستیاب نہیں ہے اور اسے وقت گزرنے کے ساتھ تربیت حاصل کرنا ہوگی۔
- 2۔ کوریائی ماہرین کی قیمت نسبتاً زیادہ ہے لیکن مقامی افرادی قوت کی ترقی کے لئے اسے برداشت کرنا پڑتا ہے۔
- 3۔ پیداوار کی رفتار سست ہے اور آہستہ آہستہ تیار کی جائے گی کیونکہ سیکھنے کے مخفی خطوط کو تیار کیا جاتا ہے۔
- 4۔ ڈیپریسشن اور دیگر مقررہ اخراجات برداشت کرنا پڑے گے قطع نظر پیداوار کے حجم سے۔
- 5۔ ڈیزل کی پیداوار کی وجہ سے افادیت کے اخراجات زیادہ ہیں۔ لیکن آنے والے مہینوں میں یہ سکون ہو جائے گا کہ موزارہ کا اپنا گڑ انسال اور چل رہا ہے۔
- 6۔ کمپنی کی معیشت صرف فروخت (اور پروڈکٹ) کے بڑھتے ہوئے حجم کے ساتھ دستیاب ہوں گی۔ اس طرح نقصان کی بنیادی وجہ کم سرگرمی کی سطح (عام پیداوار کا 23.42%) ہے۔ اس طرح مقررہ اخراجات (جیسا کہ اوپر بیان کیا گیا ہے) پر موزارہ کو برداشت کرنا پڑتا ہے۔

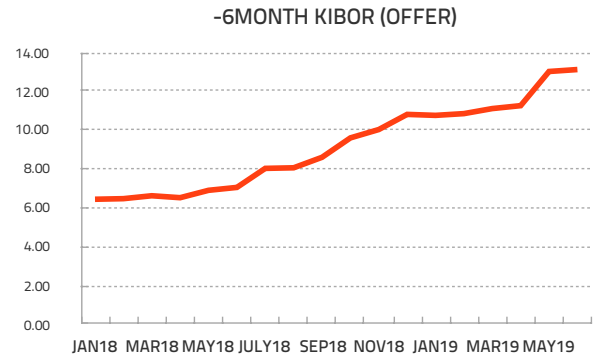
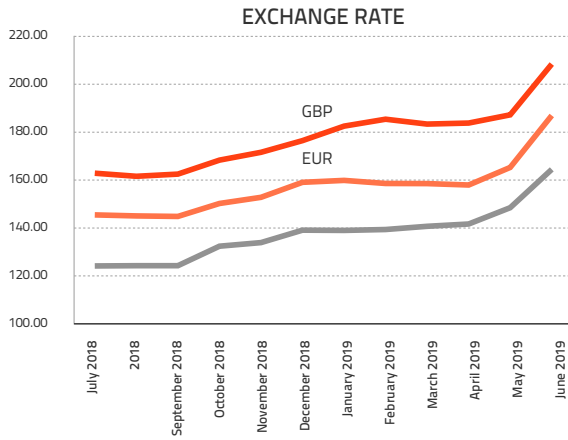
ڈائریکٹرز کی رپورٹ

آپ کے موازبہ کے ڈائریکٹرز 30 جون، 2019 کو ختم ہونے والے سال کے اختتام پر کمپنی کے آڈٹ شدہ مالی بیان کے ساتھ سالانہ رپورٹ پیش کرنے پر خوشی محسوس کرتے ہیں۔

معاشی نقطہ نظر

زرعی، صنعتی اور خدمات کے شعبوں میں بالترتیب 0.85، 1.40 اور 4.71% اضافے کی بنیاد پر مالی سال 2019 کے لئے غیر متوقع جی ڈی پی کی شرح نمو کا تخمینہ 3.29% ہے۔ مالی سال 2019 کے دوران جولائی تا مارچ کے دوران بڑے پیمانے پر مینوفیکچرنگ (ایل ایس ایم) میں 2.93% کمی ہوئی ہے جبکہ اس کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران 6.33% اضافہ ہوا تھا۔

کے لگ بھگ ہو گیا 13% سے 13.50% سے بڑھ کر 6.50% سے 6.75% کراچی انٹرنیٹک عام شرح جو کے اوریہ بیعانہ کمپنیوں پر حقیقی بوجھ ثابت کر رہا ہے۔ زر مبادلہ کی شرح میں بھی اضافہ ہوا ہے۔ اور ایک سال کے دوران روپے کی قیمت 35% (جنوری 2018) سے اب تک 49% رہ گئی ہے۔



حالیہ ٹیکس عائد کرنے سے تجارت میں غیر یقینی صورتحال میں اضافہ ہوا ہے (یعنی سپلائی چین میں)۔ مزید یہ کہ مالی سال 19 میں افراط زر کافی حد تک بڑھ کر 7.3 فیصد ہو گیا، جو کے اسٹیٹ بینک سے قرض لینے کی وجہ سے، شرح تبادلہ کی قدر کا اثر، مقامی ایندھن کی قیمتوں میں اضافہ، اور کھانے کی قیمتوں میں اضافے کی وجہ سے ہوا۔ مہنگائی جون 2019 میں 8.9 فیصد تھی اور توقع ہے کہ مالی سال 20 کے بجٹ میں افادیت کی قیمتوں میں ایڈجسٹمنٹ اور دیگر اقدامات کے یکدم اثر کی وجہ سے قریب ترین مدت میں اضافہ ہوگا۔

[ماخذ: مانیٹری پالیسی بیان، ستمبر 2019 اسٹیٹ بینک آف پاکستان اینڈ پاکستان اکنامک سروے 2018-19]

مالی نتائج

% Change	2017-2018	2018-2019	Rs. in 000
68%	2,713,128	4,569,400	فروخت (جال)
570%	(357,120)	(2,391,792)	خالص منافع / (نقصان)
568%	(1.83)	(12.23)	آمدنی / (نقصان) فی سرٹیکلٹ۔
	Nil	Nil	قانونی ریزرو میں تبادلہ - %Nil (2018: %Nil)
-50%	20.80	10.44	کتاب کی قیمت فی سرٹیکلٹ۔

Statement of Ethics and Business Practices

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 property.
- Employees should report suspicious people and activities.

BUSINESS PARTNERS

- Avoid conflicts 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 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 a 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.

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.

Fundamental to success for Treet Group (and to our vision and corporate values) are based on following premises:

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.

CERTIFICATE HOLDERS

We aim to be a Group in whom our certificate holders have trust and pride. We will keep our certificate holders properly informed of our Treet Group's performance and prospects. We recognize the need to provide our certificate holders 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 certificate holders. Each year these objectives will be widely communicated within our Treet Group.

Corporate Social Responsibility

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 crossfunctional 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

It is Treet Group policy to;

- Minimize its environmental impact, as much as 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 towards 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.

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

Investment / Funding and Dividend Policies

- 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.

Statement of Compliance with the Code of Corporate Governance for the Year Ended June 30, 2019

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19.23 of Listing Regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed Modaraba is managed in compliance with the best practices of corporate governance.

The Modaraba has applied the principles contained in the CCG in the following manner:

1. The Modaraba encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

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

The independent director meets the criteria of independence under clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Modaraba (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Modaraba are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Modaraba, a DFI or an NBFIs or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No. casual vacancy occurred on the Board during the year.
5. The Modaraba has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Modaraba along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Modaraba. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. 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 and the board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

Statement of Compliance with the Code of Corporate Governance for the Year Ended June 30, 2019

9. During the year under review no training program was arranged by the Modaraba. All Directors meets the criteria of exemption under the clause (xi) of the Code and are accordingly exempted from the Directors' Training Program. During the year under review the Modaraba have obtained exemption of Director's Training Program of four (4) Directors from Securities and Exchange Commission of Pakistan.
10. The Board has approved appointment of Chief Financial Officer, Modaraba Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Modaraba were duly endorsed by CEO and CFO before approval of the board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Modaraba other than that disclosed in the pattern of shareholding.
14. The Modaraba has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises three Members. All Members are Non-Executive Directors and the Chairman of the Committee is an Independent Director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Modaraba and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has re-constitute HR and Remuneration Committee. It comprises of Five (5) members, of whom Three (3) are Non-Executive Directors and the Chairman of the Committee is an Independent Director.
18. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Modaraba.
19. The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Modaraba and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on the Code of Ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Modaraba's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

Statement of Compliance with the Code of Corporate Governance for the Year Ended June 30, 2019

23. The Modaraba has complied with the requirements relating to maintenance of Register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. In compliance with the Code of Corporate Governance, the Board has established mechanism for an annual evaluation of its own performance.
25. We confirm that all other material principles enshrined in the CCG have been complied with.

For and Behalf of the Board of Directors



Syed Shahid Ali
Chief Executive Officer

Lahore
October 04, 2019

Independent Auditors' Review Report

To the Members of First Treet Manufacturing Modaraba 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 HOLDINGS LIMITED (the Management Company) in respect of FIRST TREET MANUFACTURING MODARABA (the Modaraba) for the year ended June 30, 2019 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 Management Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Management 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 Management Company's personnel and review of various documents prepared by the Management 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 Management Company's corporate governance procedures and risks.

The Regulations require the Management 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 Management 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 Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Management Company for the year ended June 30, 2019.

Lahore:
October 04, 2019



KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS
Engagement Partner –
Syed Aftab Hameed, FCA

Annual Shari'ah Advisor Report

I have conducted the Shari'ah review of First Treet Manufacturing Modaraba managed by Treet Holdings Limited Modaraba Management Company for the financial year ended June 30, 2019 in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas and report that except the observations as reported hereunder, in my opinion:

- i. the Modaraba has introduced a mechanism which has strengthened the Shari'ah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shari'ah principles;
- ii. no major developments in the following took place during the year:
 - a) Research and new product development
 - b) Training and Development
- iii. the agreement(s) entered into by the Modaraba are Shari'ah compliant and the financing agreement(s) have been executed on the formats as approved by the Religious Board and all the related conditions have been met;
- iv. to the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with the Shari'ah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shari'ah Compliance and Shari'ah Audit Regulations for Modarabas.
- v. profit sharing ratios, profits and charging of losses (if any) relating to any deposit raising products etc. are not applicable to this Modaraba.
- vi. the earnings that have been realized from the sources or by means prohibited by Shari'ah have been credited to charity accounts.



Mufti Muhammad Javed Hassan
Shari'ah Advisor
First Treet Manufacturing Modaraba

Dated: October 04, 2019

FINANCIAL STATEMENTS

For the year ended June 30, 2019

Auditors' Report to The Certificate-Holders

We have audited the annexed balance sheet of First Treet Manufacturing Modaraba ("the Modaraba") as at June 30, 2019 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

These financial statements are the Modaraba Management Company's responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Modaraba Company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Modaraba Company in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- b) in our opinion:
 - i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii. the expenditure incurred during the period was for the purpose of the Modaraba's business; and
 - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of Modaraba.
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2019 and of the loss, its total comprehensive loss, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Lahore
October 04, 2019


KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS
Engagement Partner –
Syed Aftab Hameed, FCA

Balance Sheet

As at 30 June 2019

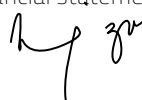
	Note	2019 (Rupees in thousand)	2018
Assets			
Non-current assets			
Property, plant and equipment	4	8,682,886	8,436,604
Long term advances	5	-	2,224
Long term deposits	6	10,932	13,249
		8,693,818	8,452,077
Current assets			
Stores and spares	7	93,321	77,657
Stock in trade	8	1,858,077	1,258,783
Trade debtors	9	754,829	572,366
Advances, deposits, prepayments and other receivables	10	552,548	375,808
Tax refunds due from the Government	11	1,123,505	848,536
Cash and bank balances	12	99,596	589,898
		4,481,876	3,723,048
Non current assets held for sale	13	-	44,240
Total current assets		4,481,876	3,767,288
Total assets		13,175,694	12,219,365
Equity and liabilities			
Certificate capital and reserves:			
Authorized certificate capital	14	4,500,000	4,500,000
Issued, subscribed and paid up certificate capital	15	1,956,000	1,956,000
Capital reserves			
Statutory reserve	16	511,941	511,941
Certificate premium	17	1,952,870	1,952,870
Surplus on revaluation of property, plant and equipment	18	387,476	26,989
		2,852,287	2,491,800
Revenue reserves			
Accumulated loss		(2,765,445)	(379,209)
Certificate holders' equity		2,042,842	4,068,591
Non-current liabilities			
Deferred taxation	19	9,272	-
Long term liability against purchase of land	20	-	-
		9,272	-
Current liabilities			
Current maturity of liability against purchase of land	20	-	56,426
Retention money payable		21,662	51,406
Short term borrowings	21	10,387,254	7,742,526
Trade and other payables	22	622,899	280,081
Accrued profit on secured borrowings		91,765	20,335
		11,123,580	8,150,774
Contingencies and commitments			
23			
Total equity and liabilities		13,175,694	12,219,365

The annexed notes 1 to 39 form an integral part of these financial statements.

LAHORE
October 04, 2019



Syed Shahid Ali
Chief Executive Officer



Amir Zia
Chief Financial Officer



Muhammad Shafique Anjum
Director

Profit and Loss Account

For the year ended 30 June 2019

	Note	2019 (Rupees in thousand)	2018
Sales - net	24	4,569,400	2,713,128
Cost of sales	25	(5,521,841)	(2,663,719)
Gross (loss) / profit		(952,441)	49,409
Operating expenses			
Administration and general expenses	26	(643,096)	(129,425)
Selling and distribution cost	27	(568,336)	(213,391)
		(1,211,432)	(342,816)
Operating loss		(2,163,873)	(293,407)
Finance cost	28	(346,024)	(80,433)
Other income	29	118,105	16,720
Loss before taxation		(2,391,792)	(357,120)
Taxation	30	-	-
Net loss after taxation		(2,391,792)	(357,120)
Loss per modaraba certificate basic and diluted	31	(12.23)	(1.83)

The annexed notes 1 to 39 form an integral part of these financial statements.

LAHORE
October 04, 2019



Syed Shahid Ali
Chief Executive Officer



Amir Zia
Chief Financial Officer



Muhammad Shafique Anjum
Director

Statement of Comprehensive Income

For the year ended 30 June 2019

	2019 (Rupees in thousand)	2018
Loss after taxation	(2,391,792)	(357,120)
<i>Items that may or may not be reclassified to profit and loss</i>		
Surplus on revaluation of property, plant and equipment	375,315	-
Less: Deferred tax attributable to revaluation surplus	(9,272)	-
	366,043	-
Total comprehensive loss for the year	(2,025,749)	(357,120)

The annexed notes 1 to 39 form an integral part of these financial statements.

LAHORE
 October 04, 2019


 Syed Shahid Ali
 Chief Executive Officer


 Amir Zia
 Chief Financial Officer


 Muhammad Shafique Anjum
 Director

Cash Flow Statement

For the year ended 30 June 2019


	Note	2019 (Rupees in thousand)	2018
Cash flow from operating activities			
Loss before taxation		(2,391,792)	(357,120)
Adjustment for non-cash items:			
Depreciation on operating fixed assets		418,808	134,909
Gain on disposal of land classified as held for sale		(18,865)	-
Provision for doubtful debts		8,700	-
Write down in the value of stock in trade		-	167,868
Recovery of bad debts written off in the past		(294)	(2,825)
Exchange Loss		34,317	12,909
Finance cost		311,707	67,524
		754,373	380,385
Operating (loss) / profit before working capital changes		(1,637,419)	23,265
(Increase)/ decrease in current assets:			
Stores and spares		(15,664)	(12,114)
Stock in trade		(599,294)	(971,534)
Trade debtors		(190,869)	46,070
Advances, deposits, prepayments and other receivables		(176,740)	(258,348)
Tax refunds due from the government - sales tax adjustable		(233,455)	(280,536)
		(1,216,022)	(1,476,462)
Increase / (decrease) in current liabilities:			
Retention money payable		(29,744)	13,278
Trade and other payables		265,712	(27,531)
Cash used in operations		(2,617,473)	(1,467,450)
Finance cost paid		(274,594)	(62,318)
Income tax refunds - net		(41,514)	1,913
Long term advances - net		2,224	9,223
Long term deposits - net		2,317	(454)
Net cash used in operating activities		(2,929,040)	(1,519,086)
Cash flow from investing activities			
Operating fixed assets including related long term liability		(56,426)	(56,423)
Capital work in progress incurred		(289,775)	(1,743,963)
Proceeds from sale of land classified as held for sale		63,105	-
Net cash used in investing activities		(283,096)	(1,800,386)
Cash flow from financing activities			
Profit distributed to certificate holders		-	(117,042)
Short term borrowings acquired from banking companies - net		1,977,344	1,647,001
Borrowings from related party - parent company - net		667,384	2,265,940
Net cash generated from financing activities		2,644,728	3,795,899
Net (decrease) / increase in cash and cash equivalents		(567,408)	476,427
Cash and cash equivalents at beginning of the year		589,074	112,647
Cash and cash equivalents at end of the year		21,666	589,074
The reconciliation in cash and cash equivalents is as follows:			
Cash and cash equivalents			
Cash and bank balances	12	99,596	589,898
Temporary book overdraft - unsecured	22	(77,930)	(824)
Cash and cash equivalents at end of the year		21,666	589,074

The annexed notes 1 to 39 form an integral part of these financial statements.

LAHORE
October 04, 2019


Syed Shahid Ali
Chief Executive Officer


Amir Zia
Chief Financial Officer


Muhammad Shafique Anjum
Director

Statement of Changes in Equity

For the year ended 30 June 2019

	Certificate Capital	Capital Reserves			Revenue Reserve	Total
		Certificate premium	Statutory Reserve	Revaluation reserve	Accumulated profit / (loss)	
------(Rupees in thousand)-----						
Balance as at 30 June 2017	1,956,000	1,952,870	511,941	28,371	93,571	4,542,753
Total comprehensive loss for the year	-	-	-	-	(357,120)	(357,120)
Transaction with owners of the Modaraba - contributions and distributions						
Profit distribution @ 5.984% for the year ended 30 June 2017	-	-	-	-	(117,042)	(117,042)
Surplus transferred to accumulated loss on account of incremental depreciation charged during the year	-	-	-	(1,382)	1,382	-
Balance as at 30 June 2018	1,956,000	1,952,870	511,941	26,989	(379,209)	4,068,591
Total comprehensive loss for the year	-	-	-	-	(2,391,792)	(2,391,792)
Fresh surplus arose during the year	-	-	-	366,043	-	366,043
Surplus transferred to accumulated loss on account of incremental depreciation charged during the year - net of deferred tax	-	-	-	(981)	981	-
Sale of land classified as held for sale	-	-	-	(4,575)	4,575	-
Balance as at 30 June 2019	1,956,000	1,952,870	511,941	387,476	(2,765,445)	2,042,842

The annexed notes 1 to 39 form an integral part of these financial statements.

LAHORE
 October 04, 2019



Syed Shahid Ali
 Chief Executive Officer



Amir Zia
 Chief Financial Officer



Muhammad Shafique Anjum
 Director

Notes to the Financial Statements

For the year ended 30 June 2019

1 Legal status and nature of business

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 wholly owned subsidiary of Treet Corporation Limited, a parent Modaraba of the Modaraba), incorporated in Pakistan under the (repealed) Companies Ordinance, 1984 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 (Formerly Lahore Stock Exchange (Guarantee) Limited). The Modaraba is engaged in the manufacture and sale of corrugated boxes, soaps and batteries.

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, Islamic Financial Accounting Standards issued by the Institute of Chartered Accountants of Pakistan, provisions of and directives issued under Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by Securities and Exchange Commission of Pakistan (SECP). In case requirements of IFRS differ, the provisions of or directives issued under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and Modaraba Companies and Modaraba Rules, 1981 and directives issued by SECP shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for land and buildings which are carried at revalued amount.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the Modaraba's functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest thousand, unless otherwise stated.

2.4 Significant accounting estimates, judgements and assumptions

The preparation of financial statements in conformity with the 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 are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the 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. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Financial Statements

For the year ended 30 June 2019

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

2.4.1 Useful life and residual values of property, plant and equipment

The Modaraba reviews the useful life and residual value of property, plant and equipment on regular basis to determine that expectations are not significantly changed from the previous estimates. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Modaraba uses the technical resources available with it. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation / amortisation charge and impairment, if any.

2.4.2 Stock in trade and stores and spare parts

The Modaraba reviews the net realizable value of items of stores, spare parts and loose tools and stock-in-trade to assess any possible impairment on annual basis. Net realizable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale. Any change in the estimates in the future might affect the carrying amount of respective item of store, spare parts and loose tools and stock in trade, with corresponding effects on the provision for impairment, if any.

2.4.3 Provision for doubtful debts, advances and other receivables

The Modaraba reviews recoverability of its trade debts, advances and other receivables on annual basis to assess amount of bad debts and provision there against. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required.

2.4.4 Provision for warranty

The Modaraba reviews the best estimate of the warranty expense at the balance sheet date based on the past practice of customer claims and quantum of warranty expenses incurred during the year. While making the estimate, the Modaraba takes into account the frequency of customer complaints, the past and expected trend of defects in the product etc.

2.4.5 Employees' retirement benefits

The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis.

The amount of the expected return on plan assets is calculated using the expected rate of return for the year and the market-related value at the beginning of the year. Gratuity cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

Notes to the Financial Statements

For the year ended 30 June 2019

2.4.6 Contingencies

The Modaraba has disclosed significant contingent liabilities for the pending litigations and claims against it based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the balance sheet date. However, based on the best judgment of the Modaraba and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at the balance sheet date.

2.4.7 Provision for income taxes

Instances where the Modaraba's view differs with the view taken by the income tax department at the assessment stage and where the Modaraba considers that its view on items of a material nature is in accordance with the law, the amounts are shown as contingent liabilities.

2.5 New standards, interpretations and amendments to published approved accounting standards

2.5.1 Amendments to published approved accounting standards that are effective for the year ended June 30, 2019

The following standards, amendments and interpretations are effective for the year ended June 30, 2019. These standards, interpretations and the amendments are either not relevant to the Modaraba's operations or are not expected to have significant impact on the Modaraba's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 01, 2018
IFRS 9 'Financial Instruments' (IFRS 9) - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01, 2018
IFRS 15 'Revenue from Contract with Customers' (IFRS 15) - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property.	January 01, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018
Certain annual improvements have also been made to a number of IFRS Standards with no impact or application to the Modaraba.	

Notes to the Financial Statements

For the year ended 30 June 2019

2.5.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Modaraba's operations or are not expected to have significant impact on the Modaraba's financial statements other than certain additional disclosures except for IFRS 16 'Leases' which may have significant impact on the financial statements of the Modaraba.

	Effective from accounting period beginning on or after:
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases', IFRIC 4, SIC 15 and SIC 27 upon its effective date.	January 01, 2019
IFRS 16 'Leases' will supersede IFRIC 4 and IAS 17 for annual periods beginning on or after January 1, 2019. Similar to the IFRIC 4 requirements, IFRS 16 will require the Modaraba to account for a portion of its EPA as a lease. Different companies availing the exemption under IFRIC 4 have approached to SECP for similar exemption under IFRS 16. During the year, SECP has granted waiver from the application of IFRS 16 to Modarabas before January 01, 2019.	
Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business.	January 01, 2020
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 01, 2019
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture.	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
Amendments to References to the Conceptual Framework in IFRS Standards.	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material.	January 01, 2020
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019
Certain annual improvements have also been made to a number of IFRS Standards. Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):	

Notes to the Financial Statements

For the year ended 30 June 2019

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

Adoption of new accounting standards

The following changes in accounting standards have taken place effective from July 01, 2018:

Impact of IFRS 9 - Financial Instruments

IFRS 9 replaces the provisions of IAS 39 - "Financial Instruments: Recognition and Measurement" that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Under IFRS 9 the financial instruments, excluding derivatives, are accounted for at amortized cost, fair value through other comprehensive income or fair value through profit or loss depending on the nature of the relevant contractual cash flows and the business model in which it is held. IFRS 9 requires implementation of a new impairment model based on expected credit losses. In accordance with the transition provision of IFRS 9, the Modaraba has followed modified retrospective transitional method, taking into consideration the exemption allowing it not to restate comparative information or prior periods.

However, the SECP has granted waiver from the application of IFRS 9 to Modarabas, therefore, no impact as a result of adoption of this standard is accounted for in the financial statements of the Modaraba.

Impact of IFRS 15 - "Revenue from Contracts with Customers" (IFRS 15)

IFRS 15 supersedes IAS 11 'Construction Contracts', IAS 18 'Revenues' and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Modaraba adopted IFRS 15 with initial date of application of July 01, 2018. However, the management assesses that there is no impact of this accounting standard on the financial statements of the Modaraba during the current reporting period nor in prior periods had retrospective accounting treatment been applied.

2.5.3 Amendments and interpretations to existing standards that are not yet effective but applicable / relevant to the Modaraba's operations

IFRIC 4, 'Determining Whether an Arrangement Contains a Lease' is applicable for annual periods beginning on or after January 1, 2006, however, SECP granted waiver from the application of IFRIC 4 the Modaraba. This interpretation provides guidance on determining whether arrangements that do not take the legal form of a lease should, nonetheless, be accounted for as a lease in accordance with IAS 17, 'Leases'. However, the SECP made it mandatory to disclose the impact of application of IFRIC 4 or IFRIC 12 on the results of the Modaraba. There is no impact of this interpretation on the financial statements of the Modaraba.

Notes to the Financial Statements

For the year ended 30 June 2019

3 Summary of significant accounting policies

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

3.1 Taxation

Income tax expense comprises current and deferred tax. Income tax is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current

The charge for current taxation is based on taxable income at current rates of taxation after taking into account tax credits, rebates and exemptions available, if any, or Alternative Corporate Tax at the rate of 17% of accounting profit adjustable as per income tax laws, whichever is higher. However, the Modaraba is exempt from the provisions of minimum tax under clause 11A (XIII) of the Second Schedule to the Income Tax Ordinance, 2001. The charge for current tax includes adjustments to charge for prior years, if any.

Deferred

Deferred tax is accounted for by using the financial position liability method in respect of all temporary timing differences arising from difference between the carrying amount of assets and liabilities in the financial statements and corresponding tax basis used in the computation of taxable profit.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry-forward unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income 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 liability is settled based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the statement of profit or loss, except where deferred tax arises on the items directly credited or charged to equity in which case it is included in equity.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where these relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Notes to the Financial Statements

For the year ended 30 June 2019

3.2 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any except for freehold land and buildings. Freehold land is stated at revalued amount carried out by independent valuers by reference to its current market price less impairment loss, if any (refer to note - 4.1.6). 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 (refer to note - 4.1.6). 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. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs. The cost of self constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the assets to a working condition for their use as intended by the management.

Depreciation is provided on straight line method at rates specified in note 4.1 to the financial statements so as to write off the cost of property, plant and equipment over their estimated useful life. 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 retired from active use or the asset is disposed off.

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

Residual values are determined by the management as the amount it expects it would receive currently for an item of property, plant and equipment if it was already of the age and in the condition expected at the end of its useful life based on the prevailing market prices of similar assets already at the end of their useful lives.

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

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 Modaraba and cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit and loss account as and when incurred.

Gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognized as income or expense in the profit or loss account.

Capital work in progress

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. Capital work in progress is stated at cost, less any identified impairment loss.

Impairment tests for property, plant and equipment are performed annually or whenever there is an indication of impairment.

Notes to the Financial Statements

For the year ended 30 June 2019

3.3 Stores and spares

These are valued at the lower of cost and net realizable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost plus directly attributable expenses incidental thereto accumulated up to the date of balance sheet. The Modaraba 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, spares and loose tools.

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

3.4 Stock in trade

Stock of raw materials and packing materials are 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 prime cost and appropriate proportion of production overheads. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and the cost necessary to be incurred to make the sales.

3.5 Trade and other receivables

These are carried at amounts recognized at invoice value which is the fair value of the consideration receivable less an estimate of 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, while debts considered doubtful of recovery, if any, are fully provided for in these financial statements.

3.6 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, current and deposit account balances with banks net of overdrawn book balances, if any.

3.7 Trade and other payables

Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of business, if longer), if not, they are classified as non-current liabilities.

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 Modaraba.

3.8 Financial instruments

Financial assets and liabilities are recognized, when the Modaraba becomes a party to the contractual provisions of the instrument and de-recognized when the Modaraba loses control of the contractual rights to receive cash flows from the assets that comprise the financial asset or the rights have been transferred and the Modaraba has transferred substantially all the risks and rewards of ownership.

Financial assets include trade debts, advances, deposits, other receivables, cash and bank balances. These are initially recognized at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Notes to the Financial Statements

For the year ended 30 June 2019

Financial liabilities are recognized according to the substance of the contractual arrangements entered into. Significant financial liabilities are long term liability against purchase of land, short term borrowings, markup and profit payable, contractual trade and other payables, retention money payable and due to related parties.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

Offsetting of financial assets and financial liabilities

A financial asset and liability is offset against each other and the net amount is reported in the financial statements only when the Modaraba has legally enforceable right to set off the recognized amount and intends either to settle on net basis or realize the asset and settle the liability simultaneously.

3.9 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 accumulated losses in fair value reserve to profit and loss account. All impairment losses are recognized in profit and 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. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account.

Non-financial assets

The carrying amount of the Modaraba's non-financial assets, other than inventories 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 profit and 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.

Notes to the Financial Statements

For the year ended 30 June 2019

3.10 Non current assets classified as held for sale

Non current assets are classified as held for sale when the Modaraba intends to sell a non-current asset and if sale within twelve (12) months from the balance sheet date is highly probable that the carrying amount of such assets will be recovered principally through sale rather than its continuing use. Accordingly, the asset is classified as 'held for sale' and presented separately in the balance sheet after the current assets.

Assets classified as 'held for sale' are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Once classified as 'held for sale', the assets are not subject to depreciation or amortisation.

3.11 Equity, reserves and profit distribution

Share certificate capital represents the face value of certificates that have been issued. Any transaction costs associated with the issuing of certificates are deducted from share certificate capital, net of any related income tax benefits, if any.

Retained earnings include all current and prior period retained profits.

Profit distribution to the certificate holders is recognized in the period in which it is approved.

3.12 Surplus on revaluation of property, plant and equipment

The surplus arising on revaluation of property, plant and equipment, computed by eliminating the accumulated depreciation as at the date of revaluation, is credited to the "Surplus on revaluation of property, plant and equipment" presented and recognized in the Statement of Other Comprehensive Income and accumulated in the Statement of Changes in Equity as a capital reserve. Following amounts are transferred from "Surplus on revaluation of property, plant and equipment" to unappropriated profits / (accumulated loss) through statement of changes in equity to record realization of surplus.

an amount equal to incremental depreciation on revaluation surplus on property, plant and equipment for the year, if any; or

an amount equal to carrying amount of revaluation surplus on property, plant and equipment on its disposal;

3.13 Borrowings and borrowing costs

These are initially recognized at fair value less directly attributable transaction costs, if any. Difference between the fair value and proceeds of borrowings is recognized as income or expense in the profit and loss account. Subsequently these are measured at amortized cost using the effective interest method.

Borrowing costs are interest or other costs incurred by the Modaraba in connection with the borrowing of funds. Borrowing cost that is directly attributable to qualifying assets is capitalized as part of cost of that assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to profit and loss account whenever incurred.

3.14 Employees retirement benefits - related party

Defined contribution scheme

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

Notes to the Financial Statements

For the year ended 30 June 2019

Another recognized contributory fund scheme is "Treet Corporation Limited - Group Employee Service Fund" which covers all permanent management employees. In accordance with the rules of the scheme, equal monthly contributions are made both by the Modaraba and employees at 10% of the basic pay from the date the employee gets permanent status. Additional contributions may be made by the Modaraba for those employees who have at the most 15 years of service remaining before reaching retirement age, however, employee can start their additional contribution above the threshold limit of 10% of basic pay at any time.

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 @ 10% of employees basic salary on monthly basis by both employee and the employer. Periodic bonuses by the Modaraba 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 Modaraba.

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 Modaraba. Equal contributions are made monthly both by the Modaraba and employees in accordance with the rules of the Scheme at 20% of the basic pay.

Defined benefit scheme

An approved funded gratuity scheme and a funded superannuation schemes 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 Modaraba'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. When calculation results in a potential assets for the Modaraba, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reduction in future contributions to the plan.

Re-measurement of net defined benefit liability, which comprise of actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognized immediately in other comprehensive income. The Modaraba determines net interest expense/(income) on the defined benefit obligation for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to then-net defined benefit, taking into account any change in the net defined benefit obligation during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit and loss.

3.15 Provisions

Provisions are recognized when the Modaraba has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each reporting period to reflect the best current estimate. If it is no longer probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation, the provisions are reversed.

3.16 Contingencies and commitments

These are not accounted for in the financial statements unless these are actual liabilities and are only disclosed when:

Notes to the Financial Statements

For the year ended 30 June 2019

- a) 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 Modaraba; or
- b) 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.

The assessment of contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Modaraba, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events.

3.17 Related party transactions

All transactions with related parties are executed at arm's length prices, determined in accordance with the pricing method as approved by the Board of Directors, except in rarely extreme circumstances, where subject to the approval of the Board, it is in the interest of the Modaraba to do so. Parties are said to be related if they are able to influence the operating and financial decisions of the Modaraba.

3.18 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees which is the Modaraba'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 balance sheet 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 and 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.

3.19 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 Modaraba Management Modaraba that makes strategic decisions. Segments reported are corrugated boxes, soaps and batteries which also reflects the management structure of the Modaraba.

3.20 Operating / Ijarah leases

Leases including ijarah financing where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentive received from the lessor) are charged to profit on a straight line basis over the lease/ ijarah term unless another systematic basis is representative of the time pattern of the Modaraba's benefit.

3.21 Warranty costs

The Modaraba, based on actual claims by the customers which are admitted by the Modaraba, recognizes the estimated costs of product warranties (which are assurance warranties) as an expense in the profit and loss account in accordance with IAS-37. Management establishes the amount of warranty expense on the basis of past trends relating to the frequency and average cost of under-warranty repairs and replacement.

Notes to the Financial Statements

For the year ended 30 June 2019

3.22 Revenue recognition

Revenue arises mainly from the sale of corrugated boxes, soaps and batteries and is measured according IFRS-15 (Revenue from Contracts with Customers) at the fair value of the consideration received or receivable as defined in sales contract, including variable consideration; sales tax and other duties collected on behalf of third parties are not taken into account. However, variable consideration is only included if it is highly probable that a significant reversal of revenue will not occur once the uncertainty related to the variable consideration is resolved.

Revenue is recognised when control of a promised goods passes to a customer at a specific point in time. The customer obtains control of the goods when the significant risks and rewards of products sold are transferred according to the specific delivery terms that have been formally agreed with the customer, generally upon delivery from the manufacturing unit of the Modaraba.

Contract liabilities, which is the Modaraba's obligation to transfer goods to a customer for which the entity has already received consideration, relate mainly to advance payments from customers. A trade receivable is recognized when the products are delivered to a customer as this is the point in time that the consideration becomes unconditional because only a passage of time is required before the payment is due.

Income from the following sources is recognized as under:

- i) Return on bank deposits is accounted for on a time proportion basis using the effective rate of return/profit.
- ii) Other revenues are recorded on accrual basis.

3.23 Earning per Modaraba certificate (EPC)

Basic EPC is calculated by dividing the profit or loss attributable to ordinary certificate-holders of the Modaraba by the weighted average number of certificate outstanding during the year.

Diluted EPC is calculated by adjusting basic EPC by the weighted average number of Modaraba certificates that would be issued on conversion of all dilutive potential Modaraba certificates into ordinary certificates and post-tax effect of changes in profit and loss account attributable to certificates of the Modaraba that would result from conversion of all dilutive potential Modaraba certificates into ordinary certificates.

4 Property, plant and equipment

	Note	2019 (Rupees in thousand)	2018
Operating fixed assets - tangible	4.1	7,282,780	7,299,210
Capital work in progress	4.2	1,400,106	1,137,394
		8,682,886	8,436,604

Notes to the Financial Statements

For the year ended 30 June 2019

4.1.3 The following assets were disposed off:

Particulars	Mode of disposal	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Particulars of the purchaser	Relationship
----- (Rupees in thousand) -----								
Freehold land classified as held for sale	Negotiation	44,240	-	44,240	63,105	18,865	Mursaleen Shafique Gujranwala	Third party
2019		44,240	-	44,240	63,105	18,865		
2018		-	-	-	-	-		

4.1.4 The depreciation charge for the year has been allocated as under:

	Note	2019 (Rupees in thousand)	2018
Packaging solutions - corrugated boxes	25	19,062	18,937
Soaps	25	2,809	2,773
Batteries			
Cost of goods sold	25	390,521	107,148
Capital work in progress		-	2,487
Administration and general expenses	26	6,341	3,540
Selling and distribution cost	27	75	24
		418,808	134,909

4.1.5 Had the assets not revalued, the net book value of freehold land and buildings would have amounted to:

Freehold land	565,513	565,513
Buildings on freehold land	3,279,253	3,498,272
	3,844,766	4,063,785

4.1.6 Land and buildings of corrugation and soap projects were last revalued on June 30, 2019 by Messrs. Medallion Services Pvt Ltd (PBA approved independent valutors) resulting in fresh surplus of Rs. 375.315 million. Formerly, these assets were revalued by Messrs. Zafar Iqbal and Co. (PBA approved independent valutors) resulting in surplus of Rs. 43.95 million. The basis used for revaluation were as follows:

Freehold land

Fair market value of freehold land was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well.

Buildings

Construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value.

Notes to the Financial Statements

For the year ended 30 June 2019

4.2 Capital work in progress

The movement under this head of account is as follows:

Description	Note	Opening balance	Additions / Adjustments	Transferred to Property, plant and equipment	Amount expensed out	Closing balance
------(Rupees in thousand)-----						
Civil work		47,619	1,278	-	-	48,897
Plant, machinery and equipment	4.2.1	989,538	360,157	27,063	2,361	1,320,271
Advances for capital expenditure		100,237	(69,299)	-	-	30,938
2019 - Rs. in 000's		1,137,394	292,136	27,063	2,361	1,400,106
2018 - Rs. in 000's		6,116,937	1,745,529	6,723,506	1,566	1,137,394

	Note	2019 (Rupees in thousand)	2018
4.2.1 This includes trial production cost as follows:			
Cost of trial production		-	16,489
Less: Proceeds from the realization of trial production	4.2.2	-	7,335
		-	9,154
4.2.2 The breakup of this account balance is as follows:			
Sales		-	9,050
Sales tax		-	(1,247)
Discount		-	(468)
		-	7,335
5 Long term advances			
Long term advances - unsecured, considered good	5.1	6,649	14,025
Less: Current maturity shown under current assets	10	(6,649)	(11,801)
		-	2,224

5.1 This represents outstanding advance receivable from Khatoon Industries (Private) Limited ("KIL") at the terminal date, detailed as under:

Advances against	Amount advanced (Rupees in thousand)	Adjustable in equal monthly installments
Rice Husk Boiler	2,014	12
Laboratory	210	12
Warehouse road construction	4,425	12
	6,649	

Notes to the Financial Statements

For the year ended 30 June 2019

	Note	2019 (Rupees in thousand)	2018
6 Long term deposits - against			
Rented premises		4,102	6,419
Utility deposits		6,790	6,790
Others		40	40
		10,932	13,249
7 Stores and spares			
Stores			
Corrugation		71,034	47,082
Soap		7,492	8,264
Battery		75	2,850
		78,601	58,196
Spares			
Corrugation		19,963	24,704
Soap		280	280
		98,844	83,180
Less: Provision for slow moving/obsolete stores		(5,523)	(5,523)
		93,321	77,657
8 Stock in trade			
Raw material	8.1		
Corrugation		134,457	219,433
Soap		38,394	26,474
Battery		858,443	508,899
		1,031,294	754,806
Packing material			
Corrugation		525	578
Soap		20,317	19,191
Battery		15,975	4,952
		36,817	24,721
Work in process			
Corrugation		6,319	10,723
Soap		-	547
Battery		587,427	242,745
		593,746	254,015
Finished goods	8.2		
Corrugation		42,148	34,444
Soap		53,097	42,980
Battery		100,975	147,817
		196,220	225,241
		1,858,077	1,258,783

Notes to the Financial Statements

For the year ended 30 June 2019

- 8.1** This includes raw material in transit amounting to Rs. 190.156 million (2018: Rs. 256.191 million).
- 8.2** The stock in trade of battery segment has been written down to net realizable value by Rs. Nil (2018: Rs. 165.854 million), which is duly recognized in the cost of sales shown under "cost of sales" in accordance with the requirements of IAS - 2.

	Note	2019 (Rupees in thousand)	2018
9 Trade debtors			
Trade debtors - unsecured:			
Considered good		754,829	572,366
Considered doubtful		31,174	22,474
		786,003	594,840
Less: Provision for doubtful debts	9.1	(31,174)	(22,474)
		754,829	572,366
9.1 Provision for doubtful debts			
Balance as at 01 July,		22,474	47,314
Provision made during the year		8,700	-
Written off		-	(24,840)
Balance as at 30 June,		31,174	22,474
10 Advances, deposits, prepayments and other receivables			
Advances to:			
Employees - secured, considered good	10.1	-	200
Suppliers - unsecured, considered good - Local		481,814	216,341
		481,814	216,541
Current portion of long term advances	5	6,649	11,801
Trade deposits		9,231	9,231
Prepayments			
Prepaid insurance		22,541	9,956
Prepaid rent		1,949	306
Prepaid expenses		20,100	20,100
		44,590	30,362
Other receivables - unsecured			
Balance with statutory authorities	10.2	1,986	107,873
Export rebate receivable		1,334	-
Due from related party - Loads Limited	10.3	6,944	-
		10,264	107,873
		552,548	375,808

- 10.1** These are secured against staff retirement benefit plans which are being maintained by Messrs Treet Corporation Limited, a parent company of the Modaraba. These are interest free and are recovered subsequent to the balance sheet date.

Notes to the Financial Statements

For the year ended 30 June 2019

10.2 This represents amounts given to Collector of Customs which will be adjusted against the letters of credit. This is unsecured, interest free and adjusted subsequent to the balance sheet date.

10.3 This represent the current account with the aforementioned related party, which is unsecured and interest free. The highest aggregated balance due from this party at the end of any month during the year was Rs. 6.944 million (2018: Nil).

		2019	2018
		(Rupees in thousand)	
10.4	The ageing analysis of unimpaired and past due balance receivable from related party is as follows:		
	Amount Not Due	-	-
	Past due but not impaired		
	0-30 days	-	-
	31-60 days	-	-
	61-90 days	-	-
	91-365 days	6,944	-
	Total gross amount due	6,944	-
11	Tax refunds due from the Government		
	Sales tax adjustable	1,017,183	783,728
	Income tax refundable	106,322	64,808
		1,123,505	848,536
12	Cash and bank balances		
	Cash in hand	68,986	61,833
	Cash at banks in:		
	Current accounts	19,170	268,684
	Saving accounts	11,440	259,381
		30,610	528,065
		99,596	589,898

12.1 These carry profit rates ranging between 3.5% to 11.33% (2018: 4.75% to 6.75%) per annum. These deposits are maintained under Shariah permissible arrangement.

13	Non-Current Assets Held For Sale		
	Piece of land classified as held for sale	13.1	-
			44,240

13.1 As previously reported, the Board of Directors of the Modaraba management company in their meeting held on December 06, 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 was classified as non-current asset held for sale. This sale transaction was materialized on September 25, 2018.

Notes to the Financial Statements

For the year ended 30 June 2019

14 Authorized Certificate Capital

	2019 (Number of Certificates)	2018		2019 (Rupees in thousand)	2018
	450,000,000	450,000,000	Modaraba Certificates of Rs. 10 each	4,500,000	4,500,000

15 Issued, subscribed and paid-up certificate capital

	2019 (Number of Certificates)	2018		2019 (Rupees in thousand)	2018
	195,599,994	195,599,994	Modaraba Certificates of Rs. 10 each fully paid-up in cash	1,956,000	1,956,000

15.1 As at 30 June 2019, Treet corporation Limited, the holding company holds 87.35% (2018: 87.54%) of the entire capital comprising of Rs. 10 each i.e. 170,851,700 (2018: 171,224,700) certificates of the Modaraba. In addition 10.02% of the certificate capital comprising 19,590,562 (2018: 19,590,562) certificates of Rs. 10 each are held by the Modaraba Management Company i.e. Treet Holdings Limited.

	Note	2019 (Rupees in thousand)	2018
16 Statutory reserves		511,941	511,941

This represents profit set aside in compliance with the requirements of Prudential Regulations for Modarabas along with circular 11 of 2006 issued by the Securities and Exchange Commission of Pakistan and can be utilized only for the purpose specified in regulation 2 of part III of the Prudential Regulations.

17 Certificate premium		1,952,870	1,952,870
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This represents Certificate premium at the rate of Rs. 30 per certificate in respect of transaction referred to in note 15.2, net of transaction costs amounting to Rs. 3.130 million, against the issuance of right Modaraba certificates. This reserve can be utilized by the Modaraba only for the purposes specified in section 81(2) of the Companies Act, 2017.

18 Surplus on the revaluation of property, plant and equipment		387,476	26,989
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18.1 The reconciliation of this head of account is as follows:

Gross Surplus			
Balance as at July 01,		26,989	28,371
Add: Fresh surplus arose during the year		375,315	-
Less: Transferred to accumulated funds on account of:			
Incremental depreciation		(1,382)	(1,382)
Sale of land classified as held for sale		(4,575)	-
Balance as at June 30,		396,347	26,989
Less: Deferred tax			
on fresh revaluation	19	(9,272)	-
on incremental depreciation		401	-
		(8,871)	-
Net surplus		387,476	26,989

Notes to the Financial Statements

For the year ended 30 June 2019

	Note	2019 (Rupees in thousand)	2018
Surplus attributed to:			
Land and buildings		387,476	22,414
Land classified as held for sale		-	4,575
Revaluation surplus as at 30 June		387,476	26,989

This reserve is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

19	Deferred Taxation		
	Deferred tax liabilities in respect of taxable temporary differences:		
	Accelerated tax depreciation and allowance of assets	626,623	-
	Deferred tax assets in respect of deductible temporary differences:		
	Provision for slow moving/obsolete stores	(1,602)	-
	Provision for doubtful debts	(9,040)	-
	Unused losses	(742,917)	-
	Unused tax credits	(822)	-
		(754,381)	-
	Net deferred tax asset	(127,758)	-
	Less: deferred tax liability attributable to revaluation surplus	18	(8,871)
	Net deferred tax asset	(136,629)	-
	Deferred tax asset not recognized in the profit and loss account	136,629	-
	Deferred tax income recognized in the profit and loss account	-	-

19.1 The deferred tax assets amounting to Rs. 136.629 million (2018: Rs. Nil) are not recognized in these financial statements as the certainty of the taxable profits / taxable differences in the foreseeable future is not assured.

19.2 Previously, the Modaraba was exempt from the levy of income tax under the Income Tax Ordinance, 2001, by distributing 90% of its profits to the certificate-holders. However, the income of Modaraba is charged to tax under the provisions of Income Tax Ordinance, 2001 for the tax year 2019 and onwards. Accordingly, the information for the comparative period is not applicable in the instant case.

20	Long term liability against purchase of land		
	Balance as at 01 July	-	112,849
	Less: Payment made during the year	-	(56,423)
		-	56,426
	Less: Current maturity of liability	-	(56,426)
	Balance as at 30 June	-	-

20.1 This represented long term liability for land purchased in Faisalabad from Faisalabad Industrial Estate Development and Management Company (FIEDMC). During the year, the Modaraba had made all the payments which were due on June 04, 2019.

Notes to the Financial Statements

For the year ended 30 June 2019

	Note	2019 (Rupees in thousand)	2018
21 Short term borrowings			
From banking companies - secured and profit bearing			
Bank Islami Pakistan Limited	21.1	500,000	500,000
MCB Islamic Bank Limited	21.2	752,000	752,000
Bank Al-Habib Limited			
-Istisna	21.3	200,000	200,000
-Import Murabaha	21.4	299,400	-
Faysal Bank Limited	21.5	500,000	495,001
Habib Metropolitan Bank Limited			
-Istisna	21.6	224,886	-
-Import Murabaha	21.7	26,293	-
Allied Bank Limited	21.8	457,500	-
Soneri Bank Limited	21.9	400,000	-
Al Baraka Bank Limited	21.10	480,000	-
Meezan Bank Limited	21.11	84,266	-
		3,924,345	1,947,001
From related parties - unsecured			
Treet Corporation Limited - holding Company	21.12	6,462,909	5,795,525
		10,387,254	7,742,526
21.1 Bank Islami Pakistan Limited		500,000	500,000

This represents Istisna finance facility obtained from Bank Islami for the manufacturing of soap and corrugated boxes out of the sanctioned limit of Rs. 500 million (2018: Rs. 500 million). This finance facility carries profit @ 3 months Kibor + 0.5% per annum payable quarterly; and is secured against BIPL's ownership of Istisna goods and 1st Pari Passu charge over all present and future current assets of the Modaraba amounting to Rs. 667 million (including 25% safety margin).

21.2 MCB Islamic Bank Limited		752,000	752,000
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This represents Running Musharakah facility obtained to meet working capital requirements out of the sanctioned limit of Rs. 1,000 million (2018: 1,000 million). This finance facility carries profit @ 3 months Kibor + 1.5% per annum payable quarterly; and is secured against 1st Joint Pari Passu charge with 25% margin over current assets and corporate guarantee of Messrs Treet Corporation Limited.

21.3 Bank Al-Habib Limited - Istisna		200,000	200,000
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This represents Istisna finance facility sub limit of Import Murabaha facility obtained to meet working capital requirements out of the sanctioned limit of Rs. 200 million (2018: Rs. 200 million). This finance facility carries profit @ 3 months Kibor + 0.65% per annum payable quarterly; and is secured against ranking charge of Rs. 667 million (inclusive 25% margin) over present and future current and fixed assets of the company upgraded / converted into First Joint Pari Passu Hypothecation charge and Lien over shipping documents.

Notes to the Financial Statements

For the year ended 30 June 2019

	2019 (Rupees in thousand)	2018
21.4 Bank Al-Habib Limited - Import Murabaha	299,400	-
<p>This represents Import Murabaha facility obtained during the year to retire import documents under LC sight out of the sanctioned limit of Rs. 500 million (2018: Rs. 500 million). This finance facility carries profit @ 3 months Kibor + 0.65% per annum payable quarterly; and is secured against ranking charge of Rs. 667 million (inclusive 25% margin) over present and future current and fixed assets of the company upgraded / converted into First Joint Pari Passu Hypothecation charge and Lien over shipping documents.</p>		
21.5 Faysal Bank Limited	500,000	495,001
<p>This represents Istisna finance facility obtained to fund working capital requirements of the Packaging, Battery and Soap business units of the Modaraba out of the sanctioned limit of Rs. 500 million (2018: Rs. 500 million). This finance facility carries profit @ 3 months Kibor + 2% per annum payable quarterly; and is secured against Joint Pari Passu charge with 25% margin over current & fixed assets of the Modaraba and Cross Corporate Guarantee of M/s. Treet Corporation Limited.</p>		
21.6 Habib Metropolitan Bank Limited - Istisna	224,886	-
<p>This represents Istisna facility obtained during the year for manufacturing of soaps, corrugated boxes and Batteries out of the sanctioned limit of Rs. 200 million (2018: Nil). This finance facility carries profit @ 3 months Kibor + 1% per annum and is secured against Joint Pari Passu charge of Rs. 667 million over current assets & Plant & machinery of the company after incorporating 25% margin.</p>		
21.7 Habib Metropolitan Bank Limited - Import Murabaha	26,293	-
<p>This represents Import Murabaha facility obtained during the year for procurement of raw materials, stocks, chemicals, stores, tools & spare parts etc, out of the sanctioned limit of Rs. 300 million (2018: Nil). This finance facility carries profit @ 6 months Kibor + 1% per annum and is secured against Joint Pari Passu charge of Rs. 667 million over current assets & Plant & machinery of the company after incorporating 25% margin.</p>		
21.8 Allied Bank Limited	457,500	-
<p>This represents Istisna finance facility obtained during the year for the manufacturing of corrugated packaging, soaps / batteries out of the sanctioned limit of Rs. 457.5 million (2018: Nil). This finance facility carries profit @ 3 months Kibor + 0.5% per annum payable quarterly; and is secured against 1st Pari Pass / Joint Pari Passu charge amounting to Rs 667 million over all present and future fixed assets (including Plant & Machinery, excluding Land and Building) and current assets of the Modaraba (with 25% margin).</p>		
21.9 Soneri Bank Limited	400,000	-
<p>This represents Istisna finance facility which is the Sub Limit of SLC facility obtained during the year for the manufacturing of company's products i.e. Soap, Packaging, Batteries out of the sanctioned limit of Rs. 400 million (2018: Nil). This finance facility carries profit @ 6 months Kibor + 0.75% per annum and is secured against 1st Joint Pari Passu charge amounting to Rs 667 million over all present and future current assets & movable fixed assets (P&M) of the Modaraba with 25% margin to be registered with SECP and Corporate guarantee of Treet Corporation Limited.</p>		

Notes to the Financial Statements

For the year ended 30 June 2019

	Note	2019 (Rupees in thousand)	2018
21.10 Al Baraka Bank Limited		480,000	-
<p>This represents Istisna finance facility obtained during the year for the manufacturing of batteries out of the sanctioned limit of Rs. 500 million (2018: Nil). This finance facility carries profit @ 6 months Kibor + 2.5% per annum and is secured against Joint Pari Passu charge amounting to Rs 667 million over all present and future current assets & plant and machinery of the Modaraba with 25% margin for all facilities and title to import documents.</p>			
21.11 Meezan Bank Limited		84,266	-
<p>This represents Muswammah facility obtained during the year for purchase of raw materials out of the sanctioned limit of Rs. 200 million (2018: Nil). This finance facility carries profit @ 6 months Kibor + 1.5% per annum and is secured against Pari Passu charge over present and future current assets of the Modaraba with 25% margin and cross corporate guarantee of M/s. Treet Corporation Limited.</p>			
21.12 Treet Corporation Limited - holding company		6,462,909	5,795,525
<p>This represents loan obtained from the above named related party towards the development project cost of the Battery project and working capital requirements of the Modaraba. It is unsecured, carries no profit and payable on demand, particularly when the project will have profitable operations and generate sufficient cash flows.</p>			
21.13	The credit facilities amounting to Rs. 825.656 million (2018: Rs. 552.999 million) remained unutilized at the balance sheet date.		
22 Trade and other payables			
Creditors			
Foreign		4,160	44,186
Local		379,600	30,862
		383,760	75,048
Payable to related parties - unsecured, interest free			
Treet Corporation Limited		35,000	35,000
Accrued liabilities		76,790	90,258
Withholding sales tax payable		2,196	1,866
Temporary book overdraft - unsecured	22.1	77,930	824
Contract liabilities	22.2	30,527	5,301
Income tax deducted at source payable		12,293	8,125
Advance against land classified as held for sale	13	-	63,105
Unclaimed dividend		34	34
Other payables		4,369	520
		622,899	280,081

22.1 This represents unrepresented cheques at the terminal date, which have been cleared subsequent to the balance sheet date.

22.2 These represent advances received from customers against the onward sale of goods by the Modaraba.

Notes to the Financial Statements

For the year ended 30 June 2019

23 Contingencies and commitments

23.1 Contingencies

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. 1.520 million and Rs. 41.364 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. The management and tax advisor of Modaraba are of the view that favorable outcome is expected as the Modaraba is fully compliant of withholding tax provisions.

23.2 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. 1.807 million. The Modaraba filed appeals against the order passed by IRO before Commissioner Inland Revenue (CIR) Appeals, Zone-II, Lahore which is pending adjudication. The management and tax advisor of Modaraba are of the view that favorable outcome is expected as the Modaraba is fully compliant of withholding tax provisions.

23.3 For the tax period July 2015 to June 2016, the Additional Commissioner Inland Revenue (ACIR) passed order under section 25 of the Sales Tax Act, 1990 creating a sales tax demand of Rs. 9.792 million along with penalty of Rs. 0.461 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. The management and tax advisor of Modaraba are of the view that the tax demand will be deleted by appellate authorities based a decision in favour of Registered Person (RP) on this issue by the Lahore High Court, Lahore.

	2019	2018
	(Rupees in thousand)	
23.4 Guarantees	-	-
23.5 Capital commitments		
- Plant & machinery	115,282	34,257
23.6 Letters of credit		
Outstanding letters of credit	483,572	433,582
23.7 Operating leases		
The Modaraba has acquired plant and machinery for 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.		
Future lease payments under the lease agreements are:		
Not later than one year	13,327	12,340
Later than one year but not later than five years	-	12,340
	13,327	24,680

Notes to the Financial Statements

For the year ended 30 June 2019

Note	Corrugated Boxes		Soaps		Battery		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
------(Rupees in thousand)-----								
24	Sales - net							
	External customers							
	Local							
	2,061,459	1,864,557	1,093,066	841,518	2,101,686	410,501	5,256,211	3,116,576
	Export							
	-	-	-	-	81,736	-	81,736	-
	Treet Corporation Limited - Associated undertaking							
	24,893	22,176	-	-	-	-	24,893	22,176
	Renacon Pharma Limited - Associated undertaking							
	15,152	10,833	-	-	-	-	15,152	10,833
	2,101,504	1,897,566	1,093,066	841,518	2,183,422	410,501	5,377,992	3,149,585
	Inter segment sales							
	19,631	14,494	-	-	-	-	19,631	14,494
	Sale of waste paper							
	111,908	78,005	-	-	-	-	111,908	78,005
	2,233,043	1,990,065	1,093,066	841,518	2,183,422	410,501	5,509,531	3,242,084
	Less:							
	Sales tax							
	(303,121)	(275,339)	(192,155)	(148,462)	(309,957)	(59,944)	(805,233)	(483,745)
	Trade discount							
	(1,264)	(731)	(608)	(1,618)	(113,395)	(21,033)	(115,267)	(23,382)
	(304,385)	(276,070)	(192,763)	(150,080)	(423,352)	(80,977)	(920,500)	(507,127)
	Elimination of Inter seg- ment sales							
	(19,631)	(14,494)	-	-	-	-	(19,631)	(14,494)
	Elimination of trial run sales							
4.2.2	-	-	-	-	-	(7,335)	-	(7,335)
	1,909,027	1,699,501	900,303	691,438	1,760,070	322,189	4,569,400	2,713,128
25	Cost of sales							
	Opening stock- raw and packing material							
	220,011	159,397	45,665	58,229	513,851	145,445	779,527	363,071
	Add: Purchases							
	Inter-segment							
	-	-	19,624	14,494	7	-	19,631	14,494
	Others							
	1,307,254	1,177,911	729,869	488,122	2,335,159	932,044	4,372,282	2,598,077
	1,307,254	1,177,911	749,493	502,616	2,335,166	932,044	4,391,913	2,612,571
	Less: Closing stock							
	(134,982)	(220,011)	(58,711)	(45,665)	(874,418)	(513,851)	(1,068,111)	(779,527)
	Elimination of Inter segment purchases							
	-	-	(19,624)	(14,494)	(7)	-	(19,631)	(14,494)
	Raw and packing material consumed							
	1,392,283	1,117,297	716,823	500,686	1,974,592	563,638	4,083,698	2,181,621
	Stores and spares consumed							
	58,884	70,290	4,204	4,265	44,752	-	107,840	74,555
	Out sourcing of manpower							
25.1	222,058	202,091	37,074	54,441	341,289	127,284	600,421	383,816
	Fuel and power							
	67,410	72,208	15,939	7,479	329,516	86,754	412,865	166,441
	Depreciation on operating fixed assets							
	19,062	18,937	2,809	2,773	390,521	107,148	412,392	128,858
	Repair and maintenance							
	14,008	16,846	1,351	1,463	45,696	20,222	61,055	38,531
	Traveling and conveyance							
	4,401	2,986	338	632	25,132	16,724	29,871	20,342
	Insurance							
	7,033	4,231	1,697	2,860	23,224	1,625	31,954	8,716
	Rent, rates and taxes							
	18,327	17,941	17,500	17,677	947	96	36,774	35,714
	Plant rental							
	-	-	12,260	11,779	-	-	12,260	11,779
	Other manufacturing expenses							
	10,096	5,750	5,993	4,896	27,332	6,399	43,421	17,045
	1,813,562	1,528,577	815,988	608,951	3,203,001	929,890	5,832,551	3,067,418
	Elimination of trial production cost							
4.2.1	-	-	-	-	-	(16,489)	-	(16,489)
	1,813,562	1,528,577	815,988	608,951	3,203,001	913,401	5,832,551	3,050,929
	Work in process							
	Add: Opening stock							
	10,723	35,353	547	1,438	242,745	-	254,015	36,791
	Less: Closing stock							
	(6,319)	(10,723)	-	(547)	(587,427)	(242,745)	(593,746)	(254,015)
	Cost of goods manufactured							
	1,817,966	1,553,207	816,535	609,842	2,858,319	670,656	5,492,820	2,833,705
	Finished goods							
	Add: Opening stock							
	34,444	32,711	42,980	22,544	147,817	-	225,241	55,255
	Less: Closing stock							
	(42,148)	(34,444)	(53,097)	(42,980)	(100,975)	(147,817)	(196,220)	(225,241)
	1,810,262	1,551,474	806,418	589,406	2,905,161	522,839	5,521,841	2,663,719

25.1 Salaries and other benefits include Rs. 3.544 (2018: Rs. 9.058) million for corrugation segment, Rs. 0.360 (2018: Rs. 2.454) million for soap segment and Rs. 1.589 (2018: 7.980) million for battery segment in respect of contribution to staff retirement benefit plans.

Notes to the Financial Statements

For the year ended 30 June 2019

25.2 The fixed cost of battery segment amounting to Rs. 853 million could not be absorbed for activity level remained below 25% of the capacity during the year, and thus approximately Rs. 616 million of the fixed cost remained under absorbed, in addition to extra cost incurred on diesel power generation around Rs. 165 million.

	Note	2019 (Rupees in thousand)	2018
26 Administration and general expenses			
Management cost charged by Treet Corporation Limited		580,897	70,000
Out sourcing of manpower	26.1	24,837	25,251
Auditors' remuneration	26.2	3,983	3,154
Rent, rates and taxes		147	2,038
Legal and professional		10,439	8,082
Vehicle running and maintenance		45	53
Printing and stationery		727	673
Travelling and conveyance		9,131	4,730
Postage and telephone		156	127
Depreciation on operating fixed assets		6,341	3,540
Others		6,393	11,777
		643,096	129,425
26.1	Salaries and other benefits include Rs. 0.333 (2018: Rs. 1.121) million for corrugation segment, Rs. 0.079 (2018: Rs. 0.157) million for soap segment and Rs. 0.017 (2018: 0.023) million for battery segment in respect of contribution to staff retirement benefit plans.		
26.2 Auditors' remuneration			
Kreston Hyder Bhimji & Co.			
Audit fee		750	750
Half year review		250	250
Tax services		2,760	2,096
Out of pocket expenses		223	58
		3,983	3,154
27 Selling and distribution cost			
Freight and forwarding		127,567	92,408
Out sourcing of manpower	27.1	124,958	49,172
Fuel and power		209	76
Rent, rates and taxes		37,634	31,740
Repair and Maintenance		2,501	1,775
Advertisement		96,876	20,269
Travelling and conveyance		24,647	10,175
Postage and telephone		1,214	578
Printing and stationery		264	120
Royalty		9,502	-
Provision for doubtful debts		8,700	-
Provision for warranty		127,975	234
Depreciation on operating fixed assets		75	24
Others		6,214	6,820
		568,336	213,391
27.1	Salaries and other benefits include Rs. 0.470 (2018: Rs. 2.104) million for corrugation segment and Rs. 0.196 (2018: Rs: 0.852) million for battery segment in respect of contribution to staff retirement benefit plans.		

Notes to the Financial Statements

For the year ended 30 June 2019

	Note	2019 (Rupees in thousand)	2018
28 Finance cost			
Istisna finance charges		138,885	32,681
Musharaka finance charges		151,458	33,993
Murabaha finance charges		15,054	-
Musawamah finance charges		2,631	-
Bank charges		3,679	850
Exchange loss		34,317	12,909
		346,024	80,433
29 Other income			
<u>Income from financial assets</u>			
Profit from bank on saving accounts	29.1	4,503	3,793
Recovery of bad debts written off in the past		294	2,825
		4,797	6,618
<u>Income from non financial assets</u>			
Sale of scrap		86,197	8,231
Gain on sale of land classified as held for sale		18,865	-
Others		8,246	1,871
		113,308	10,102
		118,105	16,720

29.1 These profits are earned on accounts and deposits maintained under Shariah permissible arrangement.

30 Taxation			
Current			
Normal tax	30.1	-	-
Deferred			
For the year	19	-	-
		-	-

30.1 Due to loss for the year, no provision for income tax under the normal tax regime or alternate corporate tax is required in the instant case. Further, the provision of minimum tax is also not applicable for Modarabas as provided by Clause - 11A (XIII) of the Second Schedule to the Income Tax Ordinance, 2001 (Note 19.2).

Accordingly, the reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is also not applicable

		2019	2018
31 Loss per Modaraba certificate - Basic and diluted			
Loss for the year	Rupees in thousand	(2,391,792)	(357,120)
Weighted average number of certificates	Number in thousand	195,600	195,600
Loss per certificate (basic) :	(Rupees)	(12.23)	(1.83)

There is no dilutive effect on the basic earnings per modaraba certificate as the Modaraba has no potentially issuable certificates in issue and such commitments at the terminal date.

Notes to the Financial Statements

For the year ended 30 June 2019

32 Operating segment results

The Modaraba was engaged into three main business segments, these are as follows.

- (i) Manufacture and sale of corrugated boxes
- (ii) Manufacture and sale of soaps
- (iii) Manufacture and sale of batteries

	Note	Corrugated boxes		Soaps		Batteries		Total	
		2019	2018	2019	2018	2019	2018	2019	2018
----- Rupees in thousands -----									
Sales	24								
Inter-segment		19,631	14,494	-	-	-	-	19,631	14,494
Others		2,213,412	1,975,571	1,093,066	841,518	2,183,422	410,501	5,489,900	3,227,590
		2,233,043	1,990,065	1,093,066	841,518	2,183,422	410,501	5,509,531	3,242,084
Less:									
Inter-segment sales		(19,631)	(14,494)	-	-	-	-	(19,631)	(14,494)
Sales tax		(303,121)	(275,339)	(192,155)	(148,462)	(309,957)	(59,944)	(805,233)	(483,745)
Trade discount		(1,264)	(731)	(608)	(1,618)	(113,395)	(21,033)	(115,267)	(23,382)
		(324,016)	(290,564)	(192,763)	(150,080)	(423,352)	(80,977)	(940,131)	(521,621)
Net sales		1,909,027	1,699,501	900,303	691,438	1,760,070	329,524	4,569,400	2,720,463
Less: Trial run sales		-	-	-	-	-	(7,335)	-	(7,335)
Net sales excluding trial run		1,909,027	1,699,501	900,303	691,438	1,760,070	322,189	4,569,400	2,713,128
Cost of sales excluding inter-segment purchases and trial run	25	(1,810,262)	(1,551,474)	(806,418)	(589,406)	(2,905,161)	(522,839)	(5,521,841)	(2,663,719)
Gross (loss) / profit		98,765	148,027	93,885	102,032	(1,145,091)	(200,650)	(952,441)	49,409
Administration & general expenses		(26,702)	(25,977)	(6,487)	(3,359)	(609,907)	(100,089)	(643,096)	(129,425)
Selling & distribution cost		(126,386)	(140,694)	(18,370)	(19,579)	(423,580)	(53,118)	(568,336)	(213,391)
		(153,088)	(166,671)	(24,857)	(22,938)	(1,033,487)	(153,207)	(1,211,432)	(342,816)
Segment results - Operating (loss) / profit		(54,323)	(18,644)	69,028	79,094	(2,178,578)	(353,857)	(2,163,873)	(293,407)
Finance cost								(346,024)	(80,433)
Other income								118,105	16,720
Net loss for the year								(2,391,792)	(357,120)

32.1 Transactions among the business segments are recorded at market value.

32.2 Inter-segment sales and purchases have been eliminated from total figures

	Note	Corrugated		Soaps		Batteries		Unallocated		Total	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
----- Rupees in thousands -----											
32.3	Segment assets	2,678,663	2,464,654	187,001	187,354	10,310,029	9,332,033	-	235,324	13,175,694	12,219,365
32.4	Segment liabilities	3,669,725	1,559,812	3,517,733	455,324	3,936,122	6,135,638	9,272	-	1,132,852	8,150,774
32.5	Depreciation on property, plant and equipment	20,959	20,750	2,809	2,773	395,040	111,386	-	-	418,808	134,909

Notes to the Financial Statements

For the year ended 30 June 2019

33 Financial instruments

The Modaraba has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors of the Modaraba management company has overall responsibility for the establishment and oversight of Modaraba's risk management framework. The Board is also responsible for developing and monitoring the Modaraba's risk management policies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Modaraba's activities.

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

All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. The Modaraba does not engaged in the trading of financial assets for speculative purposes nor does it write options.

The Modaraba's risk management policies are established to identify and analyze the risks faced by the Modaraba, to set appropriate risk limits and controls, to monitor risks and adherence to limits and focuses on actively securing the its short to medium-term cash flows by minimizing the exposure to financial markets. The Modaraba through its training and management standards and procedures aims to maintain a disciplined and constructive control environment in which employees understand their roles and responsibilities.

The Board Audit Committee of the Modaraba management company oversees how management monitors compliance with the Modaraba's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Modaraba. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit Committee.

33.1 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Modaraba if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Modaraba maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed. The credit risk arises principally from the Modaraba's receivables from customers, refundable deposits and advances, other receivables and bank balances. Out of the total financial assets of Rs. 882.866 million (2018: Rs. 1,184.944 million) financial assets which are subject to credit risk amounted to Rs. 813.880 million (2018: Rs. 1,123.111 million).

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:

Notes to the Financial Statements

For the year ended 30 June 2019

	Note	2019 (Rupees in thousand)	2018
FINANCIAL ASSETS			
Long term deposits	6	10,932	13,249
Trade debtors - net	9	754,829	572,366
Advances, deposits and other receivables	10	17,509	9,431
Bank balances	12	30,610	528,065
		813,880	1,123,111

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. Banks and financial institutions have external credit ratings determined by various credit rating agencies. Credit quality of customers and other receivables are assessed by reference to historical defaults rates and present ages.

Customers are counterparties to local trade debts against sale of corrugation and soaps. New customer is analyzed individually for creditworthiness before the Modaraba's standard payment and delivery terms and conditions are offered. Sales limits are established for each customer based on internal rating criteria and reviewed regularly. Any sales exceeding these limits require special approval. Outstanding customer receivables are regularly monitored. The analysis of ages of trade debts of the Modaraba as at the reporting date is as follows:

Not past due	294,027	166,150
Past due but not impaired		
Less than 30 days	186,747	230,880
Past due 1 - 3 months	103,627	110,490
Past due 3 - 6 months	103,690	40,542
Past due 6 - 12 months	38,236	19,870
Above one year	28,502	4,434
	754,829	572,366

Management believes that the unimpaired amounts that are past due more than 30 days are still collectable in full based on historical payment behavior and extensive analysis of customer credit risk.

Notes to the Financial Statements

For the year ended 30 June 2019

The external credit ratings determined by various credit rating agencies are as follows.

Banks	Rating		Rating Agency	2019	2018
	Short term	Long term		(Rupees in thousand)	
MCB Bank Limited	A-1+	AAA	PACRA	1,195	4,448
United Bank Limited	A-1+	AAA	JCR-VIS	4,717	2,495
Bank Islami Pakistan Limited	A-1	A+	PACRA	610	15,991
National Bank of Pakistan	A-1+	AAA	JCR-VIS	794	6,570
Habib Bank Limited	A-1+	AAA	JCR-VIS	1,068	1,073
Bank Alfalah Limited	A-1+	AA+	PACRA	768	250,799
Al Baraka Bank Limited	A1	A	PACRA	17	-
Faysal Bank Limited	A1+	AA	JCR-VIS	704	8,754
Dubai Islamic Bank Pakistan Limited	A1	AA-	JCR-VIS	147	229,916
Soneri Bank Limited	A1+	AA-	PACRA	4,249	1,202
JS Bank Limited	A1+	AA-	PACRA	1,031	1,031
Askari Bank Limited	A1+	AA+	PACRA	471	440
Meezan Bank Limited	A-1+	AA+	JCR-VIS	6,356	4,196
Bank AlHabib Limited	A-1+	AA+	PACRA	6,092	815
Allied Bank Limited	A-1+	AAA	PACRA	592	5
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	1,799	330
				30,610	528,065

Exposure to credit risk

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. Due to the Modaraba's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Modaraba. Accordingly, the credit risk is minimal.

Coporate informations and relationship with banks

The Modaraba has relationship on islamic side with the banks having islamic window operations.

33.2 Liquidity risk

Liquidity risk is the risk that the Modaraba will not be able to meet its financial obligations as they fall due. The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose the Modaraba maintains a statutory reserve out of profits each year and has effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. Management closely monitors the Modaraba's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

The Board of Directors has built an appropriate liquidity risk management framework for the management of the Modaraba's short, medium and long-term funding and liquidity management requirements. The Modaraba manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 21.13 to these financial statements is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

Notes to the Financial Statements

For the year ended 30 June 2019

The table below summaries the maturity profiles of company's financial liabilities as on June 30, 2019 based on contractual undiscounted payments date and present market interest rates.

	2019				
	Carrying Amount	Contractual cash flows	6 months or less	6 to 12 months	More than 1 years
------(Rupees in thousand)-----					
Retention money	21,662	21,662	-	21,662	-
Trade and other payables	577,883	577,883	76,790	501,093	-
Short term borrowings	10,387,254	10,387,254	-	10,387,254	-
Accrued profit on borrowings	91,765	91,765	91,765	-	-
	11,078,564	11,078,564	168,555	10,910,009	-

	2018				
	Carrying Amount	Contractual cash flows	6 months or less	6 to 12 months	More than 1 years
------(Rupees in thousand)-----					
Retention money	51,406	51,406	-	51,406	-
Trade and other payables	201,684	201,684	90,258	111,426	-
Short term borrowings	7,742,526	7,742,526	-	7,742,526	-
Accrued profit on borrowings	20,335	20,335	20,335	-	-
Long term liability against purchase of land	56,426	56,426	28,213	28,213	-
	8,072,377	8,072,377	138,806	7,933,571	-

33.3 Market risk

Market risk is the risk that changes in market prices will affect the Modaraba's income or the value of its holdings of financial instruments. The objective of the Modaraba's market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

33.3.1 Currency risk

The Modaraba is exposed to currency risk to the extent that there is a mismatch between the currencies in which receivables and purchases are denominated and the respective functional currency of the Company i.e. Pakistan Rupee. The Modaraba is exposed to currency risk on import of plant and machinery, raw materials and stores and spares mainly denominated in US dollars. Receivables and payables exposed to foreign currency are not covered through any forward foreign exchange contracts or through hedging. The Modaraba's exposure to foreign currency risk for US Dollars is as follows:

	2019	2018
	(\$ in thousand)	
Creditors in foreign currency	25	363

Notes to the Financial Statements

For the year ended 30 June 2019

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2019	2018	2019	2018
USD to PKR	143.05	113.3	164.5	121.6

Cash flow sensitivity analysis for foreign currency instruments

At June 30, 2019, if the Rupee had weakened/strengthened by 10% against the US dollar with all other variables held constant, capital work in progress would have been higher / lower by Rs. 0.416 (2018: Rs. 4.419) million, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated trade payables.

33.3.2 Profit rate risk

Profit rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in profit rates. Sensitivity to profit rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period. The Modaraba manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing and cash at bank kept in saving accounts by the Modaraba has variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

The Modaraba's profit bearing financial instruments as at the reporting date are as follows:

	2019	2018
	(Rupees in thousand)	
Variable pricing rate financial assets		
Bank balances at PLS accounts	11,440	259,381
Variable pricing rate financial liabilities		
Short term borrowings	3,924,345	1,947,001

The effective profit rates for profit bearing financial instruments are mentioned in the relevant notes to these financial statements.

Cash flow sensitivity analysis for variable rate instruments

Sensitivity analysis for variable rate assets

If profit rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, loss after taxation would have been decreased / (increased) by Rs. 0.114 million (2018: Rs. 2.594 million). This analysis is prepared without taking in account taxation effect and applying +/-1% discount factor on cash at banks in saving accounts reported in these financial statements.

Sensitivity analysis for variable rate liabilities

If profit rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, loss after taxation would have been (increased) / decreased by Rs. 39.243 million (2018: Rs. 19.470 million). This analysis is prepared without taking in account taxation effect and applying +/-1% discount factor on short term borrowings reported in these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2019

33.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments trading in market.

Exposure to price risk

The Modaraba is not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

		Held to maturity	Loans and receivables	2019 (Rupees in thousand)	2018
				Loans and receivables	
33.4	Financial instruments by category				
	Assets as per balance sheet				
	Long term deposits	10,932	-	10,932	13,249
	Trade debtors	-	754,829	754,829	572,366
	Advances and other receivables	-	17,509	17,509	9,431
	Cash and bank balances	-	99,596	99,596	589,898
		10,932	871,934	882,866	1,184,944
	Liabilities as per balance sheet, measured at amortized cost				
	Trade and other payables			577,883	201,684
	Retention money			21,662	51,406
	Current maturity of liability against purchase of land			-	56,426
	Accrued profit on secured borrowings			91,765	20,335
	Short term borrowings			10,387,254	7,742,526
				11,078,564	8,072,377

33.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Modaraba'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 Modaraba's operations.

The Modaraba's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Modaraba'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 Modaraba. This responsibility is supported by the development of overall Modaraba standards for the management of operational risk in the following areas:

Notes to the Financial Statements

For the year ended 30 June 2019

- 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; and
- risk mitigation, including insurance where this is effective.

33.6 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 Modaraba 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. However, no transfers between levels of fair value during the year have occurred.

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

33.7 Capital management

The Board'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 its business. The Board monitors the return on capital employed, which the Modaraba defines as operating income divided by total capital employed.

Notes to the Financial Statements

For the year ended 30 June 2019

The Modaraba's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for certificate holders and benefits for other stakeholders, and
- (ii) to provide an adequate return to certificate holders.

The Modaraba 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 Modaraba may, for example, adjust the amount of dividends paid to certificate-holders, issue new certificates, or sell assets to reduce debt.

The gearing ratios as at June 30, 2019 are as follows:

	2019	2018
	(Rupees in thousand)	
Total debt - short term borrowings	3,924,345	1,947,001
Total equity	2,042,842	4,068,591
Gearing ratio	192.10%	47.85%

Neither there were any changes in the Modaraba's approach to capital management during the year nor the Modaraba is subject to externally imposed capital requirements, except those related to compliance of debt covenants including maintenance of adequate current and liquidity ratios.

34 Related Parties Transactions

The related parties and associated undertakings comprise of associated companies, directors and key management personnel. Amounts due from/to related parties are disclosed in respective notes to these financial statements. Other significant transactions with related parties are as follows:

Name of the party	Nature of transactions	2019	2018
		(Rupees in thousand)	
<u>Holding Company</u>			
Treet Corporation Limited	Sale of corrugated boxes	24,893	22,176
	Rental of facilities	35,000	35,000
	Dividend paid	-	105,162
	Expenses for operational activities	-	70,000
<u>Modaraba Management Company</u>			
Treet Holdings Limited	Purchase of goods	1,886	-
	Dividend paid	-	11,722
<u>Associated undertakings</u>			
Packages Limited	Purchase of goods	97,131	58,631
IGI Insurance Limited	Services received	45,630	15,959
Renacon Pharma Limited	Sale of corrugated boxes	15,152	10,833
Treet HR Management (Private) Limited	Services received	11,250	11,250

Notes to the Financial Statements

For the year ended 30 June 2019

34.1 All the transactions with the related parties are executed in the normal course of business on the basis of mutually agreed terms and conditions.

34.2 All the executives, officers and other employees of the Modaraba have been outsourced from its related party namely Treet HR Management (Private) Limited.

34.3 One of the directors is working as CEO of the Modaraba Management Company. No remuneration has been paid to CEO or any director of the Modaraba. No fees for attending the meeting has been paid to directors during the year (2018: Rs. Nil).

34.4 Remuneration of Directors and Executives

The aggregated amounts charged in these financial statements for the remuneration, including all benefits, to the Executives of the company were as follows:

	2019	2018
	(Rupees in thousand)	
Managerial remuneration	290,142	216,120
Bonus	12,190	9,509
Employees' funds	10,220	6,283
	312,552	231,912
Number of executives	25	17

		Annual rated capacity	
		2019	2018
35	Plant capacity and production	UOM	
	Corrugated boxes	Metric Tons	30,000
	Soaps	Metric Tons	5,000
	Batteries	Numbers	1,200,000

		Annual production	
		2019	2018
		UOM	
	Corrugated boxes and sheets	Metric Tons	25,866
	Soaps	Metric Tons	4,673
	Batteries	Numbers	277,640

The reason for shortfall in actual production when compared with installed capacity is primarily on account of demand and supply in the market conditions and the product mix.

36 Entity-wide information and disclosure

These financial statements have been prepared on the basis of three reportable segments namely; corrugation, soap and battery project.

Notes to the Financial Statements

For the year ended 30 June 2019

36.1 Information about products

Sale of corrugation and battery segments represent 41.78% (2018: 62.64%) and 38.52% (2018: 11.88%) respectively of the total revenue of the Modaraba.

36.2 Information about geographical areas

98.48% (2018: 100%) of the sales of Modaraba relate to customers in Pakistan.

1.52% (2018: Nil) of the sales of Modaraba relate to customers outside Pakistan of which 100% of the sales made to Afghanistan.

All non-current assets of the Modaraba as at June 30, 2019 and 2018 are also located in Pakistan.

36.3 Information about customers

During the year, revenue from a single customer as regards to corrugation segment comprises approximately 13.31% (2018: 18.24%) of the total revenue of the Modaraba.

37 Non-adjusting events after the balance sheet date

During the year, the Board of Directors of the Modaraba Management Company has decided in their meeting held on October 04, 2019 to spin off the battery segment into a new company named as Treet Battery Limited after complying with necessary legal formalities in this regard.

38 Date of authorization for issue

These financial statements were authorized for issue on October 04, 2019 by the Board of Directors of Treet Holdings Limited, the Modaraba Management Company.

39 General

39.1 Corresponding figures have been re-arranged or reclassified wherever necessary, for the purposes of comparison and better presentation as per reporting framework.

39.2 The Modaraba company has been making payments/contributions of its employees on account of their retirement benefits, which have been maintained on the basis of group by the parent company - Treet Corporation Limited. Accordingly, the related disclosure as regard to the Employees Retirement Benefits have also been made in the financial statements of the parent company.

39.3 Figures have been rounded off to the nearest of thousands rupees, unless otherwise stated.

LAHORE
October 04, 2019



Syed Shahid Ali
Chief Executive Officer



Amir Zia
Chief Financial Officer



Muhammad Shafique Anjum
Director

Pattern of Certificate-Holding as at June 30, 2019

NUMBER OF CERTIFICATE HOLDERS	CERTIFICATE HOLDING		TOTAL NUMBER OF CERTIFICATES HELD		
	From	To	Total	Physical	CDC
67	1	500	22,285	7,000	15,285
26	501	1,000	24,849	1,815	23,034
54	1,001	5,000	172,651	6,630	166,021
16	5,001	10,000	138,000	-	138,000
9	10,001	15,000	117,500	-	117,500
5	15,001	20,000	93,500	-	93,500
8	20,001	25,000	196,447	-	196,447
2	25,001	30,000	56,000	-	56,000
1	30,001	35,000	31,500	-	31,500
8	35,001	85,000	422,500	-	422,500
4	95,001	100,000	466,000	-	466,000
1	170,001	175,000	170,500	-	170,500
1	180,001	185,000	195,000	-	195,000
2	195,001	200,000	395,500	-	395,500
2	215,001	220,000	499,000	-	499,000
2	350,001	355,000	808,500	-	808,500
1	495,001	500,000	500,000	-	500,000
1	750,001	755,000	753,000	-	753,000
2	945,001	950,000	2,201,000	-	2,201,000
1	19,590,001	19,595,000	19,590,562	-	19,590,562
1	168,745,000	168,749,999	168,745,700	-	168,745,700
214			195,599,994	15,445	195,584,549

Categories of Certificate Holders	No. of Certificates Holders	Certificates Held	% Holding
Syed Sheharyar Ali	1	21,447	0.01%
Individuals	195	4,658,785	2.38%
Investment Companies	4	151,500	0.08%
Associated Company	4	170,851,700	87.35%
Modaraba Company	1	19,590,562	10.01%
Others	9	326,000	0.17%
	214	195,599,994	100.00%

*based on no. of accounts in CDC / folios

CERTIFICATE HOLDERS HAVING MORE THAN 10% CERTIFICATES

Name of Certificate Holder	Certificates	Percentage
Treet Corporation Limited	170,851,700	87.35%
Treet Holdings Limited	19,590,562	10.01%

Free Float	No. of Certificates	% holding
Total No. of Certificates	195,599,994	100.00%
Less:		
Physical Certificates	(15,445)	-0.01%
Associated Company	(170,851,700)	-87.35%
Modaraba Company	(19,590,562)	-10.01%
Directors	(21,447)	-0.01%
	(190,479,154)	-97.38%
Free Float	5,120,840	2.62%

Key Operating and Financial Results

	Rs.(000)	2019	2018	2017	2016	2015	2014
Sales		4,569,400	2,713,128	2,621,735	2,663,830	2,649,491	2,491,651
Gross Profit		(952,441)	49,409	348,867	366,140	295,444	187,492
Profit before Taxation		(2,391,792)	(357,120)	204,577	244,358	136,322	85,910
Profit after Taxation		(2,391,792)	(357,120)	204,577	244,358	136,322	85,910
Certificateholders' Equity		2,042,842	4,068,591	4,542,753	4,460,817	1,692,437	1,601,103
Fixed Assets - Net		8,682,886	8,480,844	6,871,790	3,780,937	665,119	461,566
Total Assets		13,175,694	12,219,365	8,867,304	5,191,000	2,052,772	1,729,323
Total Liabilities		11,132,852	8,150,774	4,324,551	730,183	360,335	128,220
Current Assets		4,481,876	3,723,048	1,971,272	1,382,380	1,357,475	1,229,268
Current Liabilities		11,123,580	8,150,774	4,268,125	617,334	191,242	128,220
Dividend Declared		0.00%	0.00%	5.98%	6.27%	6.20%	3.45%
Certificates Outstanding		195,599,994	195,599,994	195,599,994	195,599,994	130,399,996	130,399,996

Important Ratios

	2019	2018	2017	2016	2015	2014
Profitability						
Gross Profit	-20.84%	1.82%	13.31%	13.74%	11.15%	7.52%
Profit before Tax	-52.34%	-13.16%	7.80%	9.17%	5.15%	3.45%
Profit after Tax	-52.34%	-13.16%	7.80%	9.17%	5.15%	3.45%
Return to Equity						
Return on Equity before Tax	-117.08%	-8.78%	4.50%	5.48%	8.05%	5.37%
Return on Equity after Tax	-117.08%	-8.78%	4.50%	5.48%	8.05%	5.37%
Earning per Certificates	(12.23)	(1.83)	1.05	1.25	1.05	0.66
Liquidity/Leverage						
Current Ratio	0.40	0.46	0.46	2.24	7.10	9.59
Break-up Value per Certificate	10.44	20.80	23.22	22.81	12.98	12.28
Total Liabilities to Equity	5.45	2.00	0.95	0.16	0.21	0.08

	% Change	2019	2018	2017	2016	2015	2014
Sales		68.42%	3.49%	-1.58%	0.54%	6.33%	14.28%
Gross Profit		-2027.67%	-85.84%	-4.72%	23.93%	57.58%	-22.55%
Profit before Taxation		569.74%	-274.57%	-16.28%	79.25%	58.68%	-33.16%
Profit after Taxation		569.74%	-274.57%	-16.28%	79.25%	58.68%	-33.16%
Certificateholders' Equity + Revaluation Surplus		-49.79%	-10.44%	1.84%	163.57%	5.70%	5.37%
Fixed Assets - Net		2.38%	23.42%	81.75%	468.46%	44.10%	3.57%
Total Assets		7.83%	37.80%	70.82%	152.88%	18.70%	5.16%
Total Liabilities		36.59%	88.48%	492.26%	102.64%	181.03%	2.59%
Current Assets		20.38%	88.87%	42.60%	1.83%	10.43%	4.92%
Current Liabilities		36.47%	90.97%	591.38%	222.80%	49.15%	3.84%
Dividend			-100.00%	-4.63%	1.13%	79.71%	-48.51%
Certificates Outstanding		0.00%	0.00%	0.00%	50.00%	0.00%	0.00%

Notice of 13th Annual Review Meeting

Notice is hereby given that 13th Annual Review Meeting of Certificate Holders of **First Treet Manufacturing Modaraba** will be held on Monday, October 28, 2019 at 10:00 A.M. at Principal place of business of Modaraba situated at 72-B, Industrial Area, Kot Lakhpat, Lahore for the year ended June 30, 2019.

The Certificate Transfer Books will remain closed from October 21, 2019 to October 28, 2019 (both days inclusive) for the purpose of determination of names of the certificate holders for attendance of Annual Review Meeting.

By order of the Board



(Rana Shakeel Shaukat)

Company Secretary
Treet Holdings Limited

Managers of First Treet Manufacturing Modaraba

LAHORE:

October 04, 2019

Notes:

1. In case of individuals, the account holder and/or person whose securities are in CDC sub account or investor account shall show their identity by showing original computerized national identity card (CNIC) or original passport at the time of attending the meeting, CDC sub account holders/investor account holders are also requested to bring their account numbers maintained with CDC.
2. In case of corporate entity, board of director's resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

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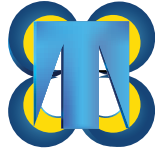


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